

The departmental budget review reconvened on April 10, 2012 at 9:17 a.m. and proceeded as follows:

FINANCE DEPARTMENT:

COUNCIL CHAIR, JAY FURFARO: Aloha good morning I would like to call to order the Budget review agenda as posted. This is a carryover from yesterday and we're going to start the morning with the Department of Finance broken into areas from Risk Management I believe to I.T. and eventually we will end up with the Treasury at about 11:30. Mr. Rezendes you have the floor.

WALLY REZENTES JR., DIRECTOR OF FINANCE: Thank you Chair and Councilmembers, Wally Rezendes Jr., Director of Finance for the record. We are going to be bringing up today the various division heads as we moved throughout the day and I'm hoping that today will be a little less taxing than yesterday was at least I have one finger crossed over here. The County of Kaua'i's Finance Department overall budget for fiscal year 13 is approximately 5 percent lower than fiscal year 2012, moving from about 12.88 million to approximately 12.24 million so roughly a 643 thousand dollar reduction. Part of the reasons for the decreases is budgeting closer to the line for our liability property an access work comp line items as well as increases indirect costs, central services cost and finance accounting and the transferring of some of the risk management functions that relate to personnel matters over to the Department of Personnel Services. In the interest of time I'm not going to be going over all of the achievements and successes that took place in the Department of Finance over the past fiscal year. I do want to however acknowledge the hard work of our Finance Department employees that have I think worked diligently throughout the fiscal year 11 and continuing in to fiscal year 12 in light of certain challenges that we have to deal with on a day to day basis. I highlighted the achievements in the document and I wanted to say that a lot of what I have in my section also you'll see in the various division sections in the respective reports. I must say in my finance administration section I jumped the gun a little bit relative to the certificate of achievement for excellence. We did submit the certificate of achievement for excellence to the GFOA for consideration and we hope to receive a response shortly.

Rolling into our upcoming and slash future initiatives I would like to say that some of these initiatives will be part of again the discussions but the ones that are at the forefront now. I believe we had some initial discussion on our bond refinance opportunity that will be coming to this council in the last month or so. Approximately with an access of 20 million dollars in bonds we looked to be refinancing and Dave Spanski will be elaborating a little further on this but looks like the bond market actually has improved this week. The last couple of business days our hope is that we will save annually somewhere north of a hundred thousand dollars a year and in the 1.2 – 1.4 million dollar range over the life of the bonds.

Mr. Furfaro: Excuse me Wally did you say to refinance approximately 20?

Mr. Rezendes: Approximately 25 but it's going to be when we hit the market it will dictate really how much of a bond comes in the money for refinance and we hope to know in the next month or so exactly what amount that will be. Sometimes it's just timing of when we actually hit the market and we are in the midst of scheduling with Fitch, Standard's and Poor's and Moody's the credit rating presentation in San Francisco. On my second bullet point and I apologize its number 2 on the list on page 2. Our intention is to contract out professionals for professional services to assist us with an acquisition of a Payroll H.R. Management time and Attendance System. We feel that leveraging the services of an outside entity or professional will improve the end product and we will also be able to gather or have the consultants gather relevant information and utilize their expertise outside of Kaua'i and nationally to assist us with the creation

of an effective bid document that we can (inaudible) in the near future. This effort will be a coordination of a number of departments input personnel various other departments, finance, accounting and like I.T. will also be involved in the process so it's a multi departmental collaborative effort that we hope to work on in the upcoming fiscal year. The third initiative that I would like to speak to is working towards a significant change in our budget methodology process. I know I spoke to a number of you in individual meetings about the change in our budget methodology from our current line item based system to one that is tied to more goals and objectives and measurements etc... I have been researching different methodologies on line, reading items on the web with some Government (inaudible) as well as GFOA and they recommended that's practices and I know I'm also starting to send our new budget crew on to training sessions. Wilton just went to one in Arizona and I hope to have others in our budget areas as well as councilmember's to attend some of these sessions that are more progressive in cutting edge on what's happening in the State and local Government arena. What I did find is that it's not a one size fits all, it's not an off the shelf type of thing that you can just pull and plug in place and it will work here. It's something that would need to be fine tuned and worked on to fit Kaua'i County. I look forward to working with our consultants and with the County Council, with our staff and the departments on this initiative and again it's not something that... I don't want to over promise and un-deliver, I want to make sure that the process that we go through we receive solid buy in and we work towards successfully.

I have read on a number of various State and Counties that have attempted to make this significant change only to revert back to their old system after a year or two or three in the new process. Again I hope to avoid that I went down this road in the late 90's I believe I would need to revert back to the line item budget and again I hope we're not going to go down that same path. The only way I can think of doing that is to make sure that everyone on our side of the house and on the council side has a real solid understanding of the undertaking and the process. I think going forward I would definitely want to include the council members and the council staff in that process.

Mr. Furfaro: Wally let me get a little clarification again I'm sorry on the bond thing. It's potentially, potentially 25 million to refinance and you're figuring the savings to us will be about 125 thousand a year?

Mr. Rezendes: In that area.

Mr. Furfaro: In that area.

Mr. Rezendes: And it's changing everyday because the market is changing every day. I asked Dave this morning he said the market is actually improving so there's a potential for a little more savings but again that's just all going to be based on timing from maybe a month or two from now when we enter the market. I'm hoping that we will be lucky like our last issuance was I think we timed the market pretty well.

Mr. Furfaro: With the refinancing of those bonds you would see that as being maybe over the life of those bonds maybe 20 years?

Mr. Rezendes: Could be it will range depending on what bonds we are refinancing, they have different maturity dates so usually what we can do or what we do is we'll have an average. Say if we're refinancing bonds that have expiration dates from 5-20 years, somewhere in the middle there would have the average amortization of the refinance bonds.

Mr. Furfaro: That's good for me for now thank you.

Mr. Rezendes: One of the last points relating to a future initiative actually I think its kind of rose into a challenges and it's probably not per say just located within the department of finance but it's something that is I think very important and I need to dedicate more time and effort to improve upon it within the department of finance and that's related to succession planning. I think I need to get the department of finance into a better position relative to the succession management. One of my employees who are not here called it addressing the graying of the workforce but that person who mentioned that doesn't have any hair so I don't know he'll be here later and I think you know who he is. Unfortunately in a small county like ours a relative small county like ours we do not have the built in luxury of having staff redundancies in different areas or layers of employees that perform relatively the same type of work related task. As a result we have increase in exposure when employees leave county service or retire and we need to improve how we address these issues going forward. One of the ways to do that of course is to provide more opportunities for cross training as well as reprioritizing existing positions that become vacant. However the reprioritizing of vacant positions from one area to another will potentially leave a gap somewhere else so you're just pushing the exposure from one area to another. As we move forward and as funding opportunities become more available we do need to address these areas and a couple of areas in particular in the department of finance that is of some concern that will have priority within our department for budgetary purposes is treasury administration as well as our payroll section. In our treasury administration area we have treasurer and an accountant both of whom could retire within the next five years or so. We need to look at succession planning in this area, cross training in this area and in the future and you will see that a number of our departments or divisions or employees wear multiple hats because of our size. Dave will be the first to mention that he wears a treasures hat and he's only treasure in the State and maybe the Nation that also wears overseas drivers' licensing and motor vehicles at the same time. Again that is what it is today in the County of Kaua'i.

Another area just a second area and there's more but another area that comes to light is our payroll section. We have one veteran employee who's been with us for a number of years with the county and below him we have basically 2 vacancies that we are in the process of filling very soon. These employees will need to be trained up in short order and information passed on from our seasoned employees over to those areas and again cross training is important and once we are able to get these 2 employees hired and trained and we've made offers for 2 positions in the last few days. I think today we have another one and one of these positions will be making a job offer so we can start the process of building a little bit of redundancy and training and cross training to prepare us better for the future. Another thing that I would like to mention is when we look at the H.R. payroll piece and we can also at the same time look at the potential of transferring risk via the outsourcing of various facets of the payroll functionality. We know that it has been done with mixed for lack of a better word mixed success in Maui County and there are some challenges and some of the challenges relate to our very complicated collective bargaining system specifically HFFA and SHOPO. Again our sister county, we can look to our sister county for some guidance in the process because they have gone through a relative recent RFP and contract to outsource some of their payroll functionality.

Moving to our challenges and I've touched on these already and maybe I don't need to go through it any further but funding constraints and the staffing levels have always been a challenge. Staffing levels even can include the vacancy factors that we've endured over the last couple of years as well and all impact operations have risk assigned to these issues and challenges. I hope that as the economy improves and as we are able to have a positive turn in our revenues, we will be better to meet these budgetary and staffing issues and improve upon the service delivery to our external as well as our internal clients. The availability and use of technology is something that we and I.T. and other departments are working on constantly. There is so much demand right now by the different departments for new and bigger and better technological tools to do their job better and I think with

seeing what's out there in the market in their respective professional areas, there is always best of breed for lack of a better word best of breed software that's exist that a lot of departments want to get their hands over and there's many implementation issues and challenges that tie into such request. I know yesterday there was some discussion on the council floor I believe with the Fire Department and I think what I have seen over the last few years is that there is no enterprise wide solution that will satisfy everyone as much as they want to be satisfied with a specific product. There aren't a lot of companies that specialize in local and state government business. We see that at various conferences nationally but if you look at the individual components of those systems, they may not be what our departments want and would consider quote unquote best of breed. So you may have a C plus product for permitting a B product for accounting, etc... packaged in to one solution and when you have discussions with the departments of course their intent and their hope is to get systems that meet their needs to the fullest. They want the A product in their particular area and often times we try to help them succeed in that vein but we also have operational issues and challenges that are tied with maintaining multiple platforms and multiple systems at the same time. I won't go any further then that but I believe Brandon can touch on that when he comes up. One of the most significant challenges that we have faced in the last fiscal year the most significant operational challenge has been our vacant positions. It has taken a significant amount of time to go through the personnel process and hire a few of our key employees. Two of the most challenging hire's has been within the finance/accounting division or accountant 3 as well as our accounting technician. One of these positions has taken over 6 months and we're finally on the tail end to have the person come on board within the next few weeks... next week. We understand that personnel has had their own set of staffing vacancies but these two situations have been a challenge for us operationally and it has had an effect on overtime and morale, etc... We hope that the newly invented personnel function or department will significantly improve this process and the turnaround times for the finance department as well as all other departments. That's all I have to say on my piece, I was going to call up the various divisions unless you folks have questions for me at this time.

Mr. Furfaro: Okay Wally this is what I would like to do. I would like to go around the table with a pair of questions from each councilmember so that everyone has some opportunity and maybe asking questions that others might have. I will start with Councilmember Kualii and we'll go around the table with 2 questions each. Councilmember Kualii you have the floor.

Mr. Kualii: Thank you Chair, Aloha and good morning Wally.

Mr. Rezendes: Good morning.

Mr. Kualii: Mahalo for being here and the work that you do. On bullet number 3 in your successes and achievements, you talked about the Grant Management Program being able to close a hundred and fifty projects. It would be interesting to see just a little bit more detail even if just a listing of sorts as far as the number of years of each grants, the amount of dollars for the grant, the amount of dollars that the county matched with the grant or utilized to get the grant if any and other sources.

Mr. Rezendes: So you're looking for more of how many or the listings of all our grants outstanding and...

Mr. Kualii: No, no just what was completed.

Mr. Rezendes: Oh was closed, okay.

Mr. Kualii: You mentioned that as a success and it would be interesting to understand that success just a little bit more.

Mr. Rezendes: Okay.

Mr. Kualii: So just with a little bit more detail to see how we're doing in leveraging and everyone recognizes that that's important so other sources tied with county sources. Often with grants you quantify the non dollar support so inline and column listing would be interesting too. I think that's it's for now, I will ask about positions later.

Mr. Furfaro: Vice Chair Yukimura your 2 questions.

Ms. Yukimura: Thank you Chair, good morning Wally.

Mr. Rezendes: Good morning.

Ms. Yukimura: First of all I want to congratulate and thank you're department because you have accomplished a lot you have a broad reach a lot of different operations that are involved in Finance and you have a lot of hard working people and I appreciate what has been accomplished. Especially from the Council point of view thank you very much for the granicus system. That's finally getting us to live council meetings and budget hearings and also I see we're moving towards the system with the agenda items so thank you also to Councilmember Bynum for that where the agenda items are coming available, so thank you. I wanted to ask questions about your payroll, human resources, time management, and time and attendance system. As you know that's been of interest to me over 4 to 5 years now and the reason why I focus attention on it is because I think it's such a core piece to county operations and the recent audit of state payroll has shown that there is a lot of mistakes and costs. I think the state was 2 million dollars in over payments which are hard to recover and unfair and all kinds of things so... I'm really concerned about personnel and people with knowledge about payroll being included in the design of the process. Do you have a committee that's working on this?

Mr. Rezendes: We will and we will definitely include.

Ms. Yukimura: You don't have a committee yet.

Mr. Rezendes: No we would need to form a committee from multiple departments. We are going to go out shortly on our recruitment for via professional services to hire a consultant that will help us with the process from A-Z and help coordinate the information gathering components as well as helping us design an effective RFP or proposal whatever form it will be in the end. We definitely see the need to involve the personnel department from the beginning and we believe that more of the (inaudible) and more of the responsibility would need to go to that department because they are the initial department that's gathers the information on new employees etc... I think in the end there going to have to take on a bigger role and responsibility in the process of getting a bigger role and responsibility in the process of getting information again fed into whatever system we end up acquiring.

Ms. Yukimura: So this consultant are you looking for someone who has experience with Hawai'i, State and County payroll?

Mr. Rezendes: Ideally and I'm not sure what's out there but I can tell you that there's not too many I believe there's not too many professionals out there that have a solid understanding of collective bargaining units in local Government or State Government per say.

Ms. Yukimura: Right.

Mr. Rezendes: But hopefully we can if they don't have that leverage their experiences in other municipalities that have potentially similar situations.

Ms. Yukimura: Well you've mentioned earlier the complexities and the idiosyncrasies of our collective bargaining agreements and it's not just one there's many and it also to the complexity. That is one of my concerns that we need people who understand that complexity if we're going to develop a system that has to embrace and reflect those issues. Not to mention the FLSA issues.

Mr. Rezendes: Absolutely and again it will be a collective effort from various department staffs that deal with administering their collective bargaining agreements relative to payroll. There is people within Fire, within Police and other areas that have overtime built their own internal expertise in the understanding of their collective bargaining agreements relative to payroll. There are people within Fire, within Police and other areas that have overtime built their own internal expertise in the understanding of their respective collective bargaining agreements for their department. So we're going to have to make sure that there part of the time and leverage their knowledge and hopefully make sure that our consultant gets good information from our teams of people to formulate an RFP that will end up being a successful RFP and ultimately purchase.

Ms. Yukimura: So there was a team originally that has been looking at that issue and internal in-house team.

Mr. Rezendes: Over the years they have and some of them now are retired.

Ms. Yukimura: But some of them...

Mr. Rezendes: Some of them are still here.

Ms. Yukimura: Yeah and I'm hoping that you will include them.

Mr. Rezendes: We will.

Ms. Yukimura: Okay and even those who are retired perhaps might be brought back in because the knowledge is invaluable if you're building a system and that's what we're going to be doing, a system that has to last us for a long time. My other question is in out sourcing I'm a little concerned about how we would out source particularly because I'm worried about response time and also about cost. Without sourcing every little request you make cost more money where as if you have in-house people who know the system well and can do most of it to me that would be more cost effective.

Mr. Rezendes: The question really is how much (inaudible) transfer you want to have take place, I mean if you keep it all in house than your subject to what I mentioned earlier potential retirements, lack of staffing that can pick up the ball and run with it. By

outsourcing different facets of it where appropriate you are transferring the risk and liability and part of it how you structure the contract, how you manage the contract and how you handle those insurances.

Ms. Yukimura: Well how you do your succession planning and so forth because you could have a consultant where the main person leaves the company too.

Mr. Rezendes: True.

Ms. Yukimura: And the knowledge goes off with them to so and of course in those cases you want them as an employee in the county. There are those arrangements that have been done but...

Mr. Rezendes: And you're right.

Ms. Yukimura: But I'm thinking long range and cost effectiveness if you can develop some really good people in-house and develop succession planning for that you may be better off, just in terms of cost and in terms of familiarity with system and in terms of getting input from in-house.

Mr. Rezendes: I'm not set in this is the way we're going to formulate it but I think we're going to have to find that out and as we go through the process to see what best fits Kaua'i County. I'm not married to any particular oh we need to outsource this we need to keep this in-house etc... I'm open to figuring out as we go through the process what's best for us.

Ms. Yukimura: And neither do I have an absolute solution that I know is the right solution. All I know is that we're at a really critical stage because we're building a system and the kind of foundation we set will either determine that we can really move relatively smoothly as we grow the system and we know where the modules will come because we've anticipated it. We have laid a fairly good some kind of a standardize frame work that we know how to do it or we have this piece meal system and every time we add on something it's very difficult because we didn't anticipate it and we didn't get the proper foundation and it's a mess. My outside knowledge of the states information technology system is that they did it the second way. Maybe there were some bright lights in some departments but as the state system there was no standardize process and I don't even know the exact words but no proper foundational framing. Actually I do know we had to do that when we first started to computerize this county with that AS400 and when we first started on board there was people learning word in one department and word perfect in another department. There were departments buying different kinds of software even though they had to interface at some point no one was thinking about that. It was our I.T. division with a blue ribbon advisory committee that laid out the foundation that's still serving us today.

Mr. Furfaro: We need to get to questions to go around the table. You have had 2 questions so far and we're visiting history now and I understand the importance of it but we do need to go to other councilmember's.

Ms. Yukimura: I'm sorry I don't mean to be-labor the point but I do...

Mr. Rezendes: I would be happy to talk to you off-line too as we move through the process.

Ms. Yukimura: Yes okay than just for the record though the importance of creating this foundational framework is what I'm talking about. And what I'm also

asking for is a really careful listening to the resources you have within the system because they really know the system well and it's an intricate very unique kind of system. So I'm glad you're looking at the other counties but I'm not sure they actually know how to do it either. Thank you.

Mr. Furfaro: Mr. Bynum you have 2 questions to pose go right ahead.

Mr. Bynum: Good Wally.

Mr. Rezendes: Good morning.

Mr. Bynum: But right now we're talking about the admin and the county?

Mr. Rezendes: Administration.

Mr. Bynum: So later the other divisions will be coming up?

Mr. Rezendes: Yes every division will be coming up.

Mr. Bynum: I want to focus on number 3 and you're up-coming future initiatives. Talk about coordinating budget staff and council services review best practices. I had hoped that we would have had meetings already this year about the changes in the budget and it just put constraints on all of our time but as we move forward to what level do we collaborate with the county council on the selection of a consultant on the scope of work that kind of thing. Is that something that we do collaboratively?

Mr. Rezendes: We can and it's the administrations initiative but we definitely want to involve the county council in the process and ultimately in what we decide because again I don't want to create something that is the administrations alone knowing that I need the County Council to support and buy in to whatever process or methodology that's selected. I have read enough where not having that collaboration in the beginning stages and all the way through will likely end up with a solution that won't go anywhere. I'm not sure if you were here Tim but I did mention that I'm hoping and, I believe we discussed this with you when we were meeting individually that I'm hoping we can have various councilmember's and or staff attend the various training sessions that come about throughout the year to familiarize ourselves with what is "quote-unquote" being considered as best practices in the industry.

Mr. Bynum: So your item here says that you're hiring a consultant so I just want to know can we collaborate on the scope of work and the selection of that council.

Mr. Rezendes: Yes we can talk definitely.

Mr. Bynum: And what kind of time frame did you have in mind for this initiative?

Mr. Rezendes: We actually have the resumes now so we'll be working on the selection within the next few weeks. We did go out and advertise.

Mr. Bynum: Are you doing an RFQ process?

Mr. Rezendes: Professional services to hire a contractor, the consultant basically.

Mr. Bynum: So than its fast track.

Mr. Rezendes: Well we went through the advertisement process and got resumes in so now it's the review of the resume.

Mr. Bynum: So you have documents about the scope of work on this consultant?

Mr. Rezendes: No we have resumes.

Mr. Bynum: So we've already made some changes and I appreciate that and that's should have been real property putting deadlines forward that's going to impact our budget going forward. I'm concerned that some of the changes may need a Charter change. Is that something that you've looked into and is that something we can accomplish because we only have an election once every two years? I have done some preliminary kind of trying to understand what those needs are but is that something that is part of this mix?

Mr. Rezendes: We definitely need to discuss it and what should come forth in the next cycle. Some of the Charter change and I believe some Charter changes would be necessary to make the kind of structural changes that's needed to move the budget process forward in the year getting all the relative information moved up as well. I think there's some critical dates that we need to look at from a Charter perspective and we're going to work on that with real property staff as well as the county attorney staff.

Mr. Bynum: I'm just feeling a time constraint that I don't know we want to wait 2 or 3 full years to do that and we're at a time table now so that's something I hope we can bid on sooner rather than later. We can see if we're on the same page because the best is that we agree on those changes. I appreciate that initiative and it's clear to me and...

Mr. Rezendes: Part of it is you have to find the happy medium between how much you want to advance the calendar backwards and also have the understanding that you don't want to be too far early in the year because of the legislature. Ideally you would want to have timing where we can get through our process but not be so far in advance of our legislative calendar that might affect the budget that you just put in place. We could do that and make adjustments in the budget after but that kind of discussion would need to take place as well.

Mr. Bynum: Well I would say right that one of the things that I'm looking at and concerned about is our practice of the Mayor's submitting in essence to budget and in my own view it looks like that's being viewed more strategically than it has in the past that your submitting a budget. When it's submitted your already anticipating changes in May and I think that is problematic we go through all of these hearings and so I really want us to have this dialog sooner rather than later. I actually sent memos to our staff about setting up those meetings about 6 months ago and it's not a criticism we've just all been overwhelmed with other stuff and transitional changes and leadership here at the county council. Those things are starting to settle and so I appreciate those answers and you may have answered this previously and this will be really quick. In the county you have one position that's vacant and one that's been on extended leave and is that's going to change soon? Is that what I heard in your testimony?

Mr. Rezentes: We have in accounting we have (2) two Technicians, Accountant Technician and Accountant III that's vacant and we're hoping in the very near future to have those two positions filled.

Mr. Bynum: You're not seeking any new positions in accounting this year?

Mr. Rezentes: No.

Mr. Bynum: Is that going to be sufficient because I know you're...

Mr. Rezentes: Ideally we could always add positions and part of it is a matter of funding.

Mr. Bynum: And one of these the Risk Management position is moving to a different department?

Mr. Rezentes: Personnel.

Mr. Bynum: Okay.

Mr. Rezentes: And they'll come up later.

Mr. Bynum: That's enough for now because we'll have a chance to talk about real property and...

Mr. Rezentes: What is going to happen and you'll see some of the H.R. Risk Management functionality will move to personnel and the property liability will stay back with finance. We try to separate out the personnel related pieces like the count pieces with the personnel functionality and have them provide that oversight.

Mr. Bynum: But the position is Janine's position right it's moving from finance to...

Mr. Rezentes: We'll keep one position and personnel will have one position.

Mr. Bynum: So is that Janine and Gerald?

Mr. Rezentes: Yes.

Mr. Bynum: And who stays where?

Mr. Rezentes: Gerald's position will end up staying with finance.

Mr. Bynum: Okay thank you.

Mr. Rezentes: Okay.

Mr. Furfaro: Just a little housekeeping note. The treasury report is at 11:30-12:30 and I think I sent the schedule out saying it was until 1 and we only had 30 minutes for lunch. I just wanted to make that announcement to everyone in case they start ordering take out

lunch. But the treasurer is 11:30- 12:30 and I'm going to bypass my time and give it to Nadine, Nadine.

Ms. Nakamura: Thank you Wally for your report. One question that I had on the bond re-finance opportunity was we have about 60 million in our CIP and 25 and your saying you would re-finance 20...

Mr. Rezendes: Twenty somewhat million yes.

Ms. Nakamura: So that would not add to the pot it would just be at a lower interest rate?

Mr. Rezendes: Right so lower that service.

Ms. Nakamura: Right and looking at your preliminary numbers of how much CIP funds we are expanding and encumbering per year, it comes out to be about 25 million for the past few years. So I'm thinking in the next 2 or 3 years we're going to go through that pot of funds.

Mr. Rezendes: Good, good that's a good thing.

Ms. Nakamura: Which is what it's intended to be for but my concern is about while we're re-financing should we be looking at increasing the pot? Or should that be done at a later time?

Mr. Rezendes: I believe that the Department of Public Works, Parks and others that administer basically the bulk of the CIP projects have their hands full. I think what you're seeing now is a transition of expanding down on soft cost and now rolling in to the construction. I think and I'm hoping we can spend down on our existing CIP funds prior to us looking at new funding that have impacts administratively on people resources as well.

Ms. Nakamura: Sure.

Mr. Rezendes: I would have liked to spend as all of you and would have liked to have spent down our 05 and our 2010 bonds a lot sooner than we have. I think we are making inroads and improving along those lines but I think at this time it's more prudent for us to concentrate on the pot that we have, and working on the projects that are tied to the current pot that we have and entertain new or future requests at some time in the future.

Ms. Nakamura: Okay that's fine.

Mr. Rezendes: And obviously of course I don't want to spend that service or pay a mortgage out to a home that I don't have yet or not going to buy for 3 years or 4 years.

Ms. Nakamura: Okay and the other question I have is as we begin this review of best practice methodology. In your opinion what are the key problems that you would like to see this process addressed?

Mr. Rezendes: Well I think there are so much more demand for services than our ability to pay for the services. There are a whole lot of things that we get requests for and I'm sure you folks get request for that we cannot fund. Part of the new budget analysis is to

really get an understanding of what are the community's priorities and to have a frank discussion on what are the services, what are the core services, what are the services that the county provides that our constituents want. Also have a discussion of we only have this amount of money to pay for these service and an understanding of what is above the line and what's below the line that's doesn't make the cut. I think what I've read and what I've seen is that there's more of collaboration between administration, county council, the public of having meaningful discussions on what county taxes, what county fees should pay for. It's a different process on how we get to the point of what we choose to budget and what we choose not to budget.

Ms. Nakamura: Would it be possible because my concern is engage a consultant to do this the best practices and try to improve some of our systems. Can we agree to work on a problem statement that describes what both the administration and council sees as the problems with the current budget and get agreement on that before we retain a consultant so that we know exactly what this consultant...

Mr. Rezendes: You might have more than one problem.

Ms. Nakamura: Exactly and that's what the problem statement should hopefully articulate.

Mr. Rezendes: Yeah, yeah.

Ms. Nakamura: Well anyway that's something I would want to encourage, thank you.

Mr. Furfaro: Mr. Rapozo you have the floor.

Mr. Rapozo: Thank you Wally, thanks for being here today. I guess when you have to pick the 2 most pounding questions I guess I have to find two. The first one is you guys did some restructuring in finance and you reallocated and moved some positions from purchasing. One of the questions or concerns I have county wide is it seems to me anyway that we're losing our grant infrastructure. We heard it from Civil Defense yesterday and I see you did reallocate where you moved one grant program manager over to a budget analysis and my concern is that we're not retaining our grant resources and that is a concern. I'm not sure if...

Mr. Rezendes: What we actually did Councilmember Rapozo is create a staff of basically 2 analysis that will now have the function of budget and grants. Part of that is to create some redundancy that I mentioned before and I think less of a risk for retirement, people leaving that kind of thing. We've also added to Ernie's hat oversight over that functionality as well. I think we're in the process of having our newest employee trained up in the process and getting a foot hole in the grant process procedures requirements. I think we're with the available resources I think the move that we made actually is improving our product and maybe it won't be perfect right off the gate, right out of the gate but I think over time it will have a positive impact on the county and the departments that we serve. I think I mentioned I stepped in yesterday and I did mention relating to civil defense although they had an employee movement there 2 or 3 years ago whatever it was. There are 2 or 3 staff members that collaborate on the grant function and they were not here yesterday with Teddy but I know because I sit in on some of those grant preparation meetings and the staff that they have there have a lot of knowledge in the process, in working with state civil defense and working with the federal agents. A large part of that function is in the public safety arena, Alton, Mark, Chelsea that core group there are all collaborate in assisting the departments through their grant application process. They are on the phone making sure i's are dotted t's sre crossed etc...

Mr. Rapozo: I guess my concern was that there was a time when we looked at the different budgets and there was always an employee for grant coordinator, grant manager and that's disappearing so I just want to make sure that as we start to rely more and more on grants we should take advantage of grants. It seems like we are giving them as additional duties to others when we're losing that resource and I just want to make sure and I trust your judgment and we had the discussion in the parking lot of the ABC store regarding you're restructuring. I have all the faith in your leadership but I'm starting to see that the resource is going away like the Dinosaurs we don't see Dinosaurs. Now we don't see any grant positions and they've all been converted and I'm assuming that these reallocations and movements and I don't have last year's budget but I believe they all came with increases and salaries. Is that correct?

Mr. Rezendes: I think a matter of fact if you're actually talking the finance department there's a slight net savings but I think I can have Ernie elaborate on that when he comes up.

Mr. Rapozo: Okay and the other question is in your budget you have a provision for temporary hire for section 3, what is that the 100 thousand dollars? It's on page 31 I'm sorry, it's right under your salaries of your administrative section of the budget. You have regular salaries than you have salaries and adjustments and an increase of 100 grand and in the text is says provisions for temporary hires.

Mr. Rezendes: There's a section in the budget proviso that talks about the hiring of temporary positions and that is Section 3 of the budget ordinance proviso. The finance department has the catch all accounts to address or pay for at least some of those potential instances where there is need to temporary hire/temporary fund positions from other departments. Our preference and our internal procedure policy all along has been if the department themselves can fund it if they utilize that provision in Section 3 of the budget ordinance provisions and if they can internally fund it we would want them to internally fund it and not spend down on this 100 thousand. The 100 thousand is there available for those instances where there is a need to temporarily hire positions in any department.

Mr. Rapozo: In any department?

Mr. Rezendes: In any department relative to that authority given in Section 3.

Mr. Rapozo: Is that a new proviso?

Mr. Rezendes: No it's been there for awhile.

Mr. Rapozo: We just never funded that?

Mr. Rezendes. No we've had it there for a while and I believe we used it from time to time. I think the 100 thousand in reality the hundred thousand really would support the smaller departments that don't have as much budgetary flexibility if they have situations.

Mr. Rapozo: I know we didn't have this last year.

Mr. Rezendes: Yeah you did.

Mr. Rapozo: No we didn't have it in our budget last year.

Mr. Rezendes: Temporary.

Mr. Rapozo: Not as it's stated in your budget.

Mr. Rezendes: No I think we did.

Mr. Rapozo: That's a new item and it may have been in another line.

Mr. Rezendes: Yeah and the intent is to comply with that Section 3 of the budget ordinance proviso.

Mr. Rapozo: Okay and that's my 2 questions, I have more but I will... thank you.

Mr. Rezendes: Thank you.

Mr. Furfaro: Okay Mr. Chang.

Mr. Chang: Mr. Chair I don't have any questions at this time thank you.

Mr. Furfaro: Wally I have one before we call up your other departments.

Mr. Rezendes: Alright.

Mr. Furfaro: Transferring to the death service account, we're putting 9.7 million in that and that seems to have grown a bit is that a questions later for Ernie Barreira or can you help us.

Mr. Rezendes: It's probably more for Dave but that's strictly principal and interest amount that's required to pay for our debt obligations.

Mr. Furfaro: It looks like it almost doubled though.

Mr. Rezendes: Yeah, yeah.

Mr. Furfaro: Okay I just want to make sure and I want to understand the conditions and the debt services doubling this year from the previous year. I will hold that for Dave.

Mr. Rezendes: And it will stay at those levels pretty much for the foreseeable future.

Mr. Furfaro: If we re-finance that's the line item it's coming out of?

Mr. Rezendes: It will be reduce yes.

Mr. Furfaro: That's where it will be reduced.

Mr. Rezendes: We'll likely pass the budget before we know what the savings will be but we will definitely know what that number is once we float the box.

Mr. Furfaro: Understood and I will pose that to Dave.

Mr. Rezendes: Yeah and Dave has I believe in his presentation he can provide a handout of what our debt service annual payment will be for the foreseeable future.

Mr. Furfaro: Great thank you. I will go back to Councilmember Kualii but before I do what is the order of your people coming up?

Mr. Rezendes: I got next is Purchasing then Finance/Accounting then Real Property Assessment and Real Property Collections, I.T., Risk Management then at your request Treasury last.

Mr. Furfaro: Okay good, Mr. Kualii you have the floor.

Mr. Kualii: Thank you Mr. Chair. When I held off on my positions questions I realize I have to ask it now because it's specifically here in Administration and it's for Wally before we move on. The vacant position that is a "Special Projects Officer" contract and it shows a dollar in the budget. It says effective date 2010, it says department handles county dollar funded position. I'm just wondering if is it vacant or filled and by a grant? Because it's not funded by the county but that doesn't necessarily mean there isn't a body in it and it's not being paid by a grant. Special Projects Officer contract position 1547, and if you need to...

Mr. Rezendes: Right now it's a special projects officer but what it will convert to and Brandon will elaborate on that is a telecommunications officer position.

Mr. Kualii: Okay it would have been good to just put it there like your little notes below. Because if its leaving here and going there even if it's a dollar funded position because with our Human Resource reports now I'm looking more closely. Well we will hear more about it later you said?

Mr. Rezendes: Well actually in the line item budget on page 38 and we'll elaborate a little but I think if you see the last position there it was incorrectly listed as 212 and that is actually the 1547 that last position with the asterisk county telecommunication officer. We will update that in the May submittal to reflect that position as 1547.

Mr. Kualii: Okay and the position right next to that 254 RP-Appraisal Review Officer. I was just wondering for 90 thousand, that's an existing position with a body in it?

Mr. Rezendes: Yes.

Mr. Kualii: And later on page 38 we have all the real property, not the 38 sorry on page 52 you have all the real property positions. Real Property Appraisal Officer, Appraiser, Drafting Tech, Tax Clerk whatever... Why is this position not with the real property if its real property appraisal reviews officer?

Mr. Rezendes: I think that position has more of an administration oversight, it's almost a resource to Sally and I and that position is actually Steve Hunt's position. So his position right now is Finance Admin.

Mr. Kualii: And the last thing out of curiosity and I don't know if I seen it anywhere else but what is a Private Secretary?

Mr. Rezendes: It's a appointed secretary that's existing in I think most departments.

Mr. Kualii: Oh it does?

Mr. Rezendes: Yes.

Mr. Kualii: Like the Head Administrative Assistant directly to the Director and Department Head.

Mr. Rezendes: Right.

Mr. Kualii: Okay thank you.

Mr. Rapozo: Mr. Chair I just want to get clarification on what he just asked if possible?

Mr. Furfaro: Okay go right ahead.

Mr. Rapozo: I think the position that Mr. Kualii talked about the "Special Projects Officer" that's on your administration page is position number 1547. The position that you're talking about the I.T. Telecommunication Officer is 212 and according to what you submitted that position 212 is moving from... well it's confusing because on page 38 it says position from real property RPA Finance Admin Specialist I, but on page 52 it says Finance Services Secretary to I.T. as Public Safety Telecommunications Officer. So I guess your Admin Specialists I is your Secretary I'm not sure but that's 2 separate positions. The one that Mr. Kualii asked about the vacant Special Project Officer, that's not the one that's being moved?

Mr. Rezendes: 1547 is currently a Special Projects Officer position that's dollar funded.

Mr. Rapozo: Right.

Mr. Rezendes: What we're proposing to do in the upcoming budget is to place that position in I.T. for the first six months of the year and the reason for that is we have a long standing employee that our telecommunications officer and a long time employee is on extended leave and...

Mr. Rapozo: Yeah you covered that in your presentation and I'm confused as to what's 212 position number 212 on page 38?

Mr. Rezendes: That 212 is listed in error but we're going to update it to be 1547, 212 I would need to go check where that... okay I'm sorry 212 is a position that is moving to the Department of Personnel Services in that restructuring. Let me go confirm there should be 212 in Department of Personnel Services.

Ms. Nakamura: Yes there is.

Mr. Rezendes: Okay so that is a position that...

Mr. Rapozo: But your text doesn't say that your text is saying...

Mr. Rezendes: Yeah that's what I mentioned we have to update it, it was incorrect to put 212 in there it should be instead of 212 it should be listed as 1547 and we'll correct that in the May submittal. 212 is the position that was part of the restructuring of personnel.

Mr. Rapozo: Well Wally I guess that was part of the problem, that restructuring never came to us and we don't even know what the plans are for H.R. and I don't know what's going to happen. What if this council says "no" and I know you talked about the collaboration with your transition of the new system and stuff and that's all fine and dandy but that doesn't happy and now we're in a situation where we have a whole bunch of movement, reallocations, changes, upgrades and this Council was never given the opportunity to even talk about it. I don't know what's going to happen after we do our deliberation and their already posting for the jobs but it's not your issue and I just had to say that because there are so many movements.

Mr. Rezendes: I hear you.

Mr. Rapozo: And we can't even keep track. Thank you and that's all I have Mr. Chair.

Mr. Furfaro: Before I pass it over to you JoAnn, and Ernie I'm sorry I want you to know via talking with Ernie and a few of the people. I have voiced my concern that concern before Wally and I think this is backing in to a situation. I mean originally we thought we were going to get a February presentation to the council then it was March then it was after the budget. It is like backing in to it so, Vice Chair Yukimura.

Ms. Yukimura: Thank you could you submit an arch art of your new finance restructuring?

Mr. Rezendes: Okay.

Ms. Yukimura: And arch art.

Mr. Rezendes: I can give you an art chart by division.

Ms. Yukimura: Right.

Mr. Rezendes: Okay.

Ms. Yukimura: Right and the two new job descriptions for your budget analysis which I think is a good move but we're just trying to understand what you're doing here and what the new picture looks like.

Mr. Rezendes: Okay.

Ms. Yukimura: The two budget analysis that are going to have the function of both budget and grants and so I think the job descriptions will help us understand what you're trying to do and hopefully (inaudible) some of the concerns about losing grant support. But those are Ann and Ken's positions right?

Mr. Rezendes: Correct.

Ms. Yukimura: Okay and then...

Mr. Rezendes: You know there has been pretty consistent misconception in different areas about finances functionality relative to grants. The reality is you will find the people that have the specific grant expertise in their respective areas lie in the respective departments. The finance side of the coin is more a resource to those folks and ensuring that we comply or they comply with all of the requirements that is laid forth by State, Federal or other entities and often times finances functionality is to ensure that departments timely submit documentations to the grant source and timely close out grants and sometimes crack the whip and get action to move things forward. It's not in the obtaining of grants per se but more to help facilitate and help manage the grant function for the departments.

Ms. Yukimura: And I understand that it's more an accountability function and an oversight function and a support function right and that makes sense to me because it is the different departments that know the subject matter. I think that will help us and the last thing would be...

Mr. Rezendes: I was talking to Ann about it a little bit yesterday and she said she usually gets the call when there's some issues or some concerns about something that is approaching a deadline and they need to work towards getting documentation paperwork in etc...

Ms. Yukimura: Or if someone is new at writing grants they can have her review it for comment and critique. So can you also submit for us an itemized costing of the refinancing? I would like to know how much the refinancing is costing us.

Mr. Rezendes: The cost of issuance?

Ms. Yukimura: Yes and well the consultants and whatever.

Mr. Rezendes: And Dave can touch on that today too, later on today.

Ms. Yukimura: Okay thank you.

Mr. Furfaro: Mr. Bynum you have the floor.

Mr. Bynum: Sorry Wally if I'm missing something here or you discussed it earlier but on your page 3 your budget overview it talks about an increase of 2.47 million cost allocations. So this whole paragraph is a little confusing to me because it says our FY-13 budget of 12.8 million is 5.4 percent less than our budget of 2012 which totaled 11 million 6.

Mr. Rezendes: That's a typo it should be 12,240.

Mr. Bynum: So what is the change increase of 2.47 million cost allocations? Can you explain that to me?

Mr. Rezendes: Actually I thought it was more along the lines of 3 hundred somewhat thousand change in the cost allocation.

Mr. Bynum: So the 11.6 million is a typo and it suppose to be what?

Mr. Rezendes: If you look on page 3 you see the 12.242.92?

Mr. Bynum: Yes.

Mr. Rezendes: That should be the number.

Mr. Bynum: Okay good it wasn't me then?

Mr. Rezendes: No that's me that's my bad.

Mr. Bynum: But I still don't understand the main factor for this change was an increase of 2.47 million in cost allocations from various funds, so that's 2.4 million that coming from those funds into the finance budget?

Mr. Rezendes: You know what Councilmember Bynum I apologize that whole paragraph and whole sentence should have been stricken. I think was from our last year's presentation and I apologize.

Mr. Bynum: I'm confused now I'm sorry. I'm glad I was thinking I was missing something.

Mr. Rezendes: No you caught.

Mr. Bynum: Because it didn't make sense to me.

Mr. Rezendes: I don't know maybe I didn't press save.

Mr. Furfaro: Wally one second so we have the narrative being wrong but the...

Mr. Rezendes: The dollars are correct.

Mr. Furfaro: The table chart is correct.

Mr. Rezendes: Correct.

Mr. Furfaro: Thank you Mr. Bynum.

Mr. Bynum: Okay so if the table chart is correct and your budget is down 6 hundred thousand and that's attributed to positions that are moving out of the departments?

Mr. Rezendes: Part and part of it is reducing or budgeting closer to the line on our various estimated cost on our property liability excess or comp.

Mr. Bynum: So planning for less variance?

Mr. Rezendes: Right closer to the line and again the risk there is if there is a national or international impact catastrophe and how it affects the insurance industry may affect us.

Mr. Bynum: So the reduction is moving some positions into other departments.

Mr. Rezendes: Personnel.

Mr. Bynum: And budgeting closer to the line of your variance initiative you're taking with all the departments.

Mr. Rezendes: And the variance in the cost allocation amounts in over the current year.

Mr. Bynum: So cost allocation meaning it was last year that those funds started contributing to the cost of their operations to the finance.

Mr. Rezendes: The different departmental cost that you know finance provides central services for a number of departments and a number of funds. What we do is finance/accounting does a contract for services to provide us with information on how much of our internal cost we can allocate to other areas of the county.

Mr. Bynum: So when it moves from those funds like highways, liquor, solid waste, that's reflected in your 12 million dollar budget?

Mr. Rezendes: Yes you will see it in finance/accountings line items.

Mr. Bynum: Than it's a cost factor in those funds?

Mr. Rezendes: You will see it as a negative in finance/accountings budget because the funding will come from other funds into that line item to offset the negative.

Mr. Bynum: So actually I feel better this paragraph does have some significant typo and some census that shouldn't be in there.

Mr. Rezendes: Yes.

Mr. Bynum: So if it didn't make sense to me I'm not crazy right?

Mr. Rezendes: You're correct for it not making sense.

Mr. Bynum: Okay.

Mr. Rezendes: And it's my fault, my fault.

Mr. Bynum: I feel better thank you.

Mr. Furfaro: Councilmember Nakamura do you want to take this? Okay Mr. Rapozo, go ahead. I'm going to hold the question right at the end for myself. So go right ahead.

Mr. Rapozo: I have one and maybe this is not the right time but OPEB. Can you give us and we've seen when we look at the personnel cost in all the departments it's showing an extremely huge increase and a lot of it is attributed to OPEB and OPEB is separate from your regular benefits that's why its other personnel or whatever it's called?

Mr. Rezendes: It's tied to the health fund.

Mr. Rapozo: When we talk about benefits to an employee, when we talk about the typical benefits medical, retirement and so forth, that's constitutes I think about 60 somewhat percent. Isn't that true when you're looking at the normal?

Mr. Rezendes: You mean all fringes?

Mr. Rapozo: Yes.

Mr. Rezendes: Approximately eighty percent.

Mr. Rapozo: Is eighty included the OPEB.

Mr. Rezendes: Yes.

Mr. Rapozo: Yeah well if you remove OPEB from that calculation I think that was the confusion.

Mr. Rezendes: I see, I see, I mean I don't have the breakdown in front of me.

Mr. Rapozo: But I guess my question was real simple it's just when you talk about the 80 plus percent that's including OPEB?

Mr. Rapozo: Okay that's all had because I'm looking more in the way that the Chair figured it out and it's all based on the percentage of Social Security and the FICA Medicare and so forth. That still remains at about the 60 or 65 percent range then when you include the OPEB which is tremendous now we bump that percentage up to about 80 plus percent.

Mr. Furfaro: It goes from 67 to 80.2.

Mr. Rapozo: Okay got it. Thank you that was my only question.

Ms. Yukimura: So either now or later can we get a summarized explanation for that additional twenty percent. Could you provide you said you have the breakdown but not here, could you provide that breakdown for us?

Mr. Rezendes: The framed breakdown?

Ms. Yukimura: Yes that would be really helpful and can you do a brief summary you just said it was mainly due to health.

Mr. Rezendes: The OPEB is a health fund cost yeah.

Ms. Yukimura: But it's an addition.

Mr. Rezendes: It's a component of the health fund cost and liability for current employees as well as retirees.

Ms. Yukimura: Is this is not normally counted? Health fund is not normally counted in fringe?

Mr. Rezendes: It is.

Ms. Yukimura: But this is an additional.

Mr. Rezendes: It is and we identify OPEB in the fringe class breakdown because it's significant but we have a cost factor for that.

Ms. Yukimura: And it just came about this year?

Mr. Rezendes: Oh no we've had it for a number of years. It's been increasing over a number of years but yeah we've had the OPEB factor and the post employment benefit factor for a number of years.

Ms. Yukimura: Well I've been out for awhile but 80 percent I've never heard of before, it was always 50-60 percent.

Mr. Rezendes: It's been growing consistently from the 90's since I started in the mid 92's so I recall it starting...

Ms. Yukimura: What is the cause of the change?

Mr. Rezendes: A number of things, collective bargaining, retirement system packages and basically it even involve the average length of an employees and retirees lifetime. That has increased consistently over the years therefore retirement benefits, health fund benefits have to be paid over a longer period of time. These factors all impact how much the County needs to fund into a retirement or health fund.

Ms. Yukimura: And after it's decided everybody says oh well it's a given we can't change it we can't do anything and so it's this vicious cycle of no accountability actually.

Mr. Rezendes: There is and I believe when the head of the...

Ms. Yukimura: And that's why we invited her over because the question was we went from 7.6 percent Social Security, 10.5 percent on Health, 15.5 percent in Retirement and 34.5 percent in OPEB. That's where it was and then it climbed in her presentation. We all got a summary on that including yourself did you not?

Mr. Rezendes: We did.

Mr. Furfaro: Can you re-provide that to us Wally?

Mr. Rezendes: Okay.

Ms. Yukimura: Can you tell me what that acronym stands for sorry.

Mr. Rezendes: OPEB?

Ms. Yukimura: Yes.

Mr. Rezendes: Other post employment benefits.

Ms. Yukimura: Okay so it does include pension not just health?

Mr. Rezendes: No, no pension is on the employee retirement system  
in rest.

Ms. Yukimura: Right, right, so this is mainly health, the health fund?

Mr. Rezendes: Yes.

Ms. Yukimura: So this is only the health fund and all the different  
aspects.

Mr. Rezendes: OPEB is a component of the health fund contribution.

Ms. Yukimura: Okay.

Mr. Furfaro: So you'll provide that for us Wally?

Mr. Rezendes: Yes.

Mr. Furfaro: And you can do that within 2 days?

Mr. Rezendes: Yes I gotta pull up I believe she provided that. Did she  
provide that Scott electronically I apologize I think you may have it electronically.

Mr. Furfaro: We may have it electronically as well too.

Mr. Rezendes: Yes I believe she left it here electronically.

Mr. Furfaro: Well I think we want a confirmation from you because  
these are the numbers we're seeing in the budget we can obviously tract ours. You following me  
Ernie?

Mr. Barreira: Yes.

Mr. Furfaro: Okay so we want that number to be one that is  
substantiated in the financials.

Mr. Rapozo: One more real quick question Mr. Chair. Wally does  
that have anything to do with our decision to pre-pay our benefit, you know the unfunded liability.  
Does that have any correlation to the fact that we decided to fully fund versus what others have  
done?

Mr. Rezendes: Yes I mean we are paying more because we're making  
the collective decision that we're paying off over the course of the 30 years our unfunded liability.

Mr. Rapozo: Right and I guess we had not done that our number  
would not be as...

Mr. Rezendes: As significant yes.

Mr. Rapozo: Okay so I think that is what we've been missing and I asked this question over few weeks ago and everyone said no, no, no, that's the right thing to do.

Mr. Furfaro: Did I say that?

Mr. Rapozo: I think you were one of them.

Mr. Furfaro: It couldn't have been me.

Mr. Rapozo: It wasn't you Jay.

Mr. Furfaro: It couldn't have been me but that's the piece we're missing here the accelerated cost will get a closer to the goal line quicker than anybody else.

Mr. Rapozo: Right and that I think was my simple question a few weeks ago was and analysis done back then to determine now if we're going in this direction which we will fully fund it and I believe is the right decision and don't get me wrong. I think we're way ahead of the game when we do it this way but with that comes this additional employee cost ever year that takes us from 67 percent as the Chair has stated to 80.2 percent. So that's something that we have to understand that's the cause and it wasn't because collective bargaining, it wasn't because of anything else, it was because this county decided to fully fund the unfunded liability, which again I think when you look at all the pros and the cons it's think it's the right thing to do but with that comes the increased employee cost.

Ms. Yukimura: I agree too that it's the right thing to do and it's the right thing because it actually makes real for us the implications of our collective bargaining agreements. Otherwise they are kicked down the road and you don't have to deal with them and someone else will have to deal with them just like we have to deal with what decision makers before us made now. But it is related to collective bargaining and other provisions that determine what our future cost will be right... okay, thank you.

Mr. Furfaro: Yeah okay I'm going to give you the floor because I want to look at the schedule.

Mr. Kualii: Just quickly to follow up on that. So that is also about accrued leaves that sit on the books for years and years and when they retire they can take a pay out of vacation and sick leave?

Mr. Rezendes: Are you talking OPEB?

Mr. Kualii: This OPEB liability.

Mr. Rezendes: No that will be paid out upon accrued, accrued vacation usually gets paid out upon exiting the county when they retire or leave. Vacation is added to the retirement calculation and the OPEB is tied to future benefits or benefits that would need to be paid out for estimated for existing and future and retired people over their anticipated lifespan. There is an analysis I believe when the administrator was here she eluted to the fact that I think every 2 years they do the actuarial analysis every two years so that they reanalyze what payroll data, lifespan data, etc... and we have to make the appropriate changes going forward. So there is definite adjustments that are made to the system and part of the reason for the change is performance of the fund. They invest money so I good years when there's a good rate of return it will

also impact us positively on how much we set aside but they make certain assumptions in their actuarial analysis to include how much the average rate of return will be for the next x number of years. They have to do that kind of analysis to come to provide us all the employers with the appropriate numbers.

Mr. Kualii: It leads me to think that knowing that we're funding it and we're recognizing all that liability and there's actual dollars forecasted to it, on the flip side we should be using that information in our recruitment and in our salary considerations because that's a huge benefit added to the salary.

Mr. Rezendes: And I can attest that by budgeting for it and paying for it, it also is a very positive part of our credit rating. When we can go over there and say hey we're the only county in the state that is acknowledging and paying for this cost on an annual basis and have the buy in from both the admin and the council to continue to do that. It's not an easy thing to keep funding and our counterparts some have done to a certain extent, some have decided to push that bogie out into the future. It helps us in the credit rating that we have and that helps us with that service.

Ms. Yukimura: Isn't it true in terms of recruitment the benefits are changing with new hires?

Mr. Rezendes: Yes.

Ms. Yukimura: So that actually our future obligations for existing and retired employees are taking away from the new hires.

Mr. Rezendes: There was a change on the retirement system side on how much we would need to set aside for future employees, for the general employee category it's moving from I think 15 -15 and a half percent and police and fire from 19.7 -22 percent. So those have again these are for new employees that are recruited and start after July 1.

Mr. Furfaro: It was necessary to do and on that note we're going to take a caption break here but I have some housekeeping announcements to make. Since we haven't gotten to your sub people yet I have made a leadership decision I guess that's what the other six have nominated me for. So we're going to move elderly affairs until the 20<sup>th</sup> of April and then we will take the treasurer at 1:30 Wally, so we can go with you right until 12:30. So we will do the treasurer today and we'll do transportation with the bus and then we will do liquor and end the day. Elderly will be re-scheduled and Aida's working on that for me right now. So let's take a 10 minute break and you may want to call the treasury people and let them know they will be on at 1:30

There being no objections, the Council recessed.

The Council reconvened and proceeded as follows:

Mr. Furfaro: Okay we're back in session, Mr. Barreira thank you for being up and I want to make something very clear. Last year through the budget questionnaire pieces the times that elapsed in the responses to the questions quite frankly were un-acceptable. Some went as long as ten days and we're setting a new goal but a goal is just a goal to get things turned around in 48 hours and I want to make sure because there are other department heads that are listening to this. I do expect them to be turned around in 48 hours unless they're saying question number 6 needs more research. I have announced as we've gone along today that there are

opportunities for people to get the rest of the week to answer the questions and so forth. But everyone knows this time of year, this is budget time, this is very critical for the council to have the responses but obviously we're a reasonable group of people but if you can understand that clearly. If they're not going to respond within the 48 hours just put in their research needed and we understand, we understand. Mr. Barreira you have the floor.

Mr. Barreira: Thank you Honorable Chair Furfaro, Vice Chair Yukimura, Members of the Council. Good morning, Ernie Barreira, Budget and Purchasing Director. I am here this morning to present the Division of Purchasing budget but before I go in to that I know there was a question that councilmember Rapozo had asked in terms of the budget division and the allocation of positions. I would like to clarify that sir if I may before I go on to my formal presentation with regards to division of purchasing budget. I take no credit for the consolidation of the budget division I think it was a very creative opportunity by the administration to do that. What it did was we did not acquire any new positions in terms of bringing together the budget division. The departure of our former budget administrator, Alvin Honda created the opportunity to re-describe that position from a high ranking EM-5 position to an EM-3 budget analyst's position which is now occupied by Ken Shimonishi who is a budget analyst and is expected to also support the grant process as similar to Ann Wooten's position. Ann was an EM-1 a Grants Manager that was re-described to the budget analyst and both positions as well as my leadership over the division will focus both on budget as well as grant management. The resources that were in place in terms of grants within the department of finance have not gone away. One could say that they've been further broadened in terms of resources now being allocated to two different professional positions as opposed to only one.

In terms of our budget division where the budget division was pretty much managed by one person for many, many years and now we have a division of 3 people. What is note worthy in terms of that reorganization is that it will come with just under 10 thousand dollars in reduction of salary costs as a result of the reallocations both downwards and upwards of those positions. For me having been the former Assistant Chief Procurement Officer, I have also assumed the responsibilities of budget director so it's basically the way of Government and I agree with that for today. With the increase demand of services but to diminish the amount of financial resources this is what we need to do, we need to identify people who can serve a broader role and still meet the goals and objectives of our organization within having to expand a tremendous amount of money. I think the mathematics if w had created a brand new procured hired division of budget would have been close to half a million dollars a year in terms of salaries and fringe benefits. By doing what we've done we're actually saving almost 10 thousand dollars a year in gross salaries. I would be happy to send over a very brief financial review on how I came up with those numbers if you would like that Mr. Chair?

Mr. Furfaro:  
48 hours I would appreciate it.

We would like it so if you could send that over within

Mr. Barreira:

That I can do sir.

Mr. Furfaro:  
"Research needed."

If it takes longer then that then just put down

Mr. Barreira: Yes and in terms of your directive council chair, we do understand it is 48 hours. Sometimes we are able to respond, I am primarily responsible for consolidating all of the requests and having them responded back to you timely. I am finding that sometimes 48 hours is not sufficient because of the complexity of the inquiry and especially those that have to go to multiple departments and agencies that becomes a challenge. We have conveyed to our department heads the importance of these inquiries and we will be responding with due time as

you requested and if we're unable to meet that requirement we will seek additional request for more time.

Mr. Furfaro: And that's all I'm asking and right now I'm sitting here and we're discussing the new H.R. Department and myself and 2 councilmember's were involved in a discussion 3 weeks ago and still no responses to our questions. We really need to have understanding on both sides.

Mr. Barreira: I will look into the outstanding inquiry and get back to you timely sir.

Mr. Furfaro: Thank you.

Mr. Barreira: I'm very happy to be here this morning to present the division of purchasing/budget that is a hat that I will wear this morning and I'm happy to answer any questions you might have. When I appeared before this honorable body a year ago we talked about the need to move very aggressively in terms of the division of purchasing, to move it from a rather traditional operation within the Government to make it more progressive more innovative in terms of harnessing whatever available technologies are in place to move us in to the 21<sup>st</sup> century. I am very pleased to report to you this morning some of the initiatives that we've taken up and some of the success stories that I'm able to share. I am not going to go over specifically the operational budget that I've submitted for the division of purchasing nor am I going to go over specifically the budgets support package. I believe those are self explanatory and what I would like to do is highlight some successes that we've under taken and also talk about some future initiatives that I would like to pursue. At the end before I close I would like to seek your assistance in terms of what I'm asking from you for the fiscal 13 budget. One is a cost item one is a non cost item. Over the past year we have been working diligently to try to identify the methodology's available to create an internet based e-procurement system for the county. As you know the old procurement system was very costly in terms of paper, manpower, postage, facsimiles and other in efficiencies that cost us time and money. Now while the old system worked it didn't work as good as it could work and we believe the system that we have in place today is far more effective and far more efficient.

I am very pleased to inform you that as of July 1 of 2011, all of our formal bids and procurement activity now resides on the division of purchasing website as an internet based e-procurement system. That is very exciting for all of us and that includes all of our formal bids to include RFP's excuse me request for proposals and invitations for bids as well as our professional services, our postings for soul source and exempt procurements as well as our written and formal bids for our larger but small purchases. In addition to those resources being available on the World Wide Web we also are posting all of our addenda which are documents that are sent out to our bidding community when we modify the base bid documents that have to be changed. We also post on the internet our informal and formal tabulations that are post bid opening activities, and finally all awards that are issued by the division of purchasing now reside on the internet and the website as well. So what these functionalities have done is has taken away a substantial amount of the paper, has all but eliminated the use of postage including very expensive certified mail. It has taken away photo copying and has made it so much easier for both our customers, our shareholders in the community, our people, our contractors, our vendors, as well as our departments and agency personnel to more easily excess the important elements of our procurement system without having to follow these traditional methods of snail mail and other paper driven processes that take time and money. We are very excited about this initiative and the fact that we were able to roll this out as a collaborative initiative in less than 2 years speaks to the credibility of many people. I would be remised this morning Mr. Chair if not making brief mention giving proper accolades and acknowledgments for those people who deserve it. First off I would like to start with the division of

purchasing staff, those fabulous seven men and women who are responsible for millions of dollars worth of procurement for our county took on the challenge of moving from a traditional operation into a very modern day operation. Resistance to change as you know is significant in any organization, not withstanding that fact this individuals took this initiative on with a great deal of gusto and they were able to roll this initiative out in a relatively short period of time and it was a tremendous amount of time and energy. Special recognition is owed to Mr. Owen Wright, who is not only our senior procurement specialists in the division of purchasing but he also manages our technician operations. Owen Brought with him not only a tremendous amount of experience in procurement but also as a former IBM employee brought with him the technological knowledge needed to work collaboratively with our IT division to roll out these various initiatives. All of the initiatives that I'm going to speak of today were all spearheaded by Mr. Wright in the division of purchasing. He took the leadership provided and he ran with this project notwithstanding the many, many man hours that were available. Also equal recognition is owed to our fabulous, energetic IT Manager Mr. Brandon Raines. All of you know Brandon well you've worked with him and the man is never short of energy. He has worked side by side with us to toll out not only this internet based e-procurement system but all of the other technological initiatives that we've taken up this year.

Special recognition is also owed to IT employee Mandi Swanson, Mandy was actually the resource in IT that programmed all of the codes necessary to let this internet based e-procurement system and she did it in record time. It was extremely impressive and I'm not sure if any of you had the chance to go on the website but I suspect some of the support staff has done so who work on procurement, but it is quite impressive. I don't take credit for that I mean leadership is one thing but implementation is really where it's at. A prime example of substantially successful collaborative effort put together by a group of people who share the vision. You know leading, change and initiative is very easy when the direction and vision is very clear and never compromising and to that I give credit to Mayor Carvalho, Managing Director Heu and Director Rezentes. When I entered the county in April of 2010, it was very clear to me what direction I should be heading and moving our operations into higher levels of technology were made very clear to me. For that credit is due to our executive team as well who have laid the pathway and provided the support needed to move in that direction. Of course I have heard a great deal about the need for technology from this Honorable group and in that regard you to take credit because you've made that clear you've made your expectations clear and we have been able to move in that direction as a result. So you have my collective thanks a well Mr. Chair and members of the council, thank you.

Mr. Furfaro: Well thank you for recognizing all those that participated but so I don't get it confused with a movie maybe you can come up with another name other than the Fantastic Seven. Isn't there a western called the Fantastic Seven? Oh that's right it's the Magnificent Seven.

Mr. Barreira: Yes that's an accurate description of what they are and do you want me to name those people Sir is that what you're asking? I would be happy to do that. Okay very good, of course our Operations Manager, Florence Kakuda, Mr. Wright Owen Wright, who is our Senior Specialist and our Technicians Manager, Rowena Victorino who is another Senior Specialist, Kristy Morita who is a Junior Specialist in the division and 3 very fabulous technicians starting with Hope Stem, Calvin Maeda who recently left us due to retirement and we're going to miss him greatly and of course last but not least Kerry Moses. All incredible people who put together a tremendous amount of energy to make this happen and I'm very proud of know these people.

Mr. Furfaro:

Thank you very much.

Mr. Barreira: Thank you for asking Sir. There's two other initiatives I would like to talk to you about because they we're significant based on the things that I heard when I entered the division of purchasing back in 2010. The second item was our contract electronic initiative. When I first entered the county nearly two years ago in fact next week will make two years so it's been almost two years. I was quite amazed in the manner in which we facilitated our contract execution, we would gather up an original contract and four additional and they called them copies but for all intents and purposes they were also originals. Contracts ranged from a very thin document to a very thick document and we would send all five of these documents to our contractor to execute them via wet signature and review, have them transmitted back to the county and transport those very thick amounts of papers throughout the entire county, to the departments, to the county attorney and to the director of finance before finally getting it back into the division of purchasing and executing all of that paper. Now in addition to being a very highly inefficient process the other concern was in the case of litigation what would be define to be the original contract. So I consulted closely with the county attorney in working with addressing this initiative and we decided we were going to make incremental changes to that process to make it more efficient and make it smarter. So what we did initially was eliminate those multiple documents to one transmitted original with one original transmittal that comes along with the contract that is submitted to the division of purchasing, it is then scanned as a PDF document and that is sent to the contractor. The contractor is asked to generate an original to affix the signature and the other legal requirements and then to return it back to the division of purchasing where we will then transmit that one original throughout the county family, acquire the full signatures and when we have a fully executed contract we would scan it into the system and transmit to everyone electronically as opposed to a hard copy form. That saves us a tremendous amount of time and money in terms of postage and photocopying as well as the manpower that was utilized to do that.

The next step which we just rolled out a copula of months ago was to try to eliminate the paper so all of the contracts that are transmitted to the division of purchasing today come in electronic form to include the transmittal and then we execute the contract that I have discussed with you. As a PDF scanned document transmitted to all affected parties electronically and what they do with it after they receive it if they wish to create a hard copy that is up to them but we're not going to facilitate that type of high paper intensity process that we've done in the past. There was one piece that was not yet implemented and is very close to being done so, Mr. Wright again developed an electronic contract portal which will reside at the division of purchasing. That portal is divided up by departments, county departments and agencies. That is the location where all our fully executed contracts will reside so no more will we even have to place more burden on our e-mail communication systems by having these large PDF attachments. Once we fully execute the contract it will be placed in the contract portal by department and agency and authorized county personnel that have already been pre-determined can come to that site and acquire that contract. They can print it, they can download it to a different modem, and they can do whatever they want in order to acquire that contractual information. One of the components of that contract portal is an electronic log which will enable people who come to the portal who can't quite recall a contract number or any other particulars would be able to search for that contract using different methods. Either by contract number by contract amount, by vendor and they will then be directed to the location of that contract. So it is a major movement towards having things done in a more efficient manner and getting away from the paper. In getting back to the share point portal and the electronic procurement system not only is the electronic procurement system now on-line in the division of purchasing web-site, but via the share point portal of the county under the division of purchasing we have also posted all of our electronic boiler plates for request for proposals, invitations for bids and also various policies and procedures to place these at the fingertips of our departments and agencies who need that information. The third initiative that was probably one of the most significant in terms of comments made from departments and agencies and even from members of this council was our electronic forms initiative. Once again it was a collaborative effort involving the division of

purchasing and Mr. Raines in the IT Division. It was a multi-step process that first of all had to identify accurately all of the procurement documents that are required by law under the Hawaii Revised Statutes which HRS.103D as well as the associated administrative rules and our policies and procedures.

I will tell you that there are over 120 procurement forms even after our attempts to consolidate there are 120 procurement forms that still exist. The first step in this process was to accurately identify all of the forms that are applicable to the law. Then it was conducting a subject matter review of those forms to make sure that they were accurate and they complimented the requirements that they had to meet under the statute. The third phase was very time consuming once again for Mr. Wright. He took all of those forms and re-programmed to be electronic data field capable. The vision was to get away from the paper, to get away from the snail mail and lets create a resource where county departments and agencies can go to a site acquire the forms that they need and transmit them electronically to expedite the process of procurement. In one of the presentations yesterday Chair made reference to that sometimes a six month procurement process and sometimes that's true so let's find ways to be more expeditious because we do have the discretion to do that. I am very pleased to report that as of last month the electronic forms are now posted on the County of Kauai's Sheer Point Site, under the division of purchasing. They are properly categorized by different categorization whether its procurement type or transmittal or contract documents and there are all electronically data field capable. Any member of the county family can go to that site download the form, fill it on their computer and transmit it to the division of purchasing in half the time that it would normally take to do so.

I have left two options for the department heads, one is to and the vast majority of the forms that are used for procurement are not legally binding upon the county. These are simply internal documents that facilitate the work of procurement. So with regard to that I am fine with a department head vesting authority to type in a name on the space allocated for that document and immediately electronically transmitting it to the department of purchasing. Some department heads may wish to have it printed, apply a wet signature after which it will be scanned and emailed to us electronically. Either way is a tremendous movement towards the old process but the secondary system does not allow us the flexibility to move away from the paper. Even in terms of the director of finance there are a number of forms that he has to sign approvals to execute contracts and negotiate contracts, some recommendations of awards in terms of professional services. He is currently having department heads transmit the hard copies he is signing and then it is transmitted to us electronically. Now what is the problem with this picture I can make transition into the 2 needs that I have for council this year. The first is the non cost item that related to this item. We do not have in the county currently an electronic signature protocol and that is something that is probomatic for us. There are Government entities around the country and even in the state that have the ability to facilitate electronic signatures to expedite the processing of our work. The absence of electronic and now for the internal needs for our forms and our processing of procurement work, I don't think we need any legislative action to acquire that resource, I think in working with Mr. Raines and with the county attorney we can develop a protocol assuming the technology exist to empower our departments and agencies to be able to affix an electronic signature that's going to take away the paper. In terms of procurement there is a larger issue and that is in terms of what is the next step for our electronic procurement initiative. That is a very critical element that I would like to share with you today and it ties into the electronic signature and issue as well. While we have a very impressive e-procurement based system right now it is not fully interoperable in terms of our ability. We are able to let bids, to post information to share data but we are not able to receive electronic offers on that system. There is a bill making its way through House and Senate that is currently in conference Committee and its one the bills that is likely going to pass this year and we're very excited and its House Bill 2265. That bill is going to change the small procurement thresh holds for all county and state departments from its current state of under 25 thousand dollars to 100 thousand

dollars for goods and services and 250 thousand dollars for construction. I cannot even begin to tell you how that's going to help our operations because right now if a county agency or department has a need for a better service that extends 25 dollars or greater we have to facilitate a formal procurement methodology which is extremely time consuming. Now with the increased thresholds that we can take advantage of it doesn't mean that we're going to recklessly purchase expensive items but it will give us more resources and flexibility to acquire these goods and services without having to jump through many, many hoops.

So how are we going to move towards that interactive and interoperable internet based electronic procurement system. Once again with the assistance of our IT division we have spent the last year witnessing a number of E-Internet based E- procurement systems that are available in the marketplace. These provide tremendous resources in terms of not only allowing electronic offers to be submitted but allowing electronic bid openings as opposed to gathering people in our office and watching the clock and making sure their toms stamped offers are in place and timed. It becomes an internet worldwide bid opening because at 2:00 on that bid opening date the computers shut it down and the bid is shared immediately with everyone in the world that chooses to go to that website and find that information. It also does auto bid tabulation which is incredible and that's going to save a tremendous amount of time for our county departments and agencies and that's a long term process. For total sum bids for invitations for bids that will be done automatically which will take the place of 3 or 4 manual steps that are currently in place. It will also do statistical analysis and enable us to track various types of procurement resources that we undertake. Now these systems range from 45 thousand dollars a year to a hundred thousand dollars a year, and depending on the other types of provisions it might be in place that we might want to utilize and it could get more costly.

In these times of diminished resources financial resources and an increase demand for service we can't afford to spend that kind of money. Well thank goodness as part of our due diligence in witnessing these various applications we came across a company called Public Purchase. This company has been around for 15 years and it currently provides E-Procurement services to 27 hundred municipalities and county entities around the country and they do it for absolutely no cost. As long as you are a government agency or a vendor and you utilize their internet based E- Procurement system there is no cost. I'm sure there's going to be questions later about what's the catch and I will be happy to share that with you and I'm sure Mr. Raines could touch on that as well during his presentation. Obviously this is an opportunity that we can't turn down so over the next fiscal year we will be aggressively seeking a contractual arrangement with Public Purchase. Now most of these entities do not allow you to enter into a contractual agreement, they simply want an agreement saying this is what we're going to provide you okay and we sign. Public Purchase has proven its credibility by being willing to enter into a contractual relationship with the county which is going to substantially minimize our exposure and allow us to hold them accountable to the services they say they will provide. So where as we could be looking at a hundred thousand dollar expenditure a year we're going to be able to acquire this tremendous resource at no cost and there is also no hidden cost. As Mr. Raines can tell you these resources exist on a cloud so there's no stress placed upon our data systems within the county and the redundancies are all built in and we have researched the various safeguards that are in place and we are very confident in exercising our due diligence that this will be an asset that will tremendously benefit the county of Kaua'i.

Mr. Furfaro: So you're committed right now to tell us that there's no hidden commission for them from the vendors?

Mr. Barreira: And Mr. Raines can speak more eloquently on that topic as well.

Mr. Furfaro: Well I tell you that's the most unbelievable thing I've heard in a very long time. They are not collecting commissions on the vendors that supply them?

Mr. Barreira: Yes not on the internet base E-Procurement system which will let buds and one of the fascinating things Chair about this system and what we cannot currently do. It registered all vendors at the front end of (Inaudible). They register base on commodity and sub commodity codes which are defined by our NIGP Standards (National Institute of Government Procurement) Mr. Chang. Once we let a bid on to the system it does an automatic profile measurement of the bid and whether it meets the commodity or sub commodity registration and immediately notifies vendors that a bid is left on the system so they can go to the system and look at the bid to see if they want to participate in submitting an offer to the county.

Mr. Furfaro: Okay I just want to let you know that in the resort business those are known as national change specs, okay they pre-identify whether its bath tissues to linens to so forth but the vendors do supply the third party with a commission.

Mr. Barreira: Okay very good and I can't speak for the Hotel Industry Sir but I will take your word for it. So getting back to that E-Procurement system and electronic signatures right now in order for us to take advantage of that thresh hold that's is being changed and is likely going to be in acted in to law very shortly, we're going to have to have an internet based E-Procurement system that can let and receive bids. The problem with the absence of electronic signatures with regards to procurement, let's say we adopt the system and we start receiving electronic offers even after the offer is received by virtue of the content of the law, if we're going to award a vendor that contract before we can award they have to submit 3 things in hard copy wet signature from. The evidence of authority to sign the bid, any type of the offer itself and any bonds that are required to accompany the bid so that's going to make it cumbersome for our vendor community again, to have to comply with the contents of the procurement code in order to have their bid. If we do not receive that written documentation in 5 working days the bid will be deemed unresponsive and we have to go to the next lowest bidder which ultimately could cost the county money. So with regards to electronic signatures on bid documents and on contracts it will be essential that I perhaps seek the assistance of council for a resolution or perhaps even an ordinance to acknowledge the liability and importance of electronic signatures which could then be used as a vehicle to take up to the state legislature with our legislative team to pursue the amendment of the Hawai'i State Procurement Code to acknowledge the acceptability of electronic signatures. That is going to help us in our contract management, that's going to help us in our E-Procurement system.

Mr. Furfaro: And who do you see that controls the electronic signatures? I mean you need to develop a policy for us to understand who's controlling the key for the electronic signatures.

Mr. Barreira: I think the first...

Mr. Furfaro: And I'm not talking about a household key. Who's got a handle on that you need to develop a policy for us?

Mr. Barreira: Yes sir and that's...

Mr. Furfaro: To even consider.

Mr. Barreira: Yes and I would be dishonest if I told you I have an extremely clear picture as we sit here today, I know where we want to get and I'm not quite clear what the elements are yet. I would think one of the key elements is the fact that the procurement

code disallows it under certain circumstances. I think who will be instrumental in pursuing this initiative will be the subject matter expertise found in Mr. Raines and his division but of course council as well. If we can enter in to whether it's a resolution or an ordinance to acknowledge the importance and (inaudible) of electronic signatures I think it will help us move in that direction, and of course the county attorney.

Mr. Furfaro: So is that your wish list item before I start opening up questions?

Mr. Barreira: It's the free one it's the no cost one yes sir.

Mr. Furfaro: That's the wish list item?

Mr. Barreira: Yes.

Mr. Furfaro: Okay and is there a cost item?

Mr. Barreira: There is a cost item.

Mr. Furfaro: Have you gotten there yet?

Mr. Barreira: I will get there right now sir.

Mr. Furfaro: Okay we will let you get there first.

Mr. Barreira: One of the things you will see in my budget proposal for this year is my seeking your authorization to fully fund a dollar funded position currently contained within the department of finance. Once again councilmember Rapozo it's 1547 and I will explain to you how that works in a minute. This position is currently a special projects officer and what I proposed in the next fiscal year is to allow us to fully fund that position and re-describe it effective December of 2013 as an Entry Level Procurement Specialist position and let me explain why. It is based on a work load analysis as well as the very important succession planning initiatives that we've been talking about for a very long time.

Ms. Yukimura: That's 1547?

Mr. Barreira: Yes and I will explain Vice Chair, it's a Specifications and Procurement Specialists.

Mr. Furfaro: If you're going to talk without being recognized turn down your mics. Okay have you got all your pieces members?

Ms. Yukimura: Entry Level Specifications and...

Mr. Barreira: And procurement specialist.

Mr. Furfaro: Procurement specialist.

Mr. Barreira: It's an SR-16 position it's an entry level position. Now why... The reason that I'm pursuing this is (inaudible). Since I came on board I've conducted a comparative analysis over the past 3 years in terms of workload in the division of purchasing. The variables that I used to do this and it was un-scientific were our 2 largest procurement methods,

request for proposals and invitations for bids. In 2009 the formal request for those two categories came in at 21 formal requests. In 2012 that number increased to 32 and in 2011 that number increased to 50. Now keep in mind that's only conducting an analysis of 2 of the 6 major procurement methodologies that we rely upon and it's not looking at any other work load variable nor is it looking at our management at the purchase order system, our surplus system or the surplus system that we've managed within the division of purchasing. Looking at those numbers which represents about a 56 percent increase, I consider that to be statistically significant in terms of workload increase. There is a disproportionate relationship between those workload increases and the fact that it's been more than 10 years since there's been a manpower adjustment within the division of purchasing. So I think that's noteworthy to look at. The other issue Mr. Chair on terms of succession planning, I have been working on succession planning issued for many years as a Government Administrator and I think all of us can agree that we're not quite there yet, we haven't quite done the best job we can and I don't want to be guilty of the same crime. My reality in the division of purchasing out of my 7 staffers is that 3 of the most senior and experience staff members are going to be eligible for retirement very shortly. Two of those three have committed then when they achieve eligibility there going to retire and enter the good life. I don't want to be stuck in a situation if I do not take divisive action now to put forth a plan to meet that need we are going to be substantially crippled beginning 2015 and being unable to meet the strenuous demands p[lace upon us. When you consider that every dollar that is spent in the county begins with the division of purchasing it is a significant issue and I think we need to address that.

My intent is to hire this entry level specialist, train the remaining specialist to make them competent in the science of procurement and have them ready to enter a new level of authority when the senior members leave so we can maintain the level of continuity that's important. I think that's a critical strategy one that I would like to explore and I would seek your kind support in moving in that direction.

Mr. Furfaro: Just so you know Ernie that was one of the questions posed to this new HR Department. It's not just about purchasing and continuity, it's about the whole county and continuity. We're looking for a common plan that identifies interviews and reports who the high achievers are across the county.

Mr. Barreira: Very good Chair. One of the things I've been confronted on is you're the electronic guy Ernie and you're moving towards harnessing technologies to make you more efficient, make you more effective. That is true and these initiatives are going to achieve those goals but the subject matter, knowledge, expertise and intelligence is vested within the procurement and specifications specialist will never be replaced by a machine or a computer or a software application. These individuals endure that the procurement code, the administrative rules and internal policies and procedures are met so that with adhere to a very credible procurement process and that all of the elements of a good procurement are maintained. That is essential and that is why I am perusing this.

Mr. Furfaro: I want to make sure I clarify myself because I have many years of experience in continuity and the fact of the matter this is not something that we're going to turn over to a pre-determined software program that color codes people whether they are green, red, yellow, not wanting to move, ready to move or ready to retire., It is a human resource function for the whole county. I just want to caution you on that sense I applaud you but at the same time caution you that there needs to be continuity through the corporation called the County of Kaua'i.

Mr. Barreira: Absolutely agreed sir.

Ms. Yukimura: Well first of all congratulations on your phenomenal achievement in a short time.

Mr. Barreira: Thank you.

Ms. Yukimura: And congratulations to your team and as you've pointed out it really does take the willingness to change and to work on it. My questions actually have to do with the electronic signature issue but before that on your overall achievements have you made any effort to estimate the cost savings?

Mr. Barreira: Yes I have.

Ms. Yukimura: And what ball park are we looking at?

Mr. Barreira: The division of purchasing projects a 50 thousand dollar savings in operating expenses this year.

Ms. Yukimura: So that's something that will be carried on year to year I don't know if in that amount but certainly it's a repetitive savings.

Mr. Barreira: It supposed to long as there continues to be commitment to that and hopefully it catches all throughout the county.

Ms. Yukimura: Yes it spreads.

Mr. Barreira: Yes and the reason for that Vice Chair is the postal budget for the county is about a hundred and five thousand dollars and the division of purchasing occupies about 30 percent of that especially in our old operation. This year we have not mailed a single parcel, we have not sent out a single piece of certified mail, we have not spent the 20 thousand dollars in advertising cost that we had in the past. So those monies are going to be real savings in terms of our budget and as you recall Honorable Members of the Council I came to you earlier this year with a request to expand some money to finally seek a renovation in the division of purchasing which is 20 years overdue. And it was because of those changes that we were able to accommodate and find those funds so I thank you again for your support on that.

Ms. Yukimura: So just from postage alone you're saving about 30 thousand?

Mr. Barreira: About 28 to 30 thousand dollars yes.

Ms. Yukimura; Wow that's phenomenal thank you.

Mr. Furfaro: Go on you have your second question.

Ms. Yukimura: Yes about the electronic signature you're suggesting that we need a change in state law? Is it possible to amend the present bill that's in conference committee to include the authorization if I heard you right it's an authorization for electronic signatures?

Mr. Barreira: The bill that is currently in conference committee is strictly addressing the small purchase thresh hold under HRS-103D-305, it would have been an excellent suggestion and perhaps I should have thought of that to see if we could attach a proviso to

change that. In its current state because it's in conference committee I do not believe that, that's is possible, I would have to check with Paula Morikami who could provide more guidance on that point.

Ms. Yukimura: It might be worth it to check they do, do some pretty surprising things in conference committee so and this would be a good purpose.

Mr. Barreira: Yes and I will look into that.

Ms. Yukimura: And then you're asking us for possibly a resolution for a bill in which I think sounds like something we would like to facilitate. Is there a model ordinance for authorization of the electronic signature that either perhaps we can find through NACO (National Association of Counties) or through the Association Of Purchasing Directors or somebody.

Mr. Barreira: I don't know of anything Vice Chair currently but that is part of the due diligence and the research that I'm working on along with the county attorney to find whether there is some enabling law that we can utilize to formulate the ordinance for that bill.

Ms. Yukimura: I think the benefits would be tremendous and of course you have to include the safeguards so whatever that takes is something I would be interested in doing and I'm sensing that perhaps the whole council would.

Mr. Furfaro: If I see the controls I would be able to answer that but I would like to see the controls proposed first.

Mr. Barreira: Very good Sir.

Ms. Yukimura: Thank you.

Mr. Furfaro: Yes and it's the same words, control, safeguard and I don't mean high controls I mean controls, Mr. Chang, then Mr.Rapozo.

Mr. Chang: Thank you Mr. Barreira for being here I just flashed back your presentation of last year and how articulate you were without coming up for air. So I wish I had remembered to bring y tape recorder because I said this would be a perfect thing to tape while I'm driving from Līhu'e to Kapa'a and back so I can absorb all of this. I wanted to say first of all and congratulations we see obvious leaps and bounds. Public purchase has been around for about 17 years you say?

Mr. Barreira: For about 15 years.

Mr. Chang: Fifteen years okay and then they do about twenty seven hundred municipalities?

Mr. Barreira: Yes.

Mr. Chang: Did we contact any municipalities that you might be familiar with and ask what was that relationship with public purchase, because when we here no charge and no hidden cost you always waiting for the, but wait... there's more.

Mr. Barreira: Yes.

Mr. Chang: So have we gotten any historic feedback from any of these as far as your research?

Mr. Barreira: Yes I have spoken via e-mail communications to a number of these municipalities all of whom normally volunteer to come out and help as long as I pay their way to Hawai'i. They're always eager to come by and give us a hand. We have spoken to them and in all the people I have spoken to I have not heard one negative comment about public purchase in terms of its applicability and its usefulness to let bids and receive electronic offers. In fact one of my colleagues on Maui my counterpart on Maui is probably going to beat me to the punch to implement the system because he too is moving in that direction.

Mr. Chang: Well that's good to know because fifteen years is a lot of credibility in this day and age with business. Another thing that you were talking about and the other one was the but... and this is this part. You have mentioned your position the 1547 and you're asking for an SR Position as I noticed that on page 34, but it just seems as though you're savings with postage, office supplies, advertising was huge. As Council Vice Chair Yukimura was asking and you're saying that this 50 thousand dollar savings will be this year, next year and next year and so forth. I mean we might be saving more.

Mr. Barreira: The variable that I don't have control over is the amount of mail that's processed per county agency and department by county agencies and departments to the division of purchasing. I always hold my breath and Kerry Moses who manages and Hope Stem who manages our mail operations now, they know when a big mailing comes in they come and tell me Ernie we have a big mailing request coming in. That's always a concern and some of them is by statute or by ordinance and we have to facilitate mail, but where discretion is allowed we hope to minimize those expenses so I would hope councilmember Chang that it would be a recurring savings and if it's not quite frankly I would be very disappointed.

Mr. Chang: I wanted to say congratulations because it does seem like so many things were outdated and you've been able to consolidate it such a short time in evidence by savings. It sounds so positive and if this was a perfect world and you got what you wanted for I think you said by the end of this year December. I mean if we looked into a crystal ball it looks like what would you be telling us one year from now? What's the positive thing you would be telling us one year from now?

Mr. Furfaro: He would be telling you that the Po0st Office is broke.

Mr. Barreira: I would love to be able to tell you that we've been effective in carrying out our intent to create the electronic signature statutory amendment to enable us to seek larger applications in our paperless initiative and that would be critical.

Mr. Chang: I guess if you have your counterpart on Maui and if he does effectively beat you to the punch maybe we can be monitoring him and reporting so we can get on this as quick as possible. The last comment I would like to make and I think the gentlemen's name is Irwin Wright.

Mr. Barreira: Mr. Wright yes.

Mr. Chang: When you made reference to Mr. Wright a lot of people out there looking for Mr. Wright so looks like we got Mr. Wright in the right in the right place.

Mr. Barreira: We do and he's one of our seniors that are scheduled to leave us very shortly.

Mr. Chang: Okay good and thank you for mentioning the reason in being we need that position with the entry level procurement specialist and what have you. Thank you.

Mr. Barreira: Thank you.

Mr. Furfaro: Ernie thank you for giving praise to your people from Mr. Wright on and right on down thank you.

Mr. Barreira: It couldn't happen without them, thank you.

Mr. Rapozo: Thank you and thank you for a great presentation and one thing I really appreciate is the attempt to request the position and not do it before the budget year. That's drives me insane when that's done and it happens all too often but I have a general broader question for the purchasing division. As you know the council has our own procurement officer in the council chair and I know in past years that authority had been delegated back to the administration so we operated really without a Chief Procurement officer but I know the County Auditor was here and one of his challenges was the acceptance of the audit function and I guess I need to know. What is the acceptance level of the administration for the chief procurement officer function here at the legislative side of the house?

Mr. Barreira: I know there has been quite a bit of discussion back and forth councilmember Rapozo about that issue. The statute is clear on who serves the role of Chief Procurement Office. I think in addition the director of finance; council chairs also serve that role. I think some of the confusion at least for me in trying to interpret the 1999 memorandum that we've all looked at a number of times...

Mr. Rapozo: That should be tossed away already, that should be shredded and destroyed because it's now 2012.

Mr. Barreira: Okay understood. I was looking at that as the authoritative document in terms of our discretion and we were assuming the responsibility for procurement for council and director of finance would serve in the role of chief procurement officer. I understand that's going to be resolved or if it has already been resolved.

Mr. Furfaro: It was never an issue for us; it's not an issue for us and doesn't need resolving. The memorandum basically said since we have common employees that the procurement of supplies for the legislative body would be done through your staffing. It never conveyed the authority for purchasing.

Mr. Rapozo: I guess the purpose for my question because I don't want to debate the authority because that authority is not debatable, that authority is quite clear. Are we able in all your methodologies going forward with the E-bidding and the E- purchasing and the E- contracts? How does that play into the legislative procurement process? Is that going to be a separate methodology that the council has to look at our own employees, is that something that we now that we're in budget is that something that we need to share in the cost? I'm not sure how that works but I know one thing is that the procurement decisions of this county council remains here and I just want to know how that's going to play into your plans going forward?

Mr. Barreira: Until I'm told otherwise all of the procurement applications that we are responsible for within the division of purchasing for all county departments and agencies to include the county council will remain until I am given administrative direction otherwise.

Mr. Rapozo: So and let me just say if the council needed to purchase a budgeted item let's say a vehicle, let's say the budget approved a vehicle and the council chair signs off on it, how does that work? Does the requisition go over to your office?

Mr. Barreira: Actually I believe Nancy does most of the procurement work for council. There is a protocol and you would have to of course verify the existence of funds via the requisition. Then you would have to prepare a formal bid document and transmitted formally electronically to the division of purchasing at our County of Kaua'i purchasing e-mail address then it would be attended to and assigned to a specialist to facilitate the actual procurement and purchase.

Mr. Rapozo: Okay.

Mr. Furfaro: With the exception of the preparation from Nancy going through the County Clerk, you're evaluation of that is correct.

Mr. Barreira: Yes.

Mr. Rapozo: I just want to make sure that going forward that we are going to be covered and if not then we obviously Mr. Chang need to prepare our budget with the necessary editions to accomplish the procurement processes for the legislative body. That's all y concern is and I just want to make sure that we're included in your plans going forward and if not then we just have to make that adjustments and that's all I'm saying.

Mr. Furfaro: Sounds like we're included in the plans that Ernie has given us .Okay we still have a half an hour but half an hour is for IT so we'll go to one more question from Vice Chair Yukimura.

Ms. Yukimura: First of all congratulations on your succession plan which sounds like a good plan sounds like something we need to be doing in all departments and it serves as a model in sense. My question is given that you've started the greening of procurement by going paperless, would your office be open to looking at how you could further green the procurement process and I'm talking about it in this respect. By requiring if we were the school system we would require more local food in the purchasing for the cafeterias. But for us a certain percentage of recycled glass in the development of pipeline installation or the requirement for complex fluorescent lights in any new building that we're going to build or in the purchase of lighting for replacement. There is a thousand different ways that could do that and I imagine that is something our sustainability manager is beginning to look at as well as our energy coordinator. There are so many advances that could be made because we're a major purchaser in terms of going for recycled paper and so forth and it would have to be cost effective so that every issue would have to be analyzed. I'm not making any presumptions about what and how you should procure in a more green way but just that kind of due diligence or investigation and goal setting for the procurement office and for the county.

Mr. Barreira: The mayor has made it very clear that sustainability is an initiative and major initiative for the county. The creation of the sustainability team is evident of that and yes Vice Chair they are working diligently in that area. For us we will and our job is to

procure the good and service. There are initiatives already in place under law where you have to look at certain recyclables, HRS- 103D412 in terms of vehicles and councilmember Rapozo and I spoke off the record the other day about thy is a SUV so expensive? Because under the law unless it's law enforcement vehicle we have to use alternative fuel vehicles and those are far more costly. So it benefits the environment in terms of (inaudible) but it's more costly because manufacturing demands are higher. There are already things in the procurement code that mandates, alternate energy and other sustainability issues and I am all for it I mean the fact that our initiative on electronic procurement has substantially diminish the amount of paper that goes into that land filed and other places. We have moved aggressively in that area and we will continue to find ways to meet that expectation that the Mayor has set forth and that the council has spoken in support of as well.

Ms. Yukimura: Okay just one follow up question to that. So I'm asking for not just following the law but actually developing some procurement policies that would be green procurement and to some extent you may need the authorization of all or you may feel more comfortable with the authorization of law, in which case proposing to us or to the state legislature but probably be starting at the county level would be something that I would welcome in terms of how we might make our procurement greener. But with the acknowledgment of the other goals we have to meet in terms of being cost effective as well. Thank you.

Mr. Barreira: Thank you.

Mr. Furfaro: Do you have a number for this requisition of this entry level position that you're wanting to?

Mr. Barreira: You're not going to want to hear this Chair but its 1547.

Mr. Furfaro: 1547.

Mr. Barreira: And perhaps off the record I can explain how all that works because it's rather complicated.

Mr. Furfaro: No I think I can trace it from there I didn't write that position number down the last time. Mr. Kualii you have the floor.

Mr. Kualii: Thank you Mr. Chair, Aloha. So earlier you talked about the savings with the no certified mail and I believe you said no advertising?

Mr. Barreira: Yes.

Mr. Kualii: So for certified mail it was 28 thousand or 30 thousand. What was the savings in advertising?

Mr. Barreira: Its 20 thousand dollars.

Mr. Kualii: And that is in the current fiscal year?

Mr. Barreira: Yes in fact let me check that its 19 thousand in the current fiscal year 12 budget. We have not spent a cent of that money.

Mr. Kualii: So in next year's budget there is also a line item for 19 thousand.

Mr. Barreira: It's going to be further reviewed and evaluated and amended in the May submittal.

Mr. Kualii: So that could be zero?

Mr. Barreira: It is very possible yes.

Mr. Kualii: Okay thank you.

Mr. Furfaro: Now we still have accounting and IT to go. Ernie I want to thank you very much for that information. I'm going to ask if accounting would like to speak first before IT I'm sorry.

Mr. Rezendes: Mr. Chair I just wanted to confer if you're thinking I can have accounting come and peel Brandon off until after lunch?

Mr. Furfaro: We can do that.

Mr. Rezendes: Timing wise do you think that will work out?

Mr. Furfaro: We can do that, we can peel him off.

Mr. Rezendes: Until this afternoon the whole day.

Mr. Chang: Did you explain to Brandon what that meant in...

Mr. Rezendes: He catches on.

Mr. Furfaro: He spent time in the Caribbean. So we'll have accounting come up. Wally just for your information questions for procurement and purchasing are yet to be developed from Councilmember Nakamura. She will be sending hers over in question form.

RENEE YADAO, ACCOUNTING SYSTEMS ADMINISTRATOR: For the record Renee Yadao, Accounting Systems Administrator. Good afternoon councilmember's.

Mr. Furfaro: Good afternoon Renee.

Ms. Yadao: I would first like to start off with acknowledging my team. They continue to exceed my expectations and they would extremely hard and I would like to just acknowledge them at this time. If it's okay I would like to stick with the format and I believe you received that presentation earlier. Accountings mission: Is to provide oversight and maintain the accuracy and integrity of the county's financial system. Goals and Objectives: Primarily (1) to report accurately all financial related information in a timely manner and (2) Strive to promote transparency, streamline processes to increase, efficiencies, effectiveness and consistency throughout county wide operations. Accountings Success and Achievements: The first one is the Government Finance Officers Association or (GFOA) awarded a certificate of achievement of excellence in financial reporting to the County of Kaua'i, for its Comprehensive Annual Financial Report or (CAFR) for the fiscal year ended June 30, 2010. The County has received this award for 18 consecutive years and this award signifies the County's 2010 CAFR has achieved the highest standards in financial recordings in accordance with generally accepted accounting principles or (GAAP) and applicable legal requirements. We believe our current 2011 CAFR will continue to meet

such requirements. Number two: Continue to promote succession planning and elimination of operational silos by implementing cross training and cross functioning capabilities in anticipation of retirement and or attrition. Number three: Accounting division successfully implemented Phase 1 of expanding the P Card Program for other commodities of which included the development of operational policies and procedures, guidelines and standardized forms. Also with the assistance of IT Personnel the accounting team worked with First Hawaiian Bank in establishing and creating new card holder accounts. Online transactional and reporting access and system integration between center suite and sun guards government management and budgetary accounting application, which is our general ledger system. Currently all divisions within finance, Civil Defense, Transportation, County Attorney's, Liquor, Planning Commission, Council, Housing and Personnel Administration is piloting the P Card program to ensure a smooth transition while ultimately allowing the ability to manage unanticipated and undesirable situations that may occur during the pilot and testing phase.

In the Month of April we have scheduled training for Agency on Elderly Affairs, Planning and Parks. To date 23 of 73 or 32 percent of the P Cards have been issued and distributed. Our current rebate percentage is 1.4 percent paid on a quarterly basis and current year to date 2012 rebate received through December 2011 was approximately 33 hundred dollars for both travel and other commodities. Our goal is to have all approved P Cards issued by the end of this calendar year. Challenges: Efforts to successfully maintain cross training continue to be challenging due to short staffing and unfilled vacant positions. In our current operating environment there are significant operational risks, effective implementation of cross training proves to represent an important risk management tool by sharing, spreading and capitalizing of individual retained knowledge in specialized functions. In order to minimize the impact of foreseen vacancies due to retirement, the accounting division instills a proactive and forward looking approach to enable the required knowledge transfer and allowance for documenting standardized operational procedures. Payroll: this is my high risk area, I have no backup. There is one individual and he is the central payroll accountant he has retained historical knowledge and subject matter expertise with one to two years at the most to retirement. I would like everyone to know so that everyone is put on notice there will be no claim of (inaudible) I have serious concerns. As I reflect back to last January's budget meeting I did request a new position for a Pre-Audit Clerk 1, to take on the assignments of the accounting trainee in order for her to focus on payroll and to shadow, develop and document operational procedures. My request was denied and unfortunately it was an opportunity lost of one here, it was time lost. Furthermore we are constantly covering for others in this division and when someone gets sick or takes vacation or extended leave or retires the goal of operational efficiency and effectiveness becomes unrealistic and unachievable.

Going forward and with the anticipation of all vacancies filled the accounting division will become more efficient, optimized and effectively utilized resources available to ultimately lay the foundation for a strong and sound division. As I reflect on my two current positions that I've been advocating for and trying to get filled, it was a continuous issue with personnel. Their mission statement states, to provide quality service to the public, our employees and to all county department agencies's which will enhance achievement of their goals. Question; how can I achieve my goals if I can't obtain my list? In their departmental goals they mentioned established eligible list on a timely basis. Question; what is timely please define? I keep hearing comment such as it will get better I just need to be patient well the accounting division has deadlines, we have weekly, semi monthly, monthly, quarterly and annual deadlines. I have been told by many that I need to be patient. Accounting is responsible for vendor payments, IRS-1099 reporting, employee paychecks and I would like the option to say please be patient perhaps I will try next week. As I hear that we are moving in the H.R. one stop shop direction, I would hope that some form of client satisfaction survey be performed by an outside source. I understand that this is a period of transition however if you don't understand the root cause of the problem how are you to improve operational efficiency and effectiveness.

Mr. Furfaro: Before you go any further let me ask you a question?

Ms. Yadao: Sure.

Mr. Furfaro: On establishing this consistency you need for payroll debt, have you been able to identify someone in the organization that the finance department should be considering to train and elevate? Have you identified with them?

Ms. Yadao: Well we were working with the current team and being in the position that I could allow one individual the opportunity to shadow at that time she was the only resource I had to position her to shadow. However I was not able to obtain a new position to relieve her of her current duties to focus in that direction.

Mr. Furfaro: Okay continue your presentation.

Ms. Yadao: If I could get anything out of this H.R. Function and the goals is to set clear expectations and for example develop procedural guidance for the departments, set bench marks and timelines for certain deliverables. For example it would take 1 to 2 business days to review a reallocation of request or 2 two to four hours to review each submitted application. Any guidance provided is a lot better than none. Improvements we have many improvements, the accounting division continuously strives to improve operational effectiveness and efficiencies when feasible or attainable. In addition to cross training high priority is placed on improving the following areas. Here are opportunities and time and attendance versus outsource. In looking at our options we need the following to occur; Number one this is a multi step project, heavy human resource investment is needed upfront in the preliminary and planning stage. Through thorough understanding of internal and external needs in order to determine what road to take we need to spend a great deal of time in the planning and preliminary phase of this project. It would be irresponsible to decide without knowing all of the facts or all of the requirements. Number 2; development of the request for proposal, we will rely on our I.T. divisions assistance to help with the RFP. Number 3; payroll accountant will need to lead the project for accounting and he will not be able to lead and focus on this project until the payroll specialist and or newly hired accountant 3 is crossed trained to take on payroll closing. Second one update revised dated policies and procedures, it is embarrassing it is severely outdated and in dire need of revision. Review and update fix asset accounting software; note this is a high exposure area for me fixed assets is the largest assets on our books and the auditor spent a great deal of time reviewing this area and it has been consistently and area of audit findings.

We do our best to review and flag potential findings however we don't have a dedicated team member to focus solely on fixed assets. Lastly; mass clean up of vendor files, vendor files and maintenance should be performed annually the last attempt to perform this task was fiscal year 2009. Again it is because we are short staffed and we don't have available resources, I have constraints, time is a constraint and resources are a constraint for my division. If you would be so kind as to refer to my budget and in looking at the positions listed accounting division has 10 positions in total however we have been operating with 8 team members since October 2011 due to retirement and down to 7 from the end of December 2011 to mid February 2012 due to an extended leave. Position 290 I believe this position was created and subsequently dollar funded in fiscal year 2009, however it was recently filled with an existing team member in February 2012. Position 205 vacant since October 2011 due to retirement who had 32 years in the county, recently we have hired and incumbent and she is scheduled to start on April 16. Position 100 we allocated from an SR-16 to SR-15 or accounting technician, we recruited county wide and we received a list of one of which two applied on April 5. We had received approval to hire to we will be engaging and bringing on board.

Ms. Yukimura: Which number was that?

Ms. Yadao: Position 100.

Ms. Yukimura: Okay thank you.

Mr. Furfaro: How long did it take you to get that approval from personnel?

Ms. Yadao: It first started off with a reallocation request that was in February the beginning of February and it took 3 weeks to get the reallocation approved and we were able to solicit Intra County. We interviewed yesterday Monday and we hope to get her on board ASAP.

Mr. Furfaro: Okay.

Mr. Rapozo: Real quick on that reallocation.

Mr. Furfaro: Sure go ahead.

Mr. Rapozo: You said it was reallocated down?

Ms. Yadao: Yes position 100, it was originally an SR-16 and the title was accounting trainee.

Mr. Furfaro: Okay that's what we're showing in the budget, what should it be?

Ms. Yadao: Accounting technician.

Mr. Rapozo: Accounting technician?

Ms. Yadao: Yes and please keep in mind the reason why it still was showing as accounting trainee is because we did not receive approval until mid to the later part of February so it remained the same. So we will make note and correct that.

Mr. Rapozo: Okay.

Mr. Furfaro: Okay we have about 8 minutes here and I would like to hear the rest of your narrative here?

Ms. Yadao: Okay the accounting division should be described as the heart of the county. Information is subsequently funneled through accounting and ultimately reflected in the financial statements. We have not grown team wise as other departments have continued to grow, we have not. In accounting we are responsible for all accounts payable, payroll, and payroll related taxes, applicable employee benefit payments to ERS, UTF and labor unions. We are responsible for accounts receivable, IRS-1099 reporting and ultimately financial reporting and the CAFR. Three members including myself produce all schedules in the CAFR and work with the external auditors to meet GFOA established deadlines to continue to receive the certificate of achievement of excellence in financial reporting. We wear many hats in accounting and we have very little downtime. We have many area's to approve upon, yes, we are aware, however without adequate

staffing this effort is short-lived nor realistic. Thinking ahead I have two team members that have 27-30 plus years in the county. As I mentioned earlier they have retained historical knowledge in their areas, I would prefer to take a proactive approach versus a reactive approach when dealing with these foreseen vacancies. All I'm asking from this Council is an investment in this accounting team. Thank you for your time.

Mr. Furfaro: Let me ask you first of all have you talked to the administration about an investment?

Ms. Yadao: Yes.

Mr. Furfaro: And what have they said to you? I mean I got Mr. Rezendes here but you didn't paint a very pretty picture for me.

Ms. Yadao: Well it's an ongoing struggle and I know that adding employees is not considered a good...

Mr. Furfaro: Okay let me ask Mr. Rezendes I Guess Mr. Rezendes was pointing out some concerns her with payroll department and some succession planning and it's not being reflected in the budget.

Mr. Rezendes: Yeah and I believe that was part of my presentation this morning as well and part of the reason why we are filling a dollar funded position that was not filled for quite some time. There will be and I'm not sure the exact words used but there will be corporate knowledge transfer and unfortunately the people under our payroll person will be green to that area and other's going to be a lot of training and knowledge transfer that will come about in the next few months. We have like they said two vacancies that we will have new actually bodies for that went unfilled for quite some time and we hope that in itself once trained up will provide some of the resources necessary to assist with the inevitable transition timing before our senior employee in the payroll function will retire.

Mr. Furfaro: So when we have a situation like 2 years and kind of really looks like some dragging by the personnel department about recruitment and so forth. How do we get the urgency to them to understand?

Mr. Rezendes: The time it took to hire the accountant position was I think in the six month kind of neighborhood and you're talking about that's more like a police recruit type of timeframe and it was unfortunate and I did speak more than one occasion to personnel to obtain status and unfortunately I was given various timelines and or dates and those you know went by on more than one occasion.

Mr. Furfaro: Well I think this is very revealing, very revealing. Renee how long have you been with us now?

Ms. Yadao: Almost 2 years.

Mr. Furfaro: Two years and if I recall you came to us from Kamehameha Schools Bishop Estate, am I right?

Ms. Yadao: Yes I did.

Mr. Chang: Thank you Wally. Ms. Yadao thank you very much and I want to say thank you, you were very courageous and I would say in listening to your testimony was very passionate and you were also here three and a half hours ago so it must have been nerve wrecking to finally get your opportunity to speak. I want to thank you for you in being courageous. Also there were a lot of things that you were reading out of your narrative that we don't have and I would love to have a copy that we can have for all of us so we can highlight and look. The points that you made I think is very alarming especially for the volume that you have. Earlier we were talking about the great successes in the purchasing department about jumping leaps and bounds and we had an opportunity to acknowledge those people but why don't you take this opportunity to acknowledge those that are behind the scenes that you are representing right so you can thank them for hanging in there because I hope help is right around the corner and soon.

Ms. Yadao: I hope so too. I have a total of eight right now including myself. Kenneth Villabrille, Central Payroll Accountant, Sherri Silva, Fiscal Control Analysts, Teresa Caires, Central Accounting Analyst, Donna Gabriel, Accountant 111, Doris Agbulos, Fiscal Specialists Trainee, Marisa Sierra, Payroll Specialists and Patrise Pancho, Accounting Technician.

Mr. Furfaro: Okay you need to thank them on our behalf.

Ms. Yadao: I will.

Mr. Furfaro: That they've been working understaffed for awhile and I want to thank you for bringing this to our attention. At this point I would prefer not have any more narrative until we actually have an understanding of what is actually occurring there especially as it related to another department like personnel. Vice Chair.

Ms. Yukimura: May we questions?

Mr. Furfaro: Yes but again you're not going to resolve it just here until we get some facts as to what has happened.

Ms. Yukimura: Well I mean it's obvious to me that there have been many constraints and many have emanated from the operations or the non operations of personnel department. What I want to be clear about is given where you are today what your plan is for addressing the succession issues in your department? I think I heard bits and pieces but you also pointed out very astutely that if there's to be work done on the software and design for the payroll and time and attendance that your payroll specialist... what is Kens position?

Ms. Yadao: Central Payroll Accountant.

Ms. Yukimura: Than he's going to need to be involved in that process and that's going to mean time away from closing payroll or whatever his normal operations are. So I'm not clear you're saying with the existing staff and with now all this upcoming changes which they've been late but they are going to happen in the next month or so. You will be able to function for this coming year? Is that what you're saying?

Ms. Yadao: Well there is a learning curve and unfortunately in Government it will probably take a year honestly. With the additional addition of the accountant 111 coming on board on the sixteen of this month, she will be working in accounts payable/payroll to learn and get acclimated with the Government and our system.

Mr. Furfaro: So she's hired and just pending coming on board.

Ms. Yadao: Yes so she's hired and her start date is April 16.

Mr. Rezendes: The accounting technician was just approved, I think they just interviewed yesterday and the approval was obtained by the Mayor last night before I went home so that will be hopefully...

Mr. Furfaro: So the Mayor has signed off on that?

Mr. Rezendes: Yes and that's internal and actually someone was hired from another department so usually that's speeds up the process as well.

Ms. Yukimura: So your accountant 111 is that position number 205?

Ms. Yadao: Yes.

Ms. Yukimura: And that's the one coming on board on April 16?

Ms. Yadao: Right.

Ms. Yukimura: And that's the person who will train to succeed  
Mr. Villabrille?

Ms. Yadao: She will be part of it. I have the payroll specialist position that will also be crossed trained.

Ms. Yukimura: Okay.

Mr. Furfaro: To be crossed trained?

Ms. Yukimura: Right and to the extent that Mr. Villabrille input and services will be needed in the development of the I.T. payroll system, do you feel there will be enough time for that this year too?

Ms. Yadao: Yes so we will be working towards that goal of cross training and luckily I have the payroll specialist who has been in the system for awhile and she is knowledgeable in payroll. However the actual duties of closing payroll is where we don't have any involvement currently but we would like to reach that goal hopefully within the next 6 months. In the meantime we have had preliminary discussions of gathering information or how to proceed with the direction we want to go as far as time and attendance and or out sourcing. There is a need and we are aware and we would like to move forward with some form of time and attendance.

Ms. Yukimura: Absolutely.

Ms. Yadao: However it is a lengthy process and you need to obtain information upfront rather than later.

Ms. Yukimura: I agree.

Mr. Furfaro: On that note can you yield the floor to Mr. Rapozo who has a question because we are desperate for our time today but I want you to know that I will personally pursue some quarries with the personnel department. Mr. Rapozo.

Mr. Rapozo: Thank you and thank you for being here I appreciate that and I know it's tough, I could sense it and obviously a very difficult task to come up here and said what you said. Like I've always said we don't know what we don't know and often time's employees are not going to come to the council and share some pretty difficult things. I'm bothered quite a bit and the question is even with your filled positions the bottom line is do you have enough staff in your division to adequately service the county? You have I guess 8 or 10 right?

Ms. Yadao: I have 10 currently, 8 are filled and we are working currently, two is scheduled to come on board hopefully within the next... well one is next week as the accountant 111 and the other one we just recently received approval so hopefully...

Mr. Rezendes: The hope is by May that we will have ten.

Mr. Rapozo: Well that personnel issue will be dealt with later because that's a common "theme" in so many stinking departments; I'm so disgusted about that department right now so I'm not even going there. My bigger concern is in your division, I know the Chair has asked if you brought this up with the administration. Do you feel you have adequate personnel in there? Because realizing today it's you folks that do the worksheets for the CAFR, it's you folks that do all these accounts payables and manage the special funds that I have seen. The hundred grand for the special condition three or whatever and that was in her budget last year, that's where it was and that came out of your budget now but it was in last year's. I know it's difficult with your boss and I don't know I guess Wally is your boss but now is your opportunity and you have already opened the door. We need to know because there's a lot of request for positions in this budget from all departments. There is some I believe should not be approved because I don't think the need is there but I need to know if there's an area of you division that needs help whether it's with accounting or payroll, do you believe you need some help?

Ms. Yadao: In my honest opinion?

Mr. Rapozo: Yes.

Ms. Yadao: And as the division head?

Mr. Rapozo: Yes.

Ms. Yadao: No.

Mr. Rapozo: You think you can do it?

Ms. Yadao: I need at least 2 more bodies.

Mr. Rapozo: In addition to the 10?

Ms. Yadao: Yes.

Mr. Furfaro: Okay well that discussion is between you and your boss to begin with. Our role is to make sure recruitment is on time, they understand the urgency for

what is in the budget and we need to get that people started. I think if you need to expand your staffing you need to have some dialog with Mr. Rezentes and with the Mayor.

Ms. Yadao: Okay.

Mr. Rapozo: And I guess my comment to that is really to you Wally. If they need the help please provide the help because I don't have a problem gathering the votes to put a position because it's still up to them to fill it or to make it happen. I'm just saying it sounds like your pretty sincere and passionate in your job and it affects me to listen to you have to come up and beg us and that shouldn't happen. I agree with the Chair it's a discussion that you need with the administration but if that falls on their fears you got my number so call me so we can see what we can do on this end. I think that is a very important function of this county what you folks do.

Mr. Furfaro: I would like to end your question there and recognize the Vice Chair one more time and point out to everybody, we are running further behind. Mr. Kualii did you have a question?

Mr. Kualii: I thought we were going to lunch so I refrained from speaking.

Mr. Furfaro: I will allow you to speak again after Council Vice Chair.

Ms. Yukimura: Thank you and actually I think my questions ties to the previous discussion. You said that there is no one dedicated or focused on fixed assets? Since when is that situation or have we in the history of accounting before have one person focused on fixed assets and somehow it got dropped? Or is this a new proposal and can you explain to us the importance and you started to but I want to know more and get a better understanding of this fix assets issue.

Ms. Yadao: To clarify I have an accountant 111 who is responsible for fixed assets, however that is not her only job function as she does cash receipts and she is currently the P Card administrator for Accounting. Ideally I would want one soul person responsible for fixed assets.

Ms. Yukimura: Is that general practice in accounting to have one person focused on it and what does that person do in terms of ... yeah what is the outcome or result of a person being focused on fixed assets?

Mr. Furfaro: Before you answer that I want to remind Vice Chair that my message to have expanded beyond these vacancies, you first have to have a discussion with the administration.

Ms. Yadao: Okay.

Mr. Furfaro: And I think her question is worth answering how many counties actually having somebody committed to the fix asset issue but obviously that's a joint piece that comes over also with engineering. Because someone like Clint Saiki, he's manages these projects up until there complete and when there completed and the amenity is there and the asset has to be reported. I thoroughly agree but I want to caution the council that these kind of discussions have to happen with Wally first.

Ms. Yukimura: Chair thank you and I'm not saying that I'm going to propose a position or anything, I'm just trying to understand based on your report to us which said there's no one dedicated on fixed assets, and what the importance of that is and how accounting works on that issue of fixed assets.

Ms. Yadao: Well not all the time we are aware before hand or before we receive an asset, before we purchase an asset. Sometimes we find out after the fact and we have to seek the information to get the asset on to our books so things slip through the cracks. We don't have a dedicated person watching all of the payables and all of the contract payments and understanding if it's a fixed asset that should be on our books. We don't have that and we do our best with what we have currently, however it is the county that has to defend the audit findings when there are fixed asset findings. There was one last year so to mitigate the risk of these assets slipping through the cracks and not getting on our books I would like the council to know.

Mr. Furfaro: And we do know because that has been reported Wally over four years ago in the audit that there is not a way of sorting out the recording of fixed assets. We have made some improvements but I want you to know it is something that keeps showing up in the audit.

Mr. Rezendes: And again part of the role of the accountant is the policing and the policing out the departments so that when an asset is ready to be placed on our fixed asset ledger that they in fact provide the accounting division with the appropriate documentation. Often times the slipping through the cracks occur and this person has to go and chase...

Ms. Yukimura: Okay as the Chair has pointed out we've had this before a person I can see and thank you for explaining the importance of catching or registering the fixed asset properly documenting it and so forth. A person could be part of the solution and the other part of the solution might be forms that are created for the reporting of fixed assets or the training of the different departments in terms of how they identify the people in the different departments who make the purchases and have to report it. So any way it's a lot of different ways it could be addressed and I'm not jumping to the conclusion that we should give you a person right now but I'm trying to understand the issue. The Chair is right the discussion about additional personnel should be discussed with the Finance Director and the Mayor first thank you.

Mr. Furfaro: Without noting those are new positions but the ones that are in there should be a bigger urgency to fill them for you so you have people that can come in the role and start training and so forth. Mr. Kualii you have the floor.

Mr. Kualii: Thank you Mr. Chair. Aloha and Mahalo Renee and thank you for all your work and pleas thank your team for me. I especially think the accounting function and department division is the heart of an organization and you provide the life blood for the entire operations of the county. I have concerns about the positions and I hear what you're saying and I hope the administration will be responsive to you and your needs. The one item that was taken out to me is, what is this 475 thousand which is mentioned in two ways, it says vacation credit payout and allowance for retirement and attrition.

Ms. Yadao: The 475 thousand represents separation employee separation who has earned vacation and are payable within the current fiscal year.

Mr. Kualii: So employee separation, earned leaves and payables in the current fiscal year?

Ms. Yadao: Current fiscal year yes.

Mr. Kualii: Okay thank you.

Mr. Rezendes: That's county wide yeah not only within finance.

Mr. Furfaro: No, no that's with eleven hundred and thirty eight employees.

Mr. Rezendes: And it's a tough guess on how many employees leave and again that's one that often times if we can't have the departments fund we try to have the departments to fund but it's the catch all account when there is separation or retirement.

Mr. Furfaro: Okay Renee we're going to end on this note but before we do I wanted to let you know that the couple of years that you've been with us and the few times I've been able to quarry you about information and so forth. I just want to compliment you on being very successful and very thorough in the material you got back to this office and it doesn't go unnoticed. I also want you to know that this recruitment process continues to concern me and I will look into it but thank you very much for today.

Ms. Yadao: Thank you Chair.

Mr. Furfaro: Okay we're going to take a break for an hour for the staff as well and we will be back at 1:45.

There being no objections, the council recessed at 12:45 p.m.

The Council reconvened at 1:45 p.m., and proceeded as follows:

Mr. Furfaro: Aloha everyone we are back from recess and we're continuing in the finance area. I would like to make one more announcement today because we are going to focus on finance and bus transportation I am rescheduling liquor until 1:30 on April 20 as well. Sally welcome and you have the floor.

**SALLY MOTTA, DEPUTY DIRECTOR OF FINANCE:** Good afternoon Council Chair and Councilmember's that are here. I am Sally Motta, the Deputy Director of Finance for our County and I am here to give you a presentation for the Real Property Assessment Division and also for Collections. I wanted to let you know that in our assessment department we have 15 employees that are full time right now. We have our front office and they are the ones that deal directly with the public and we have our back office who is mainly our appraisal staff who also does deal with the public and actually goes out and actually (inaudible) properties that are involved. The real property assessment divisions mission is to accurately and uniformly assess all real property within Kaua'i County. Maintain current ownership and tax payer address information and create and maintain up to date tax maps. Provides public service education, website data and administer numerous tax relief programs underscore, numerous tax relief programs. Our successes and achievements in with we're most proud of is the fact that we have used our integrated technology as we have a system called pictometry and also our GIS mapping which allows us to be able to visually see the properties from the air. It is a great help to us and it allows us to get a true picture of what we are assessing. We've also added a new commercial appraiser and a senior condominium specialist and they are helping us being able to identify these types of properties better. The challenges we face are number one as I said earlier are the number of tax relief programs that need to be taken care of and also because of

the recent changes we've made to the tax law with your help we have new deadlines that we are working towards.

We also are sending out a survey which went out yesterday and finished up mailing today and I provided you with a copy of that and this is going to every property in our county that has a building on it. What we will be requesting them to provide us with that information because as you know coming up in the next tax year we're going to be assessing our properties based on use and this is going to be the way we will get that information. This form will also be provided at anytime that property transfers title so we're working out how we're going to manage that as far as mailing out and also working with the title companies to perhaps have those be given to purchasers in their closing documentation. One of the challenges that we have right now that is something that you've heard from other departments is the fact that the departments have different types of web connections and programs, so we are working also with I.T. as far as trying to find something that will be mutually useable by all our departments so we can get information from planning and they can get information from us. That's always a struggle. Correcting assessments has become a long and very difficult task, as tasks for owner occupancy tax payers are not necessarily tied to their current use and assess values. We are also having tax relief programs that are coming in to play now for the long term leases and these are all things that were approved in the last tax bill 920 that's we passed just recently. As far as improvements these new changes for fiscal year 2014 are moving all the dates and things that we have for filing for exemptions, whether it is for AG dedication or whatever it is and so we're having to spend a lot of time educating the public to make sure they don't miss any of these times where they could possibly file for an exemption that is due to them.

Our staff is incredible, they have had goals that have been set for them that they have met that was a huge challenge including moving up the dates for the 2013 fiscal year and the 2014 year also and have met that. I am very impressed with the personnel that we do have in our department and I'm always very happy when I get e-mails from either your staff or from the public telling me just how helpful they really all. On the technology front we have a new program called change finder enhancement that will allow us to have a even better view of fly over of properties so that we have a better sighting so we can see how the properties are looking. This is one way we can help on anything that is missing or when someone calls and says we don't really have a building there it's burnt down or whatever this just gives us another avenue. We had a recent reorganization of the real property assessment department and this has created improved coordination with administration of the front of the house, activities clerical mapping section as well as the back part of the house. It has made a huge difference and I think that when you have any kind of connection with them you've met with our staff and you can see they are there to help you.

Upcoming initiatives we have and listed them here so I'm not going through them a lot I know we're running a little late and I know that you guys have had a chance to read them. We have right now one position that is dollar funded that has been approved to be filled and we are in the process of interviewing for that and we will be having that finalized quite shortly. Unfortunately because of these new changes in the questionnaire that we sent out we do need that person on board relatively quickly so we're very happy we will be able to have that person within the next 30 days. That should work right along with the time we expect to have those...

Mr. Furfaro: Did you get that commitment from personnel? I mean you just gave praise to the idea you will have it in 30 days. Did they give you that commitment that they're going to identify and recruit for you in 30 days?

Ms. Motta: Yes, yes, we are working with them right now.

Mr. Furfaro: Okay.

Ms. Motta: In conclusion we anticipate a very challenging year as we face a served time constraint by going from a January 1 date of value to an October 1 date of value. This means there will be two assessments created and mailed out this calendar year. Not only will RPA be a task with advancement in the assessment cycle in several months but also there are additional legislative changes affecting the tax classification appeal process that must be considered. We only had a hundred and sixty eight appeals filed this year that is a wonderful low number and so we're very happy with that.

Mr. Furfaro: Is that an indication that people are starting to see equity in their tax bill that you have so few appeals?

Ms. Motta: I do not...

Mr. Furfaro: Could that be one of the conclusions?

Ms. Motta: That definitely could be one of the contributors we feel that it may be. And the new exemption deadlines may also play a big role in anticipating possible employee overtime needs so that's something we're having to review. RPA has been enhance by the additional qualified and eager staff, challenged by public education through the administration of tax relief programs inspired by the tools available through new technology provided and respected for the quality and equity of our annual evaluations in keeping with current market trends. We do a modeling form of assessment and I think that's another reason why the appeals are down. We are no longer assessing as a high we're assessing as an island going around. That's all for assessments, do you have any questions before we go over to collections?

Mr. Furfaro: Let's see if there are members that have questions as it relates to the tax office and assessments.

Mr. Rapozo: Sally thanks for being here and I just had a question as clarification on your upcoming initiatives number 2. You talked about administration of tax relief programs which is currently assigned to position P276 which is an appraiser one. What's the T is that temporary?

Ms. Motta: What we have done with this is that we have an employee that is in the process of being transferred over in a reallocation and right now the appraiser the 276 is a contract position. We are converting that into a full civil service.

Mr. Rapozo: So that position 276 will become 225?

Ms. Motta: Well it will remain; it will still be 276 because the person that is... I got my chart right here let me look at that so I don't get my numbers mixed up on it.

Mr. Rapozo: Your narrative says it's going to go currently assigned to T276, will finally be administered by a civil service position as a result of the reallocation from a tax clerk to a tax relief specialists clerk which is 225. So I see that your 225 here is still listed as a tax clerk.

Ms. Motta: Okay the 276 is remaining in our department and that person is the one that is going to be assisting with all the paper work that's coming in with all the new exemptions that are coming out. The long term lease exemptions, and then we created the

225 which is the tax relief service technician and that person is moving from a tax clerk position which is the one that is now being filled.

Mr. Rapozo: So that will be changed in the supplemental I assume because right now it's listed still as a tax clerk.

Ms. Nakamura: Dollar funded?

Mr. Rapozo: No, no it's a fully funded SR-12, no 225.

Ms. Motta: 225 is a brand new position that used to be dollar funded.

Mr. Rapozo: Okay and what's the story with 286? That's another dollar funded position.

Ms. Motta: 226?

Mr. Furfaro: 286.

Ms. Motta: Oh 286, 286 is vacant and that the one that's being filled.

Mr. Rapozo: But how you're going to fill it with only a dollar in the line? It's dollar funded on the chart on your budget.

Ms. Motta: Okay we have right now we have 286 as a dollar funded tax clerk position that's being filled and 276 is a contract employee that is remaining a contract employee that is going to be taking over the responsibilities for the long term leases and those types of exemptions that are coming in. What's the other number you were asking about?

Mr. Rapozo: Well the narrative says that 276 will be administered by a civil service position which would be 225 and I see 225 here and that's a tax clerk but you're saying that's going to be reallocated? So if it's going to be reallocated I'm assuming it's going to be reallocated up but the budget still listed it as a SR-12. I guess the confusing part for me is the T positions those are contract positions?

Mr. Furfaro: Wally have you been following this discussion?

Mr. Rezendes: Yes.

Mr. Rapozo: And 286 is dollar funded so I don't know how you're going to fill 286 because you don't have the funding for it.

Mr. Rezendes: Yeah we are going to update that to 30.036 dollars in the May submittal. We are like Sally mentioned we are in recruitment mode right now to hire for 286.

Mr. Furfaro: Give us that dollar number again.

Mr. Rezendes: 286.

Mr. Furfaro: 286.

Mr. Rapozo: No the dollar number.

Mr. Rezendes: 30.036 and the 225 will change from a tax clerk to a tax services technician SR-14 at 32.424. So those changes will be made in our May submittal request.

Chair Furfaro: The "t" positions are just contract, is that what the "t" means? The t274, t276?

Mr. Rezendes: Yes, contract.

Mr. Rapozo: Contract and that is what... annual? It is like an annual contract?

Mr. Rezendes: Yes.

Mr. Rapozo: Are there any new positions in this Division here? Were there contract positions there last year?

Mr. Rezendes: Yes. But the difference is that we are funding – we have one reallocation and we are funding a previously dollar funded position that was 286 and that (inaudible) assistance in the assessment, the clerical section.

Chair Furfaro: But Wally, for the purposes of us trying to keep track, there is only one position that you do intend to fill in the May supplemental budget and it is reflecting the dollars of thirty thousand, zero, three, five?

Mr. Rezendes: 036, correct.

Chair Furfaro: 036. So, that is from a dollar line – that is the only change?

Mr. Rezendes: And then 225 will go from 30036 to 32424.

Chair Furfaro: So the difference is what we need to account for?

Mr. Rezendes: Correct.

Chair Furfaro: I am sorry to do this to you. Wally, one more time.

Mr. Rezendes: 32424.

Mr. Chang: Can you do us a favor because where everybody's writing, when it gets cleaned up, can you give us a clean copy?

Chair Furfaro: I just want to make a comment here Mr. Chang, the reason I am keeping tabs on these are basically we know what the pluses and minuses might be before we see the resubmittal, that is what I am trying to keep track of. So far, I have some tracking down that I want to make sure that we pick up on when we do our pluses and minuses.

Mr. Chang: I understand, yes.

Mr. Rezendes: Could we just email it to Scott.

Mr. Rapozo: Wally, if you can do that, we should probably send over a memorandum over to the Administration if there are... this had to have been known because your narrative talks about it. Your narrative talks about 286 being filled but for some reason...

Mr. Rezendes: We missed it.

Mr. Rapozo: Okay. Thank you.

Ms. Motta: Any additional questions?

Mr. Rezendes: We are going to call them when...

Chair Furfaro: Was that Elderly Affairs?

Mr. Rezendes: We are going to be another half hour or so...

Chair Furfaro: No, no... we told them that they are rescheduled till April 20.

Mr. Rapozo: It is difficult doing it this way.

Chair Furfaro: I do not disagree with you.

Mr. Rapozo: And rather wait for the May submittal, if we can send over a request to all the department heads if there is any stuff that was missed...

Mr. Rezendes: Clean up.

Mr. Rapozo: Yes because... the public sees the budget at this amount and in actuality it is more because these positions are not being identified in this submittal although we know it is going to be there. I am not sure why and this is not the first one and I am concerned.

Mr. Rezendes: I understand.

Mr. Rapozo: We want to be able to work off an accurate budget and it is frustrating.

Chair Furfaro: I have a message for Mr. Barreira when he comes back into the room. Because I should not be keeping tabs over here that has making these kinds of adjustments right now. I will have a message for him at my request. He must have heard me. May I ask Ernie, we are very concerned that we have line items here that are not lining up to the numbers in the spread sheets. For example, we just went through these two positions that are in the tax office. One is number 286 of thirty thousand 036 and then we have a net variance of about seven thousand dollars for a position that said we had a certain amount of amount budgeted but then the position is being upgraded. I am over here – I am now keeping track of what does not match up with the narrative and so it is strongly suggested that to date we get a single email that makes mention of

these things that we agreed that are showing up in the operating narrative but are not showing up on the budgeted dollar line. If you can do that for all, it would be much appreciated.

Mr. Barreira: Yes, sir.

Mr. Chang: Chairman, what you might also want to request is maybe for the department heads coming tomorrow or the day after the following week, they just might want to recheck their numbers before they make their presentation.

Chair Furfaro: Yes and the business I am in – you check your numbers before they submit it.

Mr. Chang: Yes.

Chair Furfaro: They did not do it.

Mr. Chang: So, this will give them some time to...

Chair Furfaro: Now, we have them wrestling with just getting back to us in forty-eight hours but what I am saying is I am directing Mr. Barreira to make that a single email to us and if I was a department head listening to this discussion right now, tomorrow morning, I would be talking to Mr. Barreira to clean up my narrative to match my numbers. I just want one piece. I do not want to load of amendments coming in from various department heads. If you wrote something, say it so and then show the financial piece that reflects that and so far we have gone three days and we caught several pieces that narrative does not match with dollars. I would like you to be the funnel. Sally, you have the floor.

Ms. Motta: Does anybody have any questions?

Ms. Yukimura: I do not have a question but I just want to thank you and your division because I know you have been under pressure with all the different changes and just the effort to keep up with current – keeping current assessments current. All the tax changes, all the public education, I know it has been a lot of work and we appreciate it.

Ms. Motta: I appreciate the help that you gave them in order to make it happen.

Chair Furfaro: We all function on the word kōkua, so if you can follow up with Ernie on those two items, we would appreciate the kōkua.

Ms. Nakamura: Sally, are you also... did you also go over Real Property Collections, or is that a different?

Ms. Motta: That is next.

Ms. Nakamura: Okay, I have some questions relating...

Chair Furfaro: And Sally, I hope when you go there, you will show us a little bit of an indication of where we are going with that bad debt, uncollected taxes?

Ms. Motta: I have got that here.

Chair Furfaro: Okay, I want to make sure we got that. Is there any further questions before we go to the next level?

Ms. Yukimura: On the question about the reason for the low number of appeals, is it not possibly true because the assessments have been going down or staying the same? I mean people will file appeals if they are going up.

Ms. Motta: We are still getting appeals from people that think even when the values are going down, they are not going down far enough or fast enough.

Ms. Yukimura: They are the real diehards, maybe, I do not know but certainly...

Chair Furfaro: I need to make sure you understood my comment because the values are going down, the assessments and the crossing point of the actual tax bill is starting to be more acceptable.

Ms. Yukimura: Yes. That is they are getting closer to the cap, right?

Chair Furfaro: Yes. It could be contributing why people are dropping out of the cap.

Ms. Yukimura: So, it is to summarize what the Chair says, it is not the assessment but the taxes that are getting – it is the assessed value but the cap is on taxes not on assessed value, right?

Ms. Motta: The tax rate is on the assessed value.

Ms. Yukimura: Okay. But the notices from which there is an appeal are the assessed value, so people will compare their last year assessed value to this year assessed value.

Ms. Motta: That is one way, yes.

Chair Furfaro: In a market that is going down. We have gone from nineteen billion dollar worth of value to about fifteen billion dollars worth of value.

Ms. Yukimura: But with the cap being converted to a CPI when they get their tax bill then it could go up in the next cycle.

Ms. Motta: If they are already under the PHU cap, it will be limited to going up to the amount of what the CPUI is.

Ms. Yukimura: Right but it still go higher than what the two percent cap used to be?

Ms. Motta: Correct.

Ms. Yukimura: Because it is three point seven.

Ms. Motta: There is a new formula, correct.

Mr. Kualii: On this other services, the two hundred and two thousand, so that is remaining the same and I see...

Ms. Motta: Where are you?

Mr. Kualii: On 53. Other services, the two hundred and two thousand staying the same from last year to this year, are those two items the tax mapping and the property tax program and maintenance, are those... do we have the contract, the multiyear contract that we pay a contractor to provide those services?

Ms. Motta: Those are four payment of the contracts that we have with our vendors, definitely for those services.

Mr. Kualii: And it is going forward how many years?

Ms. Motta: I am not sure how long... we are kind of tied into them. It is one of those where you keep trying to find other ways but we are not able to yet because of the amount of expense of expense to start up with something. At this point, we are not in a financial position where we feel that we can really go out and look at million of dollars in new programs.

kkwe can really go out and look at million of dollars in new programs.

Mr. Kualii: Right. I wonder if the being tied to them means that they have the upper hand in the long run and if this contract is just for one more year, than the year after that they can come back to us and double the contract.

Ms. Motta: Well the contract is on a program that we have at this time and for us to make changes, it means a new program and that is what the expenses the first year, because you have to pay for the licensing and everything else for that.

Mr. Kualii: But you do not know how long we are tied in right now?

Ms. Motta: I do not know that we – that there is a tie.

Mr. Kualii: Maybe I can find out later. Thank you.

Chair Furfaro: Just to reiterate where we are at – how many parts to your Real Property Tax that you have because we have Drivers License which will be relatively a few minutes, we have Risk Management, we have Treasury, IT – how many sections do you have in Real Property? After collections?

Ms. Motta: No, not for Real Property.

Chair Furfaro: After collections?

Ms. Motta: Correct.

Chair Furfaro: Okay. If we can just word out with Transportation Department, we might be late but they are staying on for today. Sally, thank you for that public announcement here. Now, let us talk about Collections.

Ms. Motta: The mission for the Real Property Tax Collection Department is to provide prudent, financial management and services to the people of Kaua'i and to the Departments and Agencies of the County that we service. The Real Property Tax collection function administers the tax collection system and assist the custodial responsibility for all real property records. This is another department that runs extremely smoothly, they take their positions very seriously and they do an outstanding job. I also receive many emails from happy people that have dealt with the collections department that when you ask somebody to pay a bill, it is not always the easiest thing to have them smile, so they are very good at that. Their primary goal is to do the billing, collect on the accounts for the real property taxes and special assessments that are effective with our real property tax payments. They have the responsibility that along with our real property taxes that come directly to the County for our general fund, they also collect for the residential refuse collection which is our solid waste for the homeowners, garbage as they like to call it and also for Kukui'ula Community facility district tax which is the district that we are in right now with finalizing. Upcoming issues that they have is that they have – they needed to make changes on how we collect the funds. The funds that do come in for solid waste can be transferred into another account that is within the County. The funds that are going to be collected with the Kukui'ula are going to be sent to a trustee, so that is going to be something new that we are setting up. They also asked us to consider which will require a Charter amendment is to raise the fee that is charged for none sufficient funds on a check. Right now, we collect seven dollars and fifty cents and the bank charges us twenty-five.

Chair Furfaro: So, how is Finance doing it? Are you going to introduce something to the Charter Review Committee?

Ms. Motta: This just came to us when we started talking about the budgets from the department and it has been thrown around a bit and I believe that Cost Control is looking at it also, so we are trying to coordinate with them to make sure that...

Chair Furfaro: We only have until June 1 to have it go through the process.

Ms. Motta: Okay.

Chair Furfaro: Either it goes from you people directly to the Charter Review Commission or you ask us to do it by request, we have two public hearings and we get it turned around. After April 15, we are cutting it very close. It is June 1 – the deadline.

Mr. Rapozo: Is it a Charter amendment or just a code amendment. I think it is just an amendment of our code.

Ms. Motta: I am looking at this again and I think it says Chapter 6 of the code.

Mr. Rapozo: I do not believe the Charter. And the staff can note that and we can get that ball rolling already.

Ms. Motta: Yes, I saw Chapter and read Charter. So, that is my eye balls.

Chair Furfaro: You are forgiven but send us a memorandum, if you want us to do it.

Ms. Motta: Okay.

Chair Furfaro: And staff can get started on that. Sally, you can go ahead and continue.

Ms. Motta: Okay. We are holding a foreclosure sale this year for five delinquent properties that are only owed for the real property taxes on them and one that is part of the Kukui'ula SFT property. Delinquencies are high, we hate to say but a lot of that is because of the economy. The figures that we have down here as of March 31 which was the latest records that we have are delinquency rate is five point four, three. We have outstanding taxes currently of four million seven hundred forty-nine thousand, six hundred and six dollars and forty-eight cents and all of those are delinquent taxes.

Chair Furfaro: Is that the total?

Ms. Motta: That is the total for all delinquent.

Chair Furfaro: How is that compared to the previous year?

Ms. Motta: It is higher. In 2011 it was three million three hundred forty-six thousand thirty-six dollars and thirty-three cents.

Chair Furfaro: So, it is about seven hundred thousand and higher... no, it is about a million four higher?

Ms. Motta: Correct.

Chair Furfaro: Okay, let me ask you, what are we talking about with the next step as far as dealing with some notices and so forth with the legal department?

Ms. Motta: What we will find is that with the March 31 date, there is a very good possibility that we will be getting more payments in within the next month or two.

Chair Furfaro: I was not saying – send them to Court. I am saying what are we doing to talk with the Attorney's Office right now about a strategy on the delinquencies or if we had foreclosures on property, does the Housing department plan to buy those, what are the strategies? What is going on so far, Sally?

Ms. Motta: At this particular point, the normal procedure is we do not even start foreclosure until properties are about three year delinquent.

Chair Furfaro: That might be your past practice but are we talking to the County Attorney's? You are not aware of this but I can tell you what I have gone through in ten years about delinquent sewer fees, I got the same story, we do not do it until year five... and you will dig into it and you will find out there is nothing that sets up that guideline. That was like – oh let us give chance, I want to know have you started some discussion with the County Attorney's Office to come up with a strategy? That strategy might be... and in year one we do this? Just – start the dialog.

Ms. Motta: At this point, we have not started communication with the...

Chair Furfaro: May I request that you come up with a plan and share it with us at a later date?

Ms. Motta: Yes.

Chair Furfaro: Mr. Rapozo, I am actually going to turn the meeting over to you, I have a 2:30 booking and I really wanted to get that question out and then if I can share with you - you have Department of Motor Vehicles and then you have Drivers License, Risk Management and IT, and the Treasury last. I think some of those are only a few minutes to review. You have the meeting Mr. Rapozo.

Mr. Rapozo: The delinquency, Sally, that is taxes?

Ms. Motta: Correct.

Mr. Rapozo: And then the foreclosure obviously is foreclosures... so, when someone has a delinquency, do we put a tax lien on them?

Ms. Motta: Yes, we put a lien on the property (inaudible).

Mr. Rapozo: So, the four point seven million dollars, all of those property owners have lien on their properties right now?

Ms. Motta: No. If you look down below on page twenty-two which shows what is the current fiscal year, the bottom figure for the 2010-2011 and prior is two million, one, eighty-five, eight, eighty-one, ninety-two – those are the ones that will be having a lien filed against them.

Mr. Rapozo: It has not been done yet?

Ms. Motta: No. We normally would not do that until July 1 which is the start on the next tax year.

Mr. Rapozo: Okay. But some of these are prior, right? Some of these are pre-2011 fiscal year 2010-2011?

Ms. Motta: Correct. Some of them as far back as five years.

Mr. Rapozo: Okay. Did liens been placed on those properties.

Ms. Motta: Those are the ones we are foreclosing on right now.

Mr. Rapozo: Okay.

Ms. Nakamura: Would it be possible Sally for us to get a better understanding of this picture to see how a summary of the outstanding none payments?

Ms. Motta: I have a sheet here for the last... from the 2007-2008 tax year – I would be happy to share it with you.

Ms. Nakamura: That would be good to see and to understand. Based on that – I think that is what the Chair is saying – what is the strategy? If it goes back five years, how are you dealing with those as opposed to more recent?

Ms. Motta: This is the first year there has been such a large increase and of course with staffing talking about doing foreclosures means more staff too. It is a very tedious position that requires a lot of man hours. We have one person that spends at least a quarter to a half of her time just preparing the letters that need to go out, ordering the title reports that need to be done, the litigation guarantees and keeping track of that. When you multiple that by how many you may be talking about then it is... there is expenses involved.

Ms. Nakamura: What has been the practice in terms of actually collecting all these funds?

Ms. Motta: Well, what we normally find is that after they are delinquent for about a year or say and I am just giving you a broad deadline is that we will send a letter out and say we have the right and we will file a lien against your property. A lot of times it is sufficient that people say “they are serious” then we will receive payment. Sometimes, it will be a case where the bill is actually not getting to somebody and somebody will see... will let us know – they will call us up and say I am sorry I have not had my bill, when is my taxes due? And that will be another way... but after we send that first letter out, we then follow up and with a second letter about sixty days later that is much more serious and then we will end up getting payments. We may get phone calls from people asking if we will make payment arrangements and try to work on them on a case by case basis.

Ms. Nakamura: So given that there are so much outstanding debt, should we not be putting more man hours into this position so that we can collect. Knowing that it does take a lot of time and paper work and coordination with the County Attorney’s Office.

Ms. Motta: We normally have done foreclosures once a year and we have talked about moving it up to twice a year and starting it at an earlier time.

Ms. Nakamura: In your opinion is there a need for additional manpower or person power to get the job done because we are looking at a large number here?

Ms. Motta: Fortunately to is that the collection department was short two employees for almost six months. One of the two positions was just filled on Monday and the other positions is being filled on the 16. So we will have the manpower that we have been short before. So that will be a big help and this is just have been a matter of getting the department to understand what our priorities are.

Ms. Nakamura: Thank you.

Mr. Chang: You were short two positions?

Ms. Motta: Correct.

Mr. Chang: Was that two retirement?

Ms. Motta: One of them was a position where employee had left and we needed to fill it and the other one was a retransferred a contract employee position into a full

time position and that is the one that is now being filled. So, we no longer have contracted employees in the collection department, we have full employees.

Mr. Chang: And were they employed on a timely matter? Do you feel that you got your work help in a timely manner from the request?

Ms. Motta: Pretty much.

Mr. Rapozo: The question is how long did it take to fill the position, that is the right question because her satisfaction is a lot different than ours. Was it six months vacant?

Ms. Motta: One of them was.

Mr. Rapozo: What was the other timeframe?

Ms. Motta: No, the other one was when we were transferring a position that was a contract, so, it was an entirely different situation.

Mr. Rapozo: Thank you. Personnel, is lucky that I am not here Thursday afternoon.

Mr. Kualii: I just think that if you could talk in specifics on page 55, there is six positions listed, so which of that positions are the two or is it different from that? You said one position was just filled and another position is just about to be filled?

Ms. Motta: Right, but we do not have contract...

Mr. Kualii: Oh, both of them are contract positions? The two that you were just talking about?

Ms. Motta: I am not sure which number it was to be honest. It would be either 275 or 223.

Mr. Kualii: Okay.

Ms. Yukimura: Sally, do you have in writing the procedures for following up on delinquencies?

Ms. Motta: The only in writing procedure that we have is the Chapter 5A.

Ms. Yukimura: I am not familiar with that, how detailed is that? After so many months... or you file a lien at the end of the fiscal year and you go for foreclosure after so many years.

Ms. Motta: Correct. It gives you the furthest away date on it and that has been the dates that have always been used by the Department.

Ms. Yukimura: And what is the average... you have like every year the new delinquencies, the rate of correcting those delinquencies and the outstanding delinquencies that continue into the next year.

Ms. Motta: I do not have the numbers in front of me. I can find out if Michelle can provide those.

Ms. Yukimura: That would be interesting to see. You said that this year in particular was the highest level of delinquencies in a long time and it is a little over half of the total outstanding delinquencies which mean that the rest were accumulation of prior years?

Ms. Motta: Yes.

Ms. Yukimura: I am just trying to get a sense of the nature of the delinquencies. What is the average outstanding delinquency year to year?

Ms. Motta: Back in 2007-08 the delinquency was 2.5 million. 08-09 was 3.9. 09-10 was...

Ms. Yukimura: The totals... those were totals?

Ms. Motta: Yes.

Ms. Yukimura: Not just the new delinquencies for the year.

Ms. Motta: Now for the year itself, current year outstanding for 2007 – it was 1.7. 2008-2009 it was 2.3. 2009-2010 was 2.1. 2010-2011 was 1.7 and then 2011 was 2.5. So, the per year is worst and then it is an accumulation of the previous ones that had still not yet been paid.

Ms. Yukimura: I am just thinking you judge how do we judge the severity of the outstanding delinquencies and what would be your goal for clearing those delinquencies?

Ms. Motta: The other way of looking at it too is that for every foreclosure we do, there is potential that we are taking a home away from somebody and so that is not something that we take likely. So, if you have somebody that is delinquent like five thousand dollars on their taxes for the last two years, if we foreclosed on them, they lose their home. It is a fine line between judging on when you are going to do a foreclosure knowing the ramifications. The departments feelings mainly in the past has always been that not to end up foreclosing against somebody and have them lose their home unless there was another way around that.

Ms. Yukimura: Unless it might be a second home?

Ms. Motta: Well, that is a possibly too.

Ms. Yukimura: I can see where your strategy would be to prevent foreclosures therefore to settle on an arrangement for payment or... and that is why I was courteous on what your procedures are for following up on delinquencies or for clearly delinquencies in terms of how you negotiate, who is negotiating, what kinds of strategies you have?

Ms. Motta: The only option we have for negotiating is to make payments for a period of time. We do not have the option of expecting a dollar.

Ms. Yukimura: And when you settle on those arrangements then they are no longer included in the delinquencies listed, is that correct?

Mr. Rapozo: Hang on, I am going to have to stop you. We have to take a tape change.

There being no objections, the Council recessed at 2:43 p.m.

The Council reconvened at 2:46 p.m., and proceeded as follows:

Ms. Yukimura: Maybe, you can guide us. Oh that's helpful the rate of delinquent at the bottom.

Ms. Motta: Correct, that's the percentage.

Ms. Yukimura: Percentage of total tax base that is delinquent?

Mr. Rapozo: Yes.

Ms. Yukimura: And current outstanding balance, current year outstanding tax balance beginning and current outstanding end so that would be the delinquency.

Ms. Motta: Actually the current year outstanding balance beginning of fiscal year, so there is no delinquencies in that amount.

Ms. Yukimura: That's just all the taxes owed.

Ms. Motta: Right.

Ms. Yukimura: That's the certified real property tax basically.

Ms. Motta: Correct.

Ms. Yukimura: And then all the collections and then that shows what is left.

Ms. Motta: Correct.

Ms. Yukimura: And that's what left and that is what's delinquency.

Ms. Motta: Correct.

Ms. Yukimura: Okay.

Ms. Motta: But you can see by looking under the last column at the bottom you can see how much we have been collecting each and every month. You can always tell that August and February are the two months that we collect the most in taxes because those are the due dates.

Ms. Yukimura: So the grand total is really the bottom the second horizontal line that is the end of the year delinquency so to speak.

Ms. Motta: Correct.

Ms. Yukimura: And I've already given you the questions that we would like additional data on so to give us a better idea of the nature of these delinquencies how big the average delinquency is, is it on a second home or a primary home? What else did we ask. Well this gives us every year what ... well actually this doesn't give us what the new delinquencies are because the grand total include all the previous years delinquencies?

Ms. Motta: Yes it does.

Ms. Yukimura: Okay so what is the amount of delinquencies each year?

Mr. Rapozo: We'll put the questions to paper, Sally so you do not have to ... you can respond.

Ms. Motta: Okay.

Mr. Rapozo: As soon as you can. I won't put the 48 hour lock down rule because...

Ms. Motta: It will be tomorrow.

Mr. Rapozo: Tomorrow, okay you have 48 hours then.

Ms. Yukimura: That's really good with responses. Thank you Sally.

Mr. Rapozo: Okay, thank you Sally. Sally has to go give blood so. I bet every Department Head will come up now and say hey I got to go give blood okay. They tell me next up is DMV. Are you here for DMV? I do not really care I'm just saying this is what...

Ms. Yukimura: The treasure has to be here for the DMV right?

Mr. Rapozo: King Jay said DMV, Drivers License, Risk Management and IT, but if you are here we'll do IT.

Ms. Yukimura: Unless the Chair wanted to be here for IT.

BRANDON RAINS: He mentioned that he might not be here.

Mr. Rapozo: Yeah I think he's gone for the day so go ahead why do not you start with your overhead Brandon and then we can ask questions after your complete presentation.

Mr. Raines: Well good afternoon Councilmembers and for the record Brandon Raines, IT Manager. The first part of my presentation will cover the Information Technology Division section and the Finance budget report and after that I'll move to a high level CIP review addressing the products that are relevant to our Division and then I'll go over some staffing related budget request. Documentation on the CIP product, summary, and staff was provided as a supplement but I believe they incorporate it into the main budget directly after the standard presentation. Finally, I'm going to present some additional information in order to address the Council's request from yesterday afternoon about electronic plan review.

Ms. Yukimura:

Thank you.

Mr. Raines: Within the information technology division or IT our mission is to provide the Mayor's Office, County Agencies, and County Council with Information Technology services which enable them to serve the public in a cost effective and efficient manner. The primary goal of our division is to provide quality customer service and expert technical services and empower County Employees through the availability of accessible and useful information as well as the use of automated systems that improve their productivity. This goal is complimented by several key objectives. 1) To provide County employees with easily accessible technical support and timely responses by a central helpdesk function. 2) Maintain and enhance the County's technical infrastructure to ensure reliable efficient and secure operations. 3) Assist County agencies with the procurement and implementation of new systems that will increase our operational efficiencies as well as improve the services available to our citizens and lastly 4) Recommend solutions and strategies that will leverage the power of technology to address County wide need.

The last year has been a very busy time for IT and despite some of our limited resources we have been able to accomplish much and that is really due to the outstanding efforts of our current IT team members. Just some highlights of our more recent successes and achievements. I'd like to go through those.

First we negotiated contract and managed the project implementation for upgrading our core components of our 800 mega hertz radio system. As part of that we have formed a cross agency team including IT, Fire, Police, and Civil Defense to help guide the project and insure appropriate representation from all key stake holders. This is really ... this project is phase one of a multi phase project to upgrade our Critical Public Safety Communications Infrastructure. That upgrade will result in a modern architecture that compliant with latest inter operability standards for supporting Counties emergency operations. This phase 1 this project that we are currently working on is on schedule for completion in summer of 2012, so this coming summer with subsequent phases to follow based upon available funding.

Next we provide extensive technical support for the implementation of our next generation of computer CAD system from Vision Air. The new CAD system provides advanced public safety capabilities for dispatch operations and replaces the out dated largely unsupported system. We partnered with KPD to bring the system live in November of 2011 and completing the largest and most complex County system roll out in many years. Strong leadership and support from KDP in the project management role were key to achieving success on this project and we continue to roll out mobile data terminals and the new records management system that is part of Vision Air by the end of 2012. We worked with the Purchasing division, Ernie mentioned some of this earlier but we worked with them to implement an internet based solicitation as an in arm step toward complete electronic procurement solution. We also helped coordinate the research efforts to evaluate leading vendors of Government Base Electronic procurement system and had identified a hosted low cost solution that has targeted for implementation later this year. Once implemented that full eight procurement system will stream line purchasing activities across the county. We assisted the County and Purchasing Divisions with implementing a new intergraded P-Card module to stream line the purchase of other commodities and save operational dollars by reducing overhead. We initiated a pilot with selective departments and establish plans for roll out by the end of this year. We completed procurement for the new integrated systems to support electronic plan intake review and processing. We will talk about this later. Initiated the internal project planning activities and start implementation with the selected vendor in early 2012. This system would deliver all our (inaudible) plans allow citizens to submit plans electronically by the internet automate internal and external workloads associated with plan review and approval and provide efficient email

communications notifications between County plan reviewers and citizens. We also implemented a new system to stream line support activities provided by the IT help desk function. Internal project reviews determined that the originally selected vendor solution involved too much cost in over head for future needs. As a result we researched and identified a new vendor that provided increased capabilities with less cost as well as less overhead. We redefined 3 open IT positions in order align with future priorities and initiatives as well as to provide the key skill sets required for effectively managing operations going forward. With these changes the newly defined positions will allow us to start transforming the IT Division and begin to address our issues with staff to work ratio challenges without increasing budget and head count. Working closely with Personnel to facilitate these changes initiate the associate recruiting efforts. We continue our efforts to further (inaudible) capabilities across the County and work with Real Property Assessment on a pilot project to establish neighborhood codes that would provide greater efficiencies. Assist KPD dispatch with the implementation of new 911 mapping software and systems as part of the divisions of the air CAD roll out. Coordinate with Civil Defense and other agencies to improve citizen's safety through development of graphical tools identifying inundation evacuation zones for tsunami as well as reservoir breaches. We also partnered with various departments to provide technical input and guidance for implementing multiple vendor hosted solutions including online recruiting for Personnel that is NeoGov. Legislative tracking for Boards and Commission that was through a company called Jupiter Technology associated with our lobbyist. And computer based employee education for risk management. Most of us are getting emails about that through the safety logic. All these projects are excellent examples of leverage the technology and vendor infrastructure assets to deliver key services. This approach accelerates implementation time and reduce upfront cost and allow IT to do more with less in terms of meet automation needs across the County while minimizing additional demands on our limited resources. All three of those are good examples of actually using what people called cloud base technology. To be sure we face some serious challenges as we move ahead and the most significant these include managing change required to move away from paper based processes and implement next generation solutions can be very difficult due to a general resistance to change. While IT can help lead the way we will require strong support from effective agencies and stakeholders in order to be successful. A good example of that success is Ernie Berreira and his leadership in Purchasing. Without that leadership we wouldn't have been able to make all that progress this year. The adoption of new technologies required to move the County forward demands additional IT efforts, research, training and support. Balancing this with maintenance of current infrastructure and systems required for daily operations makes it difficult to provide quality customer service. And lastly in terms of challenges, recruiting for unstaffed IT positions was delayed due to a combination of internal evaluation required for an effective IT management transition. That was basically me taking my time to survey the lay of the land and identify what we have and what we need going forward in terms of new projects. As well as issues involving one employee's extended leave, these barriers have since been addressed but the unfilled IT positions have delayed progress on key issues while overloading current staff with additional responsibilities, time to recruit of qualified candidates into these redefined positions will be key to resolve the current situation. From a purely operational perspective there are several key improvements that we will focus on in the coming year for IT as a Division. We are going to rework and optimize IT staff workout load, allocation to take advantage of our additional capacity that we are going to get by the redefined positions being filled with new high level employees. We are going look to create flexible service contracts with key vendors to supplement our limited IT resources on an as needed bases allowing IT to address workloads spikes as well as evolving needs for specialized skill that we do not have in house. Basically there variable workloads rather than hiring more headcount we are going to try to establish better relationships with our existing vendors. We are going to be implementing a new methodology for IT project planning and tracking that will provide standardized reporting, increase collaboration, and improve communications. And finally develop a comprehensive set of standard operating procedures for the Division to improve how we do business within the County. Perhaps the most exciting part of being in it is the opportunity to work on upcoming initiatives that will have

a major impact on the county. The following is overview of the initiatives that we are going to be focusing on in the coming year. Infrastructure improvement - we're looking to establish wireless capabilities and mobile computing solutions and increased performance to support the next generation of applications and technologies. We plan to continue leveraging the cloud anywhere possible and provide information and services both internally for the county operations as well as for our citizens. Electronic plan review - again, more to come on this. Just a summary right here. Partnering with public works and departments and procure the system for electronic review. Provide technical support and administration to facilitate these activities. We are leveraging vendor hosting options to do this as well. We will complete the initial system pilots by the end of this year and have the roll out by summer of 2013. Countywide document imaging - a lot has been said about this particular one. After some - a lot of research and what we have done we are redoing this based on lessons from phase one and best practices and ensure greater success going forward. We plan to require candidate departments do all the documentation and prior to contracting services and document the backlog. Using them to do the most recent first and working back in time and eliminating expenditures for older documentation in which some cases may not need to be maintain, and we need to work with the department and the hard document and being scanned and that is one of the benefits of doing the scanning in the first place. We plan to research and implement a system that has these forms and workable routing and electronic signatures. This is mostly for internal operations, while we will make progress about the form filled documents and that is wonderful, but the holy grail is that really the documents - they are routed around to us. You can see exactly where the document is, who is waiting to sign it. They can sign it on line without scanning and email it around and let us get rid the manila envelopes and paper form that we continue to push around the County. Finally meeting management - maybe not finally but I am getting there. Meeting management systems. We plan resolution and eliminating current base processes. Increasing information access transparency and stream line communications. We want to identify the options and costs with expected return on investment as part of a formal recommendation. What this is really kind of trying to change the paradigm in how we communicate. A good example of that is how the administration communicates with Council with things to go on the agenda. If we had a system and out by email and no paper and we could put the item requests in the system and create from those and generate the agenda. Put notes in. Automatic generate the minutes, these types of things. We are going to be looking at opportunities with our partner and has a suite of solutions and one is the "a legislate" tool and ipad application and Council got the agenda out on that piece and scanned versions of the supported documentation. Part of this is this application can be on the a pad and allow Councilmembers to synchronize with the website and have it on the local ipad and make questions or comments locally and have that in front of them in front of Council meetings instead of the giant binders and move towards that and not use the paper. It's a future thing but I wanted to mention it because it's pretty exciting that we're moving in that direction. IT strategic planning - this is something I wish I got to in my first year but plan more this year. We are reviewing all systems and infrastructure across the county and a road map for infrastructure, application services, reporting and technology. We need to identify the required funding of staffing implications to execute this plan and utilize resources across the State and external efforts across the jurisdiction and aligning with the County is appropriate. It is a tall order but I think I will a lot more to talk about in terms of next year and requests to try to move the county forward. Finally community outreach for Holoholo 2020. This was listed as a customer service kiosk and based on the internal discussion a discussion was done to rethink this and the community and the process. Our goal is identify priorities for technology and take action where possible. This may take a public kiosk function or the information that we gather, the feedback remembering how to best do this is a exercise and greatly simplified and during the fiscal times. Rather than assuming we know what they want we plan to gather the public's input on technology based services that are most important to our residents and how they interact with county government and other things that serve the community at large. That will collected and analyzed and published back to the community and the key items identified and in a timely fashion and create positive feedback with

those participated and help to increase overall transparency and it would be on the county website and available at County premises and possibly public libraries. We will work with the Mayor's Office and increase participation and it's only as good as the feedback and so we need to do a good job promoting. It it's part of the public facing infrasturcture of the County and working with the CIP fund. Currently, we have allocated \$40,000 for the survey setting that aside.

Mr. Rapozo: I am going to stop you there before we get to the summary. Any questions on the first portion of Brandon's presentation?

Ms. Yukimura: Obviously a huge amount of work accomplished so congratulations and thank you. Starting with the last first -your community outreach initiative. Because in the transportation plan this came up. I just wanted to put it on the list, but there was input from the public regarding wi-fi on buses and at bus stops. They just said it would be easier to wait at bus stops at long intervals even though our goal is to shorten the wait, and also on buses the more we can make buses a place to do work you encourage ridership, and in fact I just heard transportation seminar where these State Directors of State Transportation are saying that the genx and the younger set are wanting to ride bus and because then they can text and do their work instead of trying to drive. It is interesting, but an way just as one of the interfaces with technology just put that on the list, and then I have some questions about the 800 mega hertz radio system if I may?

Mr. Rapozo: Was that the CIP?

Ms. Yukimura: No, it is not under CIP.

Mr. Raines: It is actually a current project and also a suggested future project – so, it is both really.

Ms. Yukimura: Is it okay?

Mr. Rapozo: Yes, that is fine.

Ms. Yukimura: I am glad there is a cross agency team, and I guess congratulations are due that you have launched phase one. Is that correct?

Mr. Raines: Actually phase one we completed the contract and negotiated the contract and initiated implementation. At this point in the project many of the key milestones have already been achieved and plan to bring the system live this summer. So phase one, that project will be completed by the summer.

Ms. Yukimura: By the summer. Is it a year later than what the answers to last year's budget said it would be. They said it would be - phrase one contract execution by June 2011 and phase one system core upgrades completion by July 2011.

Mr. Raines: Should have been 12.

Ms. Yukimura: Oh okay, maybe it was a typo.

Mr. Raines: We made it June that would have been a two month project.

Ms. Yukimura: I think you were just coming on board at that point. I do not know if you were even involved with this answer, but I am glad it's only a year. We have been waiting for 10 years for a lot of things, so and it is a key piece of emergency response, so I do not think any of us question the experience of it. One question is maintenance included in the contract?

Mr. Raines: We have maintenance agreements. The equipment that is part of phase one, the new equipment going in gets covered for a year, and ongoing maintenance is contracted for annual basis therefore, but since we are buying new equipment and it comes with the one year warranty, our contracts after the initial goal are through pacific wireless and motorola here in Hawai'i.

Ms. Yukimura: I believe the first one they gave 20 year contract or 10 years.

Mr. Raines: But the current one, and I believe we're in year three. It is one year contract and two years to continue that is optional and you will see the costs will come down once the new equipment comes in and costly for the equipment that you can't buy replacement parts for.

Ms. Yukimura: So that will change with the instillation of the new equipment?

Mr. Raines: Since they have come to it that maintenance is part of our operational budget so we budget for that for the expected maintenance costs and not only the things upgraded today but the equipment at remote towers.

Ms. Yukimura: Do you know an estimated maintenance cost? What is the ballpark?

Mr. Rapozo: It is in there. They have huge - all the different maintenance contracts are...

Mr. Raines: I tried to group it together but not one item together.

Mr. Rapozo: You have it broken down pretty good in the text portion.

Ms. Yukimura: Is it a million dollars?

Mr. Raines: \$600,000 right there.

Ms. Yukimura: Okay. I have more questions. Is that okay?

Mr. Rapozo: About what? About the system.

Ms. Yukimura: You have Civil and Police and Fire with this. Any thought about others that use the system? I do not know if the transportation system, the bus, but during emergency their operations are going to be important. The emergency medical people...

Mr. Raines: EMS, we are in contact with them.

Ms. Yukimura: DLNR?

Mr. Raines: We have some external uses.

Ms. Yukimura: Harbors and PMRF... So long as their needs are addressed too and I was wondering about sharing and the expense of the maintenance, or about getting second phase and third phase financing because you mentioned that as sort of - we do not know the answer yet to that?

Mr. Raines: That is correct. In terms of financing I put together a project initiation document, or a PID for the CIP funds which was - did not make it into the budget but I have a write up that I will cover shortly about why we should consider this as a future CIP project. In my mind this is very important public project and when we did phase one we accepted that we ultimately want to do all three phases of the project. We still do not realize the full benefits.

Mr. Rapozo: You are going to touch about that in that portion?

Mr. Raines: Absolutely.

Ms. Yukimura: Is that one of the projects in the CIP?

Mr. Raines: It is a suggested new project.

Mr. Rapozo: It did not get excepted he said.

Ms. Yukimura: I just want to suggest and I have suggested it before and so I am glad that Wally is here.... I think it is a perfect federal grant project. It involves fema and federal agencies. It is about emergency and safety and I think it should be a special request to the Senator Inouye and we should look around for Federal grants and I think this is something that beam can jump on board with. It is not a discretionary thing. Anyway I am just thinking from an negotiation - I mean Brandon is really correct in trying to develop a funding mechanism and by the County funding, but looking at connections, our lobbyists - we have a lobbyists; right?

Mr. Rapozo: Shortly.

Ms. Yukimura: And I just wanted the administration to think about this angle for funding because it is about \$5 million.

Mr. Rezendes: The Civil Defense team has package request through federal channels for a grant. I do not think we have gone to specifically to the Senator's Office, but through my understanding is they have done a package to submit for funding the second and third phases of the 800 mega hertz system build out. We got through the critical phase and p-25 compliancy and that is the first phase is the most critical. Now, the next two, or third phase if we luck to have all the funding necessary we can combine phases two and three, and again that is predicated on hopefully outside sources, federal sources of funds.

Ms. Yukimura: Well thank you. So, I think the Council can help in this area. I mean we have people who are well positioned in terms of their trips to Washington in terms of their contact it is.

Mr. Rezendes: Let me suggest that we get maybe some of the Civil Defense team members and have a meeting with you folks, and maybe provide you know the appropriate information bullets...

Mr. Rapozo: Yes. What we will do is setup an agenda item so you can do a presentation and the Councilmember Kualii our Intergovernmental Relations Chair and our Board member from NACo can explore some opportunities for funding, but I want to get back to the actual budget here because we are short on time but thank you very much. Thank you.

Ms. Nakamura: Thank you for your presentation and all the good work that your division is doing. I have a question about the it strategic planning. I am glad to see it on here, and I wanted to find out are you doing this in house, or do you intend to bring in a consultant?

Mr. Raines: My intention is to start in house and once we get a better feel for the scope and breath of it, if we feel we need additional resources to get it done in a timely manner we will pursue that.

Ms. Nakamura: And is it your goal to have a strategic plan done by the end of this fiscal?

Mr. Raines: Yes. My goal is to have the strategic plan done by the next budget presentation, so I can see you folks with the appropriate funding requests and this type of thing because it will have implications and part of the trade off - I try to give people different scenarios to look at. Do you want this done in one year? Three years? Five years? And if we want it done faster and there are different implications to get there.

Ms. Nakamura: Do you have enough funds in here where you may need to bring in a consultant?

Mr. Raines: Yes.

Ms. Nakamura: Good. On the community outreach initiative one of the concerns that I have about not just this survey, but many other county surveys that are done by other departments is they are not statistically relevant, or you are not taking a random sample. You are not using a statistically relevant sample size and so forth, so the people who might be giving you the data might be skewed in one way and not include those that access the website or go to a library, so I just want a general comment about doing surveys, involving the community. There are methods that - it may cost a little but I think the results might be more relevant information for our Department to work with.

Mr. Raines: Yes. I think you have a very valid point. I guess my consideration during these tight fiscal times is I could spend \$50,000, \$60,000 doing a professional survey and analysis is that type of thing, but I think collaborating with our Departments and Council because my thought was to involve you before we pushed this out to the public. We could do a pretty good job of asking some information and structuring a survey we would get valuable information to include the community. I totally agree with the whole statistical analysis piece but initially my thought is let us gather data points we feel are important and give people to comment in a free form piece and meet collaborately and internally and make decisions and publish those. We cannot really represent the wants and needs of people who will not participate in the feedback loop.

Ms. Nakamura: Yes, just to let you know recent community surveys done by- for the indicators project I think involves a sample size statistically relevant and in the two to \$3,000 range. It might be more doable than the \$50,000.

Mr. Raines: Looking at the it stuff it is costly - there are not a lot of examples about services, but what I think I am trying to achieve from this perspective is unique. The research I would love to borrow and steal something that is bought for but I do not see it out there.

Ms. Nakamura: Thank you.

Mr. Kualii: One thing when talking about the meeting management system and lead me to think about it and throughout the budget process I have been noticing increases in a lot of Departments in their travel line items and travel line items for general, and travel line items for training, and in a lot of cases big increases. Has your department worked on servicing the County in online meeting and training? Is there a place in the County like the State has in the basement where you can go and utilize the room because it is all set up for video conferencing?

Mr. Raines: We do utilize the sources for meetings. We do not have a meeting service like "go to meeting" but certainly something that we can look at. If those costs are going up we can do that. Normally we rely on the vendors and partners and motorola are already paying for these things so instead of traveling to this island or this island we utilize their piece. It might be time for the County to consider our own service if we find we are moved to the trainings and meetings off island that we could do remotely. Sometimes they are not offered that way and get you away so they can focus, but it is not to say if there is a need we should support that and pursue it if that is a priority.

Mr. Kualii: For sure for those that are offered that way we actually encourage that we do it that way.

Mr. Raines: Well, most of them are offered as webnares we can do that by the fact that we have a internet connection.

Mr. Kualii: Interesting to know and tracking that and how the county's doing in participating in webnares, the ones that are available for the different Departments or whatever.

Mr. Raines: I know my department participates in webnares and does remote training because it is more cost effective. It is not as nice as going to a conference and getting off site but it can be effective.

Mr. Kualii: I know in the Human Resources quarter report ending December 31, the two positions are the - on your page 273 and 244 and both technology specialists four positions Sr-26. One shows as effective vacant since January first, 2010 and the other shows effective vacant as of December 5, 2008, so I mean a long time. Are these both the positions you talked about just being filled or about to be filled? I am interested in knowing the dates.

Mr. Raines: I have a staffing summary and another summary and appropriate to go through that.

Mr. Kualii: So, these two positions are tied to CIP?

Mr. Raines: No. Let me go through my staffing presentation right now and I will go through all the openings. Basically we have two staffing related requests for fiscal year 13, and backing up a little bit the it division is working on less than optimal level and because

of the vacancies and extended leave for the communications officer and we were going get temporary positions and recruit someone for the telecommunications officer during this period. First the unfilled vacancies and what you are talking about right now. There are two positions and what we are requesting that we are able to recruit those and still SR-26 level but the minimum and...

Mr. Rapozo: Brandon, has that been reallocated already? I see the budget.

Mr. Raines: It is in there.

Mr. Rapozo: No, I see the budget... so that is done?

Mr. Raines: It is not a reallocation. It is just me saying I want to recruit above the minimum amount for these positions.

Mr. Kualii: The interesting thing is if the recruitment is under way when would Human Resources know that? Because they have it listed as the old dollar amount but of course we do not have current data. This is from December 31.

Mr. Raines: In the operational budget they are listed as 65 which is the new amount so if you look...

Ms. Yukimura: He is not recruiting now, right?

Mr. Rapozo: So it was always SR-26?

Mr. Raines: SR-26, I am not asking to change that. All I am saying when were cruit for these positions can I please recruit above the minimum level and up to 65 based on what we find skill set, etc.?

Mr. Kualii: But these positions were budgeted and vacant at the old - the minimum amount, as you say?

Mr. Raines: They were vacant when I came about a year ago and what had happened I came on board and rather than just fill the open boxes I had, I took the position to analyze the staff and the skill sets and I spent the first five - four to six months evaluating that and coming up with an evaluation. What I concluded was that the position descriptions that I had did not match what I needed. I then went about the process to rewrite the description positions and submitting a full recruitment package and that is with Personnel and so we can recruit maybe before July 1. I am certainly hopeful I can do that and we budgeted for the salaries. I can hire them at any point regardless of the amount I can hire them out, but I tried to say hey I might want to pay a little more to get the appropriate folks to move forward. Let me budget for that moving forward. I am not worried about this year. They are unfilled and I want to see that appropriate funding and going forward so it is sustainable and I do not know exactly what I am going to find you about I hope to be recruiting shortly. Part of the delay is mine taking the time to do it and the other part is...

Mr. Rapozo: Personnel - the buzz word. In number seven you said redefined three open it positions.

Mr. Raines: Yes.

Mr. Rapozo: Which were those?

Mr. Raines: So the open positions and I maybe used the word "open" loosely but the unfilled vacancies are 224 and 273. The extended leave is 556. I call that open because I have never really met that employee since I have been here in a year and that leave has lasted during my tenure so while in my mind the box is not open it is vacant and unfilled. I need to get the job. We are doing our best job but to fill in that gap but we do not have the skill set. We are doing the best job that we can, but we really need that vacancy to be filled to address the public safety concerns and the sooner the better, and what I asked is during the period it is kind of tough to navigate the HR things which probably are not appropriate to talk right here, but what you see in there is the famous position that we talked about earlier. That has been temporarily allocated to me in the first six months of the budget so I can hire into that while the sick leave expires for the incumbent so we do not have to wait until December. It is too long as it is and this is away to pursue this now and the box is not officially open I have to create another box temporarily and once the leave expires that position goes back and becomes...

Chair Furfaro: May I say something? That is a problem within the County because we cannot open up that other box, so we end up with no ability to cross train with departing personnel, retiring personnel to have any continuity in turning over all those duties, so I think we as a group understand what you are saying there.

Mr. Kualifi: The only other thing, a separate item. When I was looking at the budget variances and line item for dues and subscriptions, the amount from last year to this year went from \$82,000 to \$152,000, so an increase of \$70,000 or 86 percent. What is really different going forward as far as your dues and subscriptions line item?

Mr. Raines: They went up about 71,000-dollar from last year. So \$52,000 is the software license. That was previously grant funded. There are no grant funds for that so that is \$52,000 of it. Another \$10,000 came from the mass mobile device solutions and use for ipads and mobile devices to provide security and close the hole created by everybody getting an email on the devices. We are not there yet and another \$10,000 we added to the internet subscription and we have 10 megabits in a pipe that goes out in two places. As we move to more based applications we require more band width and we are tapping out the current amount we have right now, so that is me looking forward trying to find away to expand the band width in budgeting and extra dollars to go there. I found a way to go there... at least with the pipe and telecom and triple the band width without paying extra dollars and that is coming before the Council tomorrow in the meeting and asking to do that utility and that in there so we can get the job done. It is a great opportunity to get triple the band width with no extra cost. I do not think I am getting the same deal with Hawaiian Tel which is across the way. So hence the extra dollars.

Chair Furfaro: We are coming up on 3:30 now and you are probably more aware of my absence in the last 40 minutes of where we are at, so why do not you continue until we get to Risk Management.

Mr. Rapozo: Brandon, my question is on the telecommunication officer, so the current incumbent is out on sick leave and has six months left.

Mr. Raines: They are now on sick leave until December, so that current box, 556, that position number is not available until December and we did this to allow us to recruit now.

Mr. Rapozo: What happens with 556?

Mr. Raines: I believe what will have this other one will be a duplicate one and 556 is not available and at such time the sick leaves expires and this person is rolled into 556 and the other one will go back to Ernie's position that you talked about this morning. A temporary place holder so we can recruit now because we do not have another box unless we are granted that on a temporary basis.

Mr. Rapozo: So 556 will remain? That will be - I mean is that incumbent going to retire?

Mr. Raines: Yes.

Mr. Rapozo: And this is a typo here. This 212 is not right.

Mr. Raines: No, it should have been 1547, should have been stratched.

Mr. Rapozo: And so, how does that happened? How does that happen if it is budgeted as a telecommunication officer?

Mr. Raines: Can you answer that Wally?

Mr. Rapozo: That is a problem that I have. These positions get changed throughout the year and we do not...

Mr. Rezendes: The intent for that position is to be utilized by IT on an interim basis temporarily until we bridge the gap with the hiring of a County telecommunications officer. Once approximate six months time period, once that is completed, the position 1547 will be transferred over to the Division of Purchasing and they will utilize the position to fund the vacancy that they have that they intend to fill, and 1547 the individual that will occupy 1547 will be moved to 1556.

Mr. Rapozo: Right, but you...

Mr. Rezendes: In the end we will have one telecommunications officer.

Mr. Rapozo: I understand that but we are only funding that for six months so where do you get the funding to continue that position.

Mr. Raines: We do not need it because the sick leave expires in December; right? So we funded a full... you see the county telecommunications 556 funded for the full year?

Mr. Rapozo: That is not what I am questioning. I am questioning the other one and funding for six months.

Mr. Raines: Because effectively have two for six months.

Mr. Rapozo: And one retires and moves and then you have a vacant position and apparently sent back to... but it is not going to be funded.

Mr. Raines: It is a good point.

Mr. Rapozo: I know it is. But again, I guess I questioned.

Mr. Rezendes: Purchasing has it funded under their budget, I believe. If you look under Department of Purchasing.

Mr. Rapozo: For a six month funding?

Mr. Rezendes: Yes.

Mr. Rapozo: Okay. Would it not be easier to...

Mr. Rezendes: It is.

Mr. Rapozo: ... to contract a position for six months for your telecommunication officer?

Mr. Raines: The nature of the position, the specialized skill set, makes it really to contract out - I mean the fact is that we work with pacific wireless communications to provide support.

Mr. Rapozo: How long has 556 been vacant?

Mr. Raines: Since I have been here.

Mr. Rapozo: How long has that been?

Mr. Raines: Over a year.

Mr. Rapozo: Exactly. So, apparently, it is not that critical where we... do you know what I am trying to say?

Mr. Raines: I would like to say something about that. 556, the telecommunications officer provides some specialized county to the County. Right now you have people supplementing that position including myself. I spend two days a week from doing that and that keeps me from doing the job as a it Manager. It's not sustainable. To me that's a public safety issue for the County.

Mr. Rapozo: On this Council we were never informed that. There was never a request for us to get this public safety position filled or contract or anything. That is what I am trying to say.

Mr. Rezendes: We did not realize until maybe three, four, five months ago the outcome of the incumbent in that position, and what we have done is rely more heavily on our contractor to provide the necessary oversight management assistance to kind of bridge the gap of the two or three guys including Brandon that on the it side trying to help out as well. We are in transition mode, but we are addressing it. We think we can address it with the method that we are portraying here with that overlap in funding for the first six months of the fiscal year.

Mr. Rapozo: That is fine. I guess I just- I am very uncomfortable the way positions are changed mid-year. It just drives me crazy when we go through a whole budget

session and get the justification and mid budget position changes from this position to that position, and then the following budget we have an entirely new structure, personnel structure that we approved the year before. You know, the Attorney's position that it is legal. I do not think it is proper. If you come in for a pog for that year I believe that should be the position you get, and this at least it is somewhat clear because we are only funding it for six months, but there is no proviso in here that says that position will be transferred - I mean it does not. It does not say after six months the position is transferred to purchasing and maybe the confusion is with the numbers because the number is not right in here, and I guess I have to get that out of my head and this is not two one two. Then it is a lot easier to follow and you see that in purchasing with six month funding.

Ms. Yukimura: I believe this telecommunications officer was in the Police Department for a while.

Mr. Rezendes: It was all over the place. It was in Public Works at one time. It was in Police Department at one time. It was in Finance at one time. I think more than once in finance, and having gone through some of that throughout the years – you know, we feel that probably the most inappropriate place for it- we feel that under the Civil Defense. Again since we started with the process with it and the position was in it our intention was to go through the process of getting the person hired on, and then hopefully transitioning that individual over.

Ms. Yukimura: So for about three or four years or maybe longer it is been a personnel issue that hasn't been resolved, and I commend you actually for coming to a solution on a very critical issue that is a public safety issue, and yeah it is a bit convoluted, but I think the end result is the right one in terms of getting someone on board that is qualified as soon as possible. Properly acknowledging and transitioning existing employee out, into retirement, and then putting the position once the person is hired and everything into the proper location, so that we can have somebody overseeing this upgraded 800 mega hertz system. The end result is the right one and seems to me that the Administration has finally found a way to do it.

Mr. Rapozo: So the position is going to end up in civil defense, you said?

Mr. Rezendes: Eventually, I think...

Mr. Rapozo: Like in the May submittal?

Mr. Rezendes: Potentially that is where we and again we want to transition we want a long-term make that transition over to Civil Defense.

Chair Furfaro: Do we need to do it that soon, Wally?

Mr. Rezendes: We do not have to.

Mr. Rapozo: Well, I am asking what you guys going do? I see it in it here and I agree I think it belongs in Civil Defense. That makes sense. It is radio, public safety and that is the hub of all that stuff.

Chair Furfaro: But I think we want the best exposure to the new hire as soon as we can until we has to swim upstream by himself. I ran resorts with large telecommunications systems reaching out and 19 thousand acre property. It is one you really if you go to get the right person you want the right exposure before we turn them over.

Mr. Rapozo: Okay. We are going to take a caption break. Brandon, you hang tight for 10 minutes and you can go into the CIP portion and you can over go over that. We will take a caption break and 10 minute recess.

There being no objections, the Council recessed at 4:48 p.m.

The Council reconvened at 5:00 p.m., and proceeded as follows:

BRANDON RAINES, IT Communication & Project Manager: We are going to go over the CIP products for... there are currently four projects listed in the budget for IT. These include the planning, zoning /engineering system and the electronic review system. That is a project in progress and the document imaging project and another one in progress. It infrastructure improvements, also in progress and payroll personnel system and we talked about earlier and penning projects. First off progress on it owned CIP projects has generally been slow except with planning and zoning or electronic review and because of lack of resources caused by the open positions and longer than anticipated to set the projects and I will go through that in this executive summary. First off planning zoning or electronic review and follow the approval and funds were for venue and had them with public works and buy in and solution from the CIP vend are for the system. The file were transferred by end of 2012 and expired at the end of the year. The contract has been completed and implementations and covering one \$25,000 of the budget from last year. Those funds are for licensing and implementation services which are under way. The remaining funds will be used for associated hardware and services requiring rolling out the project. Current plans are to conclude it this year and full roll out in fiscal year of 13 and summer of 2013. Document imaging. Phase one of the project was completed end 2012 and expanding the contract for motor vehicle registration. This required \$120,000 in fund allocation and relayed phase two. The remaining balance is approximately 450k. I will say one thing that happened in the budget that one line item got split into two for this part and the general fund for this 1 CIP piece. Phase two was in facted with the office of the Prosecuting Attorney OPA using the budgeted funds so basically used the funds rather than the CIP funds and what is going on with them. We are anticipate Thanksgiving contribute will be and review of industry best practices. I believe the primary change will be organizing access to prior to contracting services for the backlog scanning. Again that will list concentrate and focus on scanning the most backlog first work back in time and maybe saving dollars so we don't have to scan everything depending on the requirements. It infrastructure improvements. Fiscal year 2012 budget cycle the scope was expanded to include deliverables and critical maintenance and architecture and scanning and paper elimination. While progress is slower because of limited resources there are key things covering 64k in the funds allocated and for services and equipment. We completed initial review of disaster recovery operations for the County's major systems and identified solutions for the sun guard ERP or AS400 as well as the IS property management. These items and services will be implemented in Q3 of 2012. We utilize free vendor service and critical maintenance. We worked with vendor partners to in fact the procurement efforts. In fact those have been procured. We are targeting this work for completion around summer of 2012. We increased data resource to address the immediate needs. We identified partners for overhauling the county website. We started the planning process to move that procurement forward and efficient efforts for cloud resources and partners providing server resources and to explore this next quarter for the project. Finally just a little bit about the payroll personnel piece. We kind of talked about this with Wally earlier. The system has been primarily focused on payroll options and possible placement for ERP and is required for personnel and time - these functions are dependent on payroll.

Ms. Yukimura: ERP is what?

Mr. Raines: Enterprise Resource Planning which is our financial system and has a community component for planning and building permits.

Ms. Yukimura: Thank you.

Mr. Raines: Overall project progress has been slow to additional resource demands from 163. This law requires development of automated transaction base reporting for payroll and personnel reporting by the State and will be completed in July 2012 and the County must submit those transaction files instead of paper reports so it and payroll are collaborating to make this happen by the deadline.

Chair Furfaro: Where are we submitting them to?

Mr. Raines: To the state. They will be electronic files.

Chair Furfaro: Unbelievable. The State wants to know about our payroll? Unable. They have a big problem and now want to look over our shoulders. Understood. Going forward.

Mr. Raines: Okay. That is all I have to say about those. I did want to talk about a future CIP project recommendation and had to do with the mega hertz radio system. Phase one of the maintenance of this project has been going very well and the target for (inaudible) in summer of 2012 and first phase of a three phase project and for infrastructure and meet compliance and modern architecture and with the current operations. With phase one wrapping up at the end of fiscal year 12 and Alaska funding the county should look to fund phase two for the budget cycle otherwise there will be no options and effectively stall because of lack of funds. We are looking at grant options but during my recent discussions with the Civil Defense, Fire, Police, etc., it does not look like there are grant funds available for us in the next civil year. There may be after that, but achieving P-25 compliance and capability is required to keep pace with communications with Federal and State agencies. Additionally, they will improve operations functions and during large emergency responses. By initiating phase one the county recognized the importance of phase one and in the document for the formal proposal to mother role. Phase two is required to see the true benefits of this proposal. The work and cost are well documented and by both matters due to the former proposal prior to phase one initiation and as such the only ones required. These would require similar effort efforts. A project document has been completed and introduced for future consideration.

Chair Furfaro: Brandon, for phase two and Motorola with no grant money available has there been discussion to put it possibly in the bond float?

Mr. Raines: I introduced it as a CIP project during the most current...

Chair Furfaro: (Inaudible) Bond or does not matter. Has there been dialogue?

Mr. Raines: There has been dialogue and did not make the current CIP budget.

Chair Furfaro: And phase two would take what period of time? Could it be done...

Mr. Raines: One year.

Chair Furfaro: It could be done in twelve months, thank you.

Ms. Yukimura: (inaudible)

Mr. Raines: Phase three, no, I do not have it at the top of my head but I believe it is about two point one million.

Ms. Yukimura: So we are looking for... to complete the project about five million... five point five million?

Mr. Raines: For phase two, I proposed three million that was approximately 2.3 in core project and six to 700,000-dollar in additional radios and part of p-25 is replacing all of the radios out there because they are not compliant so phase three I believe is another 2.1 plus \$600,000 so... I would say about 5.7 left on the top of my head.

Chair Furfaro: How much have we invested so far with grant money?

Mr. Raines: This contract is just over 2.2 million for phase one.

Chair Furfaro: So it is 7.9 all together. Okay.

Ms. Yukimura: So do we have to interface the system or is part of the project includes interfacing the system with the cad or the police system that you just put in place last year?

Mr. Raines: There is a minor touch point, potential touch point, been the vision cad system and the radio system. We are not clear whether or not we are going to do that. Basically the new core of the radio system has like a computer terminal instead of these archaic buttons and switches that you see now so it's another computer terminal. The only interfaces and hook a button inside the cad or on this screen over here. There is that level working with dispatch to see which way they want to go. It is covered by the contract regardless of what direction we choose to take but there is a minor integration but it is to push a button to answer the radio but that is it.

Ms. Yukimura: If that is all it takes to interface effectively that's pretty good. Okay. Thank you.

Chair Furfaro: Any further questions? If not, aloha.

Mr. Raines: Before I go and if we have time, I want to...

Chair Furfaro: No, no... hold on. I went around the table asking if there are questions and there were no questions. If we had time, you have more to offer. You offer what we want and then when we go around the table and ask if you have any questions, do not say not right now and so forth... if you have a question, pose it. Finish your presentation.

Mr. Raines: Okay. The last thing I wanted to do is address the request that we got from Council yesterday afternoon regarding electronic plan review and go through that discussion. First of all I am going to go over history and background that was presented during last year's budget piece and seems to be question about what the system is and why it is good for the County and who is using it et cetera, and I will go through that and the current project strategy, bigger picture, type of thing.

Mr. Chang: Wait a second. Do we have that here?

Mr. Raines: No. I just put together some talking points but after the discussion if you want a communication of this I will get that to you.

Mr. Chang: Thank you.

Mr. Raines: Okay. So this is again from the excerpt from last year's presentation. A little history and background on the whole project. Based on the research in early 2011 this project was never previously defined in a high level and scope involved functionality for the integration but not seriously pursued and in early 2011 it and public works consider solutions for electronic review and intake and address obstacles with the paper base processes and enabling and electronic submission and eliminating paper and integrating with current systems, building permits and improving communications with the County and the citizens who are submitting plans. They determined that they were offering the solution as add on to the core system. Further research indicated it would meet our needs and best product implemented around the country. A few examples are Bend Oregon, Santa Monica, California and in Maryland. The plan solution from sun gardens and rebranded version of project docks and software and available to us by discount rising pricing and multiple vendors and Public Works were in agreement that would provide this and better service to our services. A little bit about scope and benefits. The review will provide County and staff and citizens and optimize the processes for plan, submission and existing... accessible to multiple departments including emergency responders were the ability for supports to do it electronically and plan reforms and submissions and notes and comments and base the on the communication between the county review team and citizens and as well as the (inaudible) process with stamps and publication to citizens. The feature features are functions will corrode benefits for the staff and citizens. Some include increased intake for review and inspection processing and reduced errors, reduced submissions, efficiencies and improve the plan. E review also supports the goals and promote green solutions and saving paper use, saving trees and smaller carbon footprint and eliminates the need for additional storage space. One note of interest on this, the City and County selected the same software solution as currently in implementation with go life plan for this year as well. While they do not have the sun guard association and the integration they recognize the value the application and decide to move forward anyway and they did it paralegal and talking to them over there they were pursuing the same software. Just providing a current... that is kind of history and background from last year. I want to talk about where we are now with the project and I want to start off with project benefits and goals. In addition to the information I provided from last year this is a list of details, summary and goals for the project going forward. This will allow the County to have plan review and development and applications including Building, Planning and Engineering. The process will be performed digitally and supporting green initiatives and prohibits hard copy of plans and for business and commercial and stops the need to drive to the County Office and single entry and begin to end processing. It improves the speed and accuracy of the County and the reviewers and marking and working the plan documents because they are electronic and in the system. Errors are therefore significantly reduced. We will have the documents come in they can be routed for concurrent review rather than the way they are now and takes longer. This is going to reduce counter submissions and thereby improve staff efficiencies and less questions coming across the County. One of the best features of the system is take version one of a plan and take version two of the a plan and there is a feature that basically identifies what has been added to the new version and what has been deleted from the original version and what is add is in green and what is removed is in red, so if you have a very complex building plan, say a commercial building, and did it early, and they really did the plan later that thing will light up like a Christmas tree is what will happen, and real life scenario a real jurisdiction rejected the second plan and forced them to go through the process again because they basically did not do it the first time. They did it to get it in the cue and an easy way for them to catch things rather than looking at complex plans and try and find everything.

We accept the eplan solution accepts all architect computer file formats and approved plans are electronically stored permanently and accessible and eliminates hard copy filing. The county currently archived 15 years of permits and seven years of residential permits. We will not have to archive those anymore. Implementation strategy for our e plan review project include the comprehensive modeling and staff training and phase goes for the process. Given the large culture changes for County workers and our citizens and best in phases and pilot the system and work outlet issues and go live before moving on to the next one. And calls to be completed in 2012 and full roll out by covering all permitting process in summer of 2013. Key deliverables and milestones of the project are small. While the application types by the Public Works Building and Engineering and Planning and develop work flows that support all these permit types. Train County staff and review and approval and work flow process. Train staff in these processes pilot the plan for the shall permit application. Go live with the building permit application. And zoning go live with those. Pilot the electronic plan review with engineering permit applications and go live with that and develop a back entry program for prior approved hard copy, so we stop the in flow address all the paper that we have so we have a full history on line. So as we scan the backlog we are going to be using the key that are appropriate for retreelal whether that is or what have you that needs to retreelal. A little bit about context and the big picture. Kind of step back from the project itself there is a much larger picture to be considered in terms of zoning and planning and this involves land management across Public Works, Planning and Real Property and others, and there were good discussions in last week's presentation on planning. I was fortunate enough to catch that. While they played a key role in the picture there is one thing that we must pursue and implementing e review we can stop the influx of paper and pursue other aspect. While the road map is under development we have made progress and the following items provide challenges and opportunities that we in creating the lodge strategic plan and system issues across the board. The imaging initiative utilizes this blat form. While this technology remains in the strategic plan it might not be applicable to this because they will be in plan review. Rather than having multiple depositories and rather than to look at it and capabilities and keep similar information in one place and avoid multiple copies. This supports the new approach by documenting imaging and turning off the tabs and create electronic versions before doing the backlog with contractor assistance. We need to change this and electronic input before addressing the backlog or we will never catch up of the County Manages a land (inaudible) will and two systems and some regard the sun system and the data planning system. The lack of a central County depository for land data has related in frustration and confusion and as Departments do their best and sharing the details with others. This all needs to part of the data base and this will be helpful in making this goal a reality but over all it will involve other systems and projects and the bottom line fixes the current problems and addresses those in the future. The County will need to prioritize staff and significant changes to major systems affecting land management including the is real property system and the sun system and do the planning system with commercial office shell to ensure reliability in the future. These require significant efforts and RFP process to implement. Clearly this is a lot of work but we can pursue these with land management processes and build them into the procurement cycle and buy buy pieces that fit the long-term strategy.

Chair Furfaro: Before you go any further what parts of those are in the budget this year?

Mr. Raines: Just the eplan review.

Chair Furfaro: Okay.

Mr. Raines: I think basically our review with sun guard indicate rather than just going to the next generation and open that can of worms.

Chair Furfaro: Okay, we are going to open that can of worms in a Council Meeting. We have gone over Public Works and Real Property, Planning and benefits and all of these. We need to have this as an erks agenda item very soon operate from the budget. I mean great information. Certainly we are going to gain a lot of efficiency, but there are costs associated with this in loading. What do we specifically do with the back scanning if we are not going to do it at all as well, but we need more than just a budget session to talk about all of these on potential benefits. We need a specific agenda item. If you could give a description to me I would like to put it on rather soon on the agenda.

Mr. Raines: I would be happy to do that and I only thing I would say that strategic plan is still under development. I am underlining all the work I see that needs to be done.

Chair Furfaro: Yes and that is why I want to have it. The work comes with certain costs so we would like an opportunity to see all of the benefits, not compressed in the time that we have tonight. I would like to see it as a separate agenda item either in Finance and or the Planning department because it is tremendous cross benefits here, and those are items that we need to prepare ourselves for future benefits.

Mr. Raines: Just to close with that, the strategic planning that we discuss the earlier with the it initiatives for the next fiscal year in terms of creating a road map for services et cetera. This is part of that. This is about looking at all the systems that we have, how they integrate...

Chair Furfaro: I did not misunderstand that but I am saying this is not the time to have serious discussion about all of those benefits. We are talking about this year's budget, but we want to see some visionary piece about where this can take us all in the future as well.

Mr. Raines: I will close with this statement then. There is no one system or solution to address the land management requirements for the county but e plan review will provide one part of the solution while we pursue others to integrate to the modernization of technology. As part of this journey it is necessary to look at short, medium and long range solutions along the way. This is a great example to move forward.

Chair Furfaro: I want to make sure you heard me. I do not debt the benefits of it but this is not the time to talk about the long-term benefits. It is my request of you to send over a piece of correspondence to the attention of this and we will put it on with special time in the very near future.

Ms. Yukimura: I think you will be happy with that. It is a real joy to have the answers before you ask the questions and I feel that is what your report just did for me. I have some questions, but I am confident from hearing what you report presented that there is... that you have the long-term picture and whatever we do short term is going to be done with the longer term picture in mind.

Chair Furfaro: (inaudible) is something going forward.

Ms. Yukimura: So, I do not have any questions.

Chair Furfaro: Do you have an idea of what in the recent near future would work for you as far as putting it on your calendar because I see this discussion probably taking an hour and a half, two hours.

Mr. Raines: I also see it involving more people than it.

Chair Furfaro: Absolutely.

Mr. Raines: Honestly, we are talking about systems used by a multitude of Departments and I would like at least a month to prepare. I do not know their schedules and we have to have serious discussions and high level road map and we can spend time with the productive discussions and use that input as we do the road map for next year.

Chair Furfaro: I think you got my point. At 4:30 on the Finance's Department budget agenda for this year and nobody is in the audience except the finance people. We do not have Public Works here. We do not have Planning here. We need them present to talk... even if half a morning that we put as a special session, so I look forward your correspondence for the costing and at the same time I beg you to inquiry with Public Works, Engineering and Planning and Real Property.

Mr. Raines: Got it.

Chair Furfaro: Thank you very much. Do you agree? You and I have talked about this last October when we had lunch.

Mr. Raines: I totally agree that we need some dialogue. My only hesitation is I think it is earlier in the process but let me get together with them and I will get back to you and we will schedule something and it is important and evening if it is interim to the next step.

Chair Furfaro: Thank you for an excellent job as always. Where we going now? Risk management or Treasury?

JANINE RAPOZO, Risk Management: Good afternoon Chair and members of the County Council. Thank you for the opportunity for me to present the Finance Department's Risk Management 2013 budget. The proposal administrator. During the past year the division of the Finance Department has spent a lot of time and effort in working towards creating an organizational structure that would best meet the needs of meeting the county human, and financial assets. As a result you will see in the budget proposal for the Risk Management Division the funding has been decreased due to the transfer of one of the functions to the Department of Personnel Services, so what you will see here in the Finance Department's Risk Management budget is a focus here on managing the financial and physical assets of the County through a comprehensive lost control program focusing on our experience programs and other risk management services. The focus on our human assets or our employees is being transferred to the department of personnel services health safety and employee relations division, and this particular department will be the one managing and focusing on training, safety, and workmen's compensation programs for our employees. Aside from that that was the biggest change in the Risk Management budget. The other highlights from this year include the implementation of the online work place safety program for all employees. We initiated the back to work program and work with the employees and the third matter administrators to get employees back to work after an injury and if we cannot settle the claims to limit our exposure. There is additional information I provided in the budget presentations so at this point I will see if there are any questions.

Chair Furfaro: Janine, can you describe a little more to us the return to work program? You know obviously if an unfortunate situation is we have a clerical person that breaks an arm it is kind of difficult to get them back behind a computer right away, but I am assuming you know we have opportunities here to create other work for them to actually get them back into the work force. Could you tell us... are there any parameters in that return to work program to keep the morale up and what are some of the parameters?

Ms. Rapozo: The return to work program one of the key components of the program is make sure that employees after an injury or illness on the job to get them back to work, so one of the first things to do is see after the injury or illness whether or not they are able to come back even at light duty to some function that the county has a job for and one of the key things in this program if your own Department is unable to accommodate you for light duty we can look county wide for possibilities for you to do your job. That is the first component of it. As they improve hope to get back to full duty and your particular position. If you cannot we would look for long-term transfers into various positions in the County to see whether or not that would meet your needs as it is vacant.

Chair Furfaro: As our specialist in that and have they been part of this developing this? Did they share guidelines what we can and what we can't ask the employees?

Ms. Rapozo: Absolutely. They are a partner in this program. We did kind of look at the big island's program. They have a successful return to work program there, so we worked with them, and when we initiated the program and introduced it to all of our departments we had someone come over and a representative from the big island to basically share what they have learned to make sure we get off on the right track with this, and since we started the program we have brought back two employees to light duty and it is something that the Department may not have envisioned that would work for them and it has worked so we are hopeful we can continue to look for opportunities like that for our employees.

Chair Furfaro: And in doing this and we have been able to look at some kind of reduced cost for us on premiums or other particular associated insurance potential exposure.

Ms. Rapozo: The biggest savings would be in the temporary portion disability payment that goes out to an employee when staying home on an injury. This way they are productive and getting work out of them and we are saving money.

Chair Furfaro: So we are saving as well?

Ms. Rapozo: That is correct.

Chair Furfaro: Okay thank you. Questions regarding the return of work program or anything that they shared with us at this point?

Ms. Nakamura: Janine, thank you for being here. I wanted to ask you a question about the safety logic and I have not been good about taking all of the courses that I have been assigned to take and I am wondering what is the actual usage of follow through once assignments have been made.

Ms. Rapozo: That is a really good question.

Chair Furfaro: I have 100%.

Ms. Rapozo: The Council Chair has 100%. What I have been doing... there are some delinquent people here but what we are trying to do is went people follow up so what I do is every month as much as I can I will produce a report for the Departments, and it goes to the Department Head as well as the liaison and the personnel officer or human resources person and send it out to them and say these persons haven't finished the assignment. Please follow up. I do not have authority to enforce it but I am working with the department heads to make sure they complete it. I do not have a percentage...

Ms. Nakamura: Like a 75 percent completion or...

Ms. Rapozo: On the first assignment which was done back in October we have I would say 75 to 80%. Now some of that is because I had to actually schedule groups in sessions to work with some of the off line employees so we got 300-400 in for that. We had six sessions for that and combined two of the trainings so they did not have to come for one for a half-hour and we will bring in them for that and there is that delirchtancy because of that situation. We have certain Departments and Transportation... I have given them access to the training so they can bring the bus driving in and view it on their screen and log it down and let me know, so there is a variety of ways because not everyone has computer access unfortunately. Half and half for the employees. It is getting better. I think initially people were not sure what it was and having problems with passwords and things like that but slowly they are realizing they are getting an assignment. Actually this particular department here is relatively good compared to some other Departments.

Chair Furfaro: Every Thursday they get the sales pitch. But you know there are problems with the password. For me every time I go into it I got to ask for assistance...

Ms. Rapozo: No, and I have been working with the vendor on that. I asked them to even change it and people can call me directly and it is because it is set up as a particular vendor approved program they were not able to do that, but slowly people are getting used to it and I am getting calls.

Ms. Nakamura: One more question. This has to do with the presentation yesterday from the Fire Department regarding the Water Safety Bureau's concern about signage that we are seeing Risk Management concern and we are finding out that they are safety, the Water Safety Officers are putting up the signs themselves, and so I was wondering because it is multi-Agency Public Works supposed to be the instillation and I think they ordered the signs, but is that something you get involved with because potential liability to the County?

Ms. Rapozo: Yes and for that particular signage, first of all, I do sit on a Risk Management Advisory for the State and just develop ing appropriate signage for the State and they are consistent and whether County or State supposed to submit where they want them placed and there are rules where they can be placed and that is the first step, and secondly I have not, but that is definitely a good idea for Risk Management to get involved in as far as signage and to have Public Works assist with putting up the signs.

Ms. Nakamura: One of the things we had talked about yesterday was just identifying where the signs ought to be because the rust factor. Turn around is real fast in certain areas but putting together a schedule and making sure that we have the budget, a line item in the budget so it is just automatically done and systems are involved in install them.

Ms. Rapozo: Absolutely. And not just for those types of signage and bus stop signage and be proactive versus waiting until it rusts out and falls or anything like that.

Chair Furfaro: Janine, you did hear that, we are looking at a three way team to pull this together. Public works to get the signs up. The Water Safety Officers to report them and yourself to periodically put it on your quarterly reviews as to what is the on going maintenance and rotation basis.

Ms. Yukimura: First question is about goal or objective one. Establish and maintain a comprehensive inventory of county human and physical and financial assets and risks associated with each area. We just had a discussion about physical assets with the accounting Division today in Finance, and the issue about keeping track, and looks like you are doing the same thing here. An annual review to make sure there is a complete listing of the assets.

Ms. Rapozo: We all part of the Finance Department and I think that is one of the roles that the risk management coordinator... there should be better coordination with the person in charge of inventory to make sure that we have the accurate listing of all of our assets and put them on the property schedule and get appropriate insurance to make sure that there is coverage should there be a catastrophe and I think the positions can work together on this. It is been here and there and I think with the little separation of duties now and some of the workers comp is going to personnel this particular position that is left in Finance will be able to work more on that.

Ms. Yukimura: Okay. And that person is answerable or this is going to be a Division now in Finance or remain a Division in Finance, but with a more focused platform?

Ms. Rapozo: Correct. On the physical and financial side, the insurance side, the self insurance side, property insurance.

Ms. Yukimura: And this division will then be under the Deputy or...

Ms. Rapozo: Wally would need to answer that question how he would like to structure.

Ms. Yukimura: Actually we asked for the chart. Maybe that will show. Okay. And then the self insurance fund. That is not in this budget, but is this something that the Risk Management will have a say in or part of as that too determining the level of insurance for self insurance?

Ms. Rapozo: The insurance premium accounts are in the I believe Finance either administrative or Accounting Division and might need to help me with that and the self insurance fund. There is a liability. I believe line item that is also in that particular pages and I cannot remember if it was administrative I think it is administrative.

Ms. Yukimura: So what makes up the self insurance line item or amount? What are the different factors and who puts that together in terms of what is an adequated predicted... because that is what it is; right? It is a projected line item in the budget.

Chair Furfaro: Wally, if you could come up because we have a line item in the budget referencing I think a new contribution of a million seven for self insurance and piggybacking on what seems to be some kind of a carry over. Whose jurisdiction of watching that is

really what is the question is? Who is watching the self insurance accounts? Is it risk management that remains in finance or is it risk management that comes over and goes into the new HR group?

Mr. Rezendes: Finance.

Chair Furfaro: Finance.

Mr. Rezendes: Yes. For the self insurance part.

Chair Furfaro: Okay, who is keeping their eye on that line item?

Mr. Rezendes: It would be myself, another Risk Management employee.

Ms. Yukimura: Where is that line item?

Chair Furfaro: I know the item I referred to is on the budget summary sheet.

Mr. Rezendes: It is on the second page of the budget ordinance.

Chair Furfaro: On the overall budget, second page and go to the far lefthand side, page two and you will see the Self insurance line.

Ms. Yukimura: Contribution to or from self insurance fund. But it is showing a negative 741,000-dollar...

Chair Furfaro: Because they are transferring it over here.

Ms. Yukimura: Okay. And so the amount is?

Chair Furfaro: Three something.

Ms. Yukimura: Three million?

Chair Furfaro: I think it is three million seven or something.

Ms. Yukimura: It is showing it as a contribution from capital improvement projects to or from.

Chair Furfaro: From General Fund.

Mr. Rezendes: Basically what our proposal is to moves the monies from self insurance fund over to the General Fund Operating Budget and we are requesting to do that.

Chair Furfaro: Is that line item 3.7 or something?

Mr. Rezendes: It is 741,000-dollars but there is a fund balance in the self insurance fund and I do not have that information now but I can provide that to you.

Chair Furfaro: We will send that over because I think it is 3.7. Am I right?

Mr. Rezendes: I believe it is approximately that amount.

Chair Furfaro: Scott, do you have that information in front of you?  
Oh okay.

Ms. Yukimura: So you are going to show us where the self insurance moneys are in the budget?

Mr. Rezendes: What we are doing is saying of the monies that we have available we are reducing that pot basically, and moving a portion of the self insurance fund money into the financial fund operating budget to assist the balancing the General Fund.

Ms. Yukimura: Right. So you are miss using it from the self insurance fund?

Mr. Rezendes: Right.

Ms. Yukimura: So what is in it?

Mr. Rezendes: That is the number I was trying to get. I do not have...

Ms. Yukimura: And where is it indicated?

Chair Furfaro: Here it is... It is in the Treasury Report.

Mr. Rezendes: And it will be reduced to about one.

Ms. Yukimura: One million?

Mr. Rezendes: So, that will be used for risk manager, exposures of the County in excess of amounts that we have coverage for, liability, property, settlements, etc.

Ms. Yukimura: So can you give us a record how much we have drawn on the fund for the last 10 years year by year?

Mr. Rezendes: Yes.

Ms. Yukimura: How do we make a calculation of how much we should put in that budget line item? And I was wondering if Risk Management had any input into it?

Mr. Rezendes: In the last few years, we have significantly... I should say tap into it. It is been growing and growing for the last so many years.

Ms. Yukimura: It has been growing, you said?

Mr. Rezendes: Yes.

Chair Furfaro: That is because we had excellent performance.

Mr. Rezendes: Solid years of not having to tap it and I believe for a number of year over year putting in about \$250,000 year into the fund, and actually our prior auditors brought it to our attention "hey you have this pot of money that is building and building and you have not been utilizing it" and again we depended on... we have tapped into this fund in the current year we tapped into the proposed fiscal year 13, and I think we will have approximately a million dollars in there that could go towards unexpected settlements or property, liability settlements that are outside of our covered risk our covered policies.

Ms. Yukimura: So it is like our open space fund which adds year after year?

Mr. Rezendes: But there is no requirement to put in.

Ms. Yukimura: Right. So we have (inaudible) whether we add or take out.

Mr. Rezendes: Correct.

Chair Furfaro: That usually comes from the auditors.

Ms. Yukimura: So I am just asking -- so you can give me the track record of how much we have taken out year by year? How much we have utilized over the last 10 years? Okay. Thank you.

Chair Furfaro: And you can have that Vice Chair. I will get myself a new copy. Any other questions for Risk Management?

Mr. Rapozo: Janine, thanks for being here. You are the Risk Management administrator; right?

Ms. Rapozo: Correct.

Mr. Rapozo: So you participated in the task force regarding, I guess the separation of the administrator from the office?

Ms. Rapozo: Correct.

Mr. Rapozo: What is the biggest differentiation between the risk management function in personnel versus the risk management function in finance?

Ms. Rapozo: The proposal, how it is going to be split? Is that what you are asking?

Mr. Rapozo: What is the separation of duties? What is going to be the Finance Department's function in Risk Management, and what will the Personnel?

Ms. Rapozo: So the Personnel side will be focused more on the employees and safety and training and management of the workers comp and in personnel services. The Finance side is focused more on the insurance side and I think one of the things we are looking at doing more work on is coming up with some really standardized insurance requirements for contracts so that we can transfer our liability more appropriately, and working with the different

departments in coming up with appropriate insurance requirements in their bid documents and things like that, and making sure once that happens when we do award a contract we're watching the certificates of insurance. Right now it's to the departments which is fine but we need to provide a lot of training on this and insurance can be complicated and that will remain at finance as well as the more fiscal aspects of workmen's comp. There is a payment aspect with the third party administrator with medical payments and salary payments as far as when someone is out on workers comp, so all the financial part of that workmen's comp section will remain in Finance as well as the insurance portion of Risk Management.

Mr. Rapozo: I notice this is like I think the only Division that doesn't have any clerical support.

Ms. Rapozo: Absolutely none.

Mr. Rapozo: So the clerical support - where does the risk management coordinator get the support staff from? From the Treasurer?

Ms. Rapozo: No. We do depend a lot on the main office of the administration and the accounting and finance to assist if necessary when there is larger projects or copying to be done and things like that, but for the most part the coordinator and myself do a lot of the clerical.

Mr. Rapozo: Right. But you're not going to be there.

Ms. Rapozo: Correct.

Mr. Rapozo: So what happens?

Mr. Rezendes: The clerical function goes to Personnel. The ones and portion that stays with us ...

Mr. Rapozo: On the budget there is no clerical.

Mr. Rezendes: Yes. And we would have we are different hats and have my secretary provide some of that assistance and support as well.

Mr. Rapozo: Okay, thank you.

Chair Furfaro: Janine, I want to tell you the comments about naming us the coinsured and the work to be done there... I have to tell you that worries me today. We release contracts and they should not be signed and unless prove for naming us coinsured for the scope of the project and wanted a red flag up there.

Ms. Yukimura: I am just reading some of your successes and achievements. Just really worthy of note that our claims are down from the previous year's total and our closing rate on worker comp claims - these are worker comp claims?

Ms. Rapozo: Correct.

Ms. Yukimura: Was 10 8% that was over our goal of 100% and that we saved medical expenses \$141,000.55 thousand recovered. That is nearly very tangible results from your work so thank you very much. Impressive to see real results.

Ms. Rapozo: You are welcome.

Chair Furfaro: Can I give you the time on the floor. I am going to turn the meeting over to Mr. Rapozo. I need to step out for a minute and Vice Chair you have my Treasurer's report if the treasurer comes up. You have the full report there. Thank you.

Mr. Kualii: I might have missed it. You might have said it. The line item on County wide training seminars.

Ms. Rapozo: Yes.

Mr. Kualii: \$30,000-dollar?

Ms. Rapozo: Yes and that is something that I need to work with the Finance Director on yet. I think in the split some of that money should be actually budgeted with Personnel in the division of safety and health.

Mr. Kualii: Okay.

Mr. Rapozo: Any more questions for Risk Management? If not, thank you very much.

Ms. Rapozo: Thank you.

Mr. Rapozo: Next is whoever wants to come up. Is that you Treasurer? DMV? Is DMV here?

DAVID SPANSKY: There are a lot of things, so what I would like to do... because you will want to go into debt service, you will want to go into cash management, you will want to go into cash flow – so let us take Motor Vehicle Registration first.

Mr. Rapozo: Yes, because I think the Chair will be back and I am sure that he is intersted in all of that financial stuff but we will start with DMV.

Mr. Spansky: Let us go right to the budget and we will start with Drivers Licensing and I do not know what page it is on for you... it is page forty-five to me. Overall, the budget as presented has increased one point two percent or four thousand nine hundred and sixty-eight dollars.

Mr. Rapozo: Okay.

Mr. Spansky: As far as the head count, you will notice that there is five dollar funded positions and those are all State funded. At the current time, up in the County funded portion, number 241 driver licenses examiner, that is vacant. We are currently in the recruitment process. Under County funded position number 308 drivers license clerk, that person will retire October 31 and that person is now currently working two to three days a week, earning their approved vacation. Under dollar funded position number 242 motor vehicle inspector, State funded, interviews are scheduled for at the end of this month.

Mr. Rapozo: How long has position number 241 been vacant?

Mr. Spansky: Approximately three months. It is vacant but everyone is crossed trained so that is the actual person that takes the people out on the driving test. All these.. the Chief examiner, the drivers license inspector 268, the PMVI – they are all qualified to do that.

Mr. Rapozo: Right but when do you anticipate getting that filled?

Mr. Spansky: Well we are going to get the recruitment going so from day one, we are almost there and the advertisement should be going out, so usually when you work through Personnel it takes two to three months – from start to finish. If they do not have a list, we are going in with – I need this, it usually three to four month.

Mr. Rapozo: To get a position filled?

Mr. Spansky: Correct.

Mr. Rapozo: So we should not be filling positions for the year then – new positions – vacant... we should always, we should budgeted eight months? I do not know, it is a common thread everybody taking eight months to fill a position and I do not know why it takes so long. I know that it is not your kuleana – it is a problem looks like County wide right now and we cannot get list and I am not sure why.

Mr. Spansky: Again, 241 is going to be advertised soon so we are almost at the end and we will go through the hiring process. 252 – that will be interviewed by the end of this month.

Mr. Rapozo: And that is the State funded one?

Mr. Spansky: That is correct.

Mr. Rapozo: And then the other one – how long ? In October, the one that the person is going to be retiring?

Mr. Spansky: October 31.

Mr. Rapozo: So they work two to three days a week?

Mr. Spansky: That is correct.

Mr. Rapozo: Alright. Anything else on Drivers License?

Mr. Spansky: No, sir.

Mr. Rapozo: Any other questions for Dave on DMV? I have one, the Taxi ordinance...

Mr. Spansky: Yes, sir.

Mr. Rapozo: I completely forgot about it until I got an email today and I do know – it came today regarding the taxi's but is that still under the function of...

Mr. Spansky: Yes, it is still on the function. We are trying to do whatever we can but it is just a complaint driven basis.

Mr. Rapozo: It is... and how is that going?

Mr. Spansky: I have not heard many complaints.

Mr. Rapozo: Not too many complaints. Yes, because they are all violating the law down there so I guess nobody is saying anything.

Mr. Spansky: But when they really violate it then we will get a complaint.

Mr. Rapozo: Okay. So, it is complaint driven, that is good to know.

Mr. Spansky: And again, we do not have a dedicated person...

Mr. Rapozo: And I thought we put one in years ago.

Mr. Spansky: We did years ago but then we decided promoted up and then that position became vacant again and then we went to the dollar funded and we started to hold down the funding. So then we just dollar funded it and last year I came to you with the legal (inaudible) and asking you to really fully fund it which we did and that person came on and we again promoted from within, so that is why there is vacant positions there because we promoted from within. We have not had any outside. This 252 position – this will be outside this coming one up at the end of April. A little more history, it never got there and so I pushed last year to get it funded for this real ID and the legal presence and you fund it and we filled it. So now, we are back to the same head count what we were back in 1992.

Mr. Rapozo: So whatever the taxi?

Mr. Spansky: (inaudible) because it used to be when the economies real good – you had seven or eight cruise ships during the week because there was a problem down there. Again, that is run by the State and I am going through my knowledge base but it is run by the harbor down there but we would get complaints that so and so is taking my ride – those things have gone up to the Mayor as well. Basically, it is complaint driven.

Mr. Rapozo: I think the biggest abuse I see going down there right now because my office is actually down there now, so I get to see them every day is these guys running tours which I think might even be a PCU issue more than a County issue but they just put the paper sign on the window that says tours and as the tourist come off the ship, they will offer them a tour to the North Shore for eighty bucks and they just get in this unregistered/unlicensed and they just go. It is complaint driven and if you are not getting complaints then...

Mr. Spansky: And we do not have the enforcement power. We can take away... in the system we took away your taxi ordinance but you still can operate. So now it becomes an enforcement matter.

Mr. Rapozo: Okay.

Ms. Nakamura: Thank you for being here. I have a question on one of the challenges you mention in the report and number 23 and increased staff load attendance. Can you explain to me talking about some of the issues that lead to poor employee morale?

Mr. Spansky: Okay. Let me -- can I read that? It says "work ratios and other increase word load make it difficulty to give quality customer service and reporting and attending and -- piling on of the leadership and government without additional resources. These facts lead to poor employee morale and hard to maintain customer satisfaction when service is poor." That's what you're referring to?

Ms. Nakamura: Yes.

Mr. Spansky: Okay. So you want me to go into the piling on mentality is happening? I can go back to 1991 if you want to -- so let me pull that out. Okay. In 1991 sewer payment collections were given to the motor vehicle registration area with no additional resources. In 1992 tipping few coupons and collections with landfill payments. 2001 bus pass issuance and collection. Okay. 2010 commercial refuse collections. I did not go... also we issued one after...

Ms. Nakamura: So all the additional services were assigned to your Division...

Mr. Spansky: One portion of the motor individual side, not the drivers license side, the motor vehicles side. The promotion I guess the one stop and you can go and pay everything.

Ms. Nakamura: Right. Without additional staffing?

Mr. Spansky: That is correct. I have to say when I got there there were only eight people and now we have 10. From 1992 we now have 10. We have people help open the mail and file and when we have absenteeism and back fill the windows. On a normal renewal registration is fairly easy, but if coming in with a new vehicle or bringing a new car from off island there are more things and more difficult and difficult and they can do the sewer bill and bus pass and tipping fee coupon.

Ms. Nakamura: So do you feel that you need... are you requesting any additional staff?

Mr. Spansky: None. Not at this point.

Ms. Nakamura: Not at this point.

Ms. Spansky: Not in either Division.

Ms. Nakamura: And one of the discussion that came up was it a few days ago or last week had to do with the possible -- the consideration about doing kiosk or satellite offices to allow the public from the north shore or west side to be able to pay some of the bills without having to drive in. I am just wondering what your thoughts are? What do you think...

Mr. Spansky: Give me a minute. I did an analysis back on this in 2002.

Ms. Nakamura: Great.

Mr. Spansky: I talked with Maui and I am going off memory and Maui said they did not get any additional resources and drain on the main office and you get the people there and you will work over there. Well, my union contract says I do not have to work there and I was hired for this area, and there is absenteeism and fund with two people and one is out on vacation and one calls out sick and no you have no one there and those are the circumstances. I think it's the way to go and probably where we will be at some point but you need the will to staff it and full on or partial? Only renewal with the paperwork you are okay. If you got a sewer bill you are okay. But if you have something complicated or sorry you did not put your car in storage properly. You owe back taxes of this amount of money. That gets a little complicated, but I think it is doable but not with the current staff that we had now.

Ms. Nakamura: And if you had your wish list you would prefer more centralized...

Mr. Spansky: I would not be the DMV Administrator.

Ms. Nakamura: Just the Treasurer.

Mr. Spansky: I would hire those people, an administrator like the other islands have.

Ms. Nakamura: I read about that in your report, your unique title. And how many additional staff to you think to properly handle the work load?

Mr. Spansky: Depends what we decide to do. Are you sending drivers licensing out and motor vehicles too so you are looking at ...

Ms. Nakamura: So we decided we are not going to go the satellite route but maintain a central facility like we have now. And in your wish list what would be the proper staffing would be?

Mr. Spansky: Okay. I think... I will probably get killed by the staff. However, I know on the drivers license side we have gone through the legal precedence and now you have to prove your identity as a U.S. Citizen so that has made the lines longer and you have to wait. We have to scan. We take your picture and then you only get a temporary license so the line gets backed up. We are not used to that and the citizens, public is not used to that either so that is – more staffing there if you want to get them in and get them out. However that is probably want reality.

Ms. Nakamura: I am just asking what you think to properly serve.

Mr. Spansky: I know they have done a facility study. I think back in 1992, when they were building the Civic center, I think the staff wanted ten teller stations on the Motor Vehicle side. They only gave us seven. Here is the problems that sometimes we get into, we get temporary employees or temporary people making long term decisions instead of letting the employee or the actual worker who knows the float, who knows what it does, help out and really acknowledge their suggestions.

Ms. Nakamura: Thank you,

Mr. Rapozo: Dave, you are the Treasury Operations Manager?

Mr. Spansky: No, that is Verna Yamase.

Mr. Rapozo: Where are you sitting on here?

Mr. Spansky: I do not sit. I sit off to myself. There is another piece.

Mr. Rapozo: Which Division are you in?

Mr. Kualii: Page 44.

Mr. Spansky: The Treasury staff is two people – myself and a  
accountant.

Mr. Rapozo: Okay.

Mr. Chang: In regards to the taxi... Can the County regulate the  
rates for cabs?

Mr. Spansky: No, we do not... you have an ordinance out there that  
says you got to get it coded, it is ten dollars for this... there is an ordinance. I do not know if I can do  
it off the top of my head.

Ms. Yukimura: There is an ordinance.

Mr. Chang: So, would the cost of gas and the cabs that are out  
there picking up the fares, if there is a request to raise rates, what process do they go through?

Mr. Spansky: Well, to you.

Mr. Chang: Are they under a union?

Mr. Spansky: Not that I know of.

Mr. Chang: Okay, so if there are concerns, they would go to the  
Council?

Mr. Spansky: Probably.

Ms. Yukimura: Dave, are you saying that we needed ten teller  
stations back in 1991?

Mr. Spansky: I think the original proposals was to make 10 teller  
stations on that side.

Ms. Yukimura: Are there room for 10 teller stations?

Mr. Spansky: No.

Ms. Yukimura: I mean when we moved in there, it was a huge  
expansion compared to where we were down at the old Hale Kua'I building.

Mr. Spansky: What could have been done more is that we have a beautiful lobby there, you could have probably come out six or seven feet more in the lobby with something like that for more space.

Ms. Yukimura: Probably.

Mr. Spansky: And then the drivers license side, it is a nice thing but its open counter and on the motor vehicle registration side, they are standing up and they got a little barrier and a little winder to close. If you are getting your drivers licenses, you sit down and they are sitting right across the table. Maybe at... it has not been a safety risk but with some of the things... with people standing in line... they get a little more... and now I do not have the right documents and now I am mad... at some point there might need to have a barrier there.

Ms. Yukimura: Okay, what you are doing is looking at improving the process, right?

Mr. Spansky: Well the process and the volume. If I want to compare...

Ms. Yukimura: Right, so you are looking at how to handle this increased volume?

Mr. Spansky: Right. And if I wanted to compare with somebody else, my increase volume is head count. The lines are shorter, if you do a comparison... because the other motor vehicle areas, they only do vehicles and their staff is three times in size. Vernas areas, there is ten people in there. If you go to Maui, there is thirty-four, if you go to Big Island, there is thirty and they just do cars. Okay, now if you got ten thousand... if we get eighty thousand cars, so ten people divided by eighty, they are doing eight thousand transactions but then you add on six thousand bus pass collections, you add on twenty-five thousand sewer bills, now you are up to per head... and I am counting managers and everyone...

Ms. Yukimura: I love that you are doing this kinds of analysis and I want to invite you and your division to make proposals about how you can make this diversity of permits and fee collection and the issues that you raised from people waiting long in lines. It maybe time now to propose some renovations especially through IT procedures we can get rid of that a very underutilized if utilized at all one stop shop structure and move it out and look at Real Property and some others did if you encouraged online fee paying or other payment by mail or those kinds of things, how you can also reduce the volume but it takes sort of a comprehensive analysis which I do not think we are going into right now.

Mr. Spansky: I made a proposal to the Administration and they agreed, I am going to use the one stop shop as soon as I can get a computer in there and get a panic button and try to do some of the more simpler things – like if you need a bus pass, and now, you can mail in your stuff, you can use the internet or walk in. Those are three options right there.

Ms. Yukimura: And the bus – as Transportation Committee Chair, I know that the bus system was talked about it recently talked about being able to sell bus passes in store fronts. I think they are going to work with some vendors who have already told me that they are willing to sell bus passes in different parts of the community, so that might bring down your volume as well as improve customer servicing so people do not have to come into Līhu‘e.

Mr. Spansky: Sure.

Ms. Yukimura: Great that you are thinking about it.

Mr. Spansky: It is not going to be tomorrow, there is something's  
have to get done, but we are going to try to do that.

Ms. Yukimura: Good.

Mr. Rapozo: And that will save some.

Mr. Spansky: I got to worry about line policy.

Mr. Rapozo: Well you are going to have to set it up in a way  
where...

Mr. Spansky: Because there are going to be end of the month...

Mr. Rapozo: Well, I have been there and it is a mess.

Mr. Spansky: It is human nature to wait till the last minute to pay  
your bills.

Mr. Rapozo: To do an online renewal, is there a surcharge as well?

Mr. Spansky: Yes, any online payments there is a... just to use the  
service, you automatically charged 2.50. If you pay by echeck, it is a dollar. If you use a credit card,  
it is 2.2 percent and that is passed on to the customer.

Ms. Nakamura: If we were to calculate the amount of labor used to  
process manual fees, what would that come out to?

Mr. Spansky: Well, (inaudible) study. Historically when you walk  
in to pay... or mailed your registration, you bring in one half, the girl walks to the back gets the tag  
and staple it on there and you pay and you walk out. Now, we can print it all out on one piece of  
paper and that is why you only get a smaller version of what you are used to getting. The mailings  
cheaper there and that is a little bit of the time motion study. If they talk story, it takes longer.

Ms. Yukimura: One last suggestion having a rover person that they  
have at the airlines to go and say, do you have your right documents to pre people so that you do not  
need a station but you could use some people walking around to help shift through the line.

Mr. Spansky: When attendance – everybody is there, Drivers  
License will (inaudible) to make sure they have got the proper – do you have this, do you have that?  
We do – do that. But it all takes attendance.

Ms. Yukimura: Make a proposal after you have done the analysis.  
Thank you.

Mr. Rapozo: Any more questions on DMV, taxis, anything else? If  
not, we will go right into the Treasury.

Mr. Spansky: If you go back to motor vehicle registration, that rolls up into the... you will notice and it is page 51 to me and I do not know what page it is to you represents... because this will roll into the Treasury reports and make (inaudible) a lot of answers. What we did back in 2010 we hired a consultant, for compliance issues and bonds to make sure we are not in any problems with the IRS, spend down things and so forth, so we have that, so we are not in any trouble. Some of them - yes, we do not spend down in a timely manner. Okay. So let us go to Treasury now. That is perfect.

Mr. Rapozo: We did not spend all?

Mr. Spansky: No. We have not made - they like to go into we have this two year, three... but we have to admit what you have to think of is November from 05 to February of 2010 the County borrowed \$140 million.

Mr. Rapozo: Right and it is quite a bit.

Mr. Spansky: Yeah. So that is quite a bit so spend 54 million a year.

Mr. Rapozo: Have we done that?

Mr. Spansky: No.

Mr. Rapozo: Are we in trouble?

Mr. Spansky: No, I have a document here that says we are not in trouble.

Mr. Rapozo: Because I keep hearing that and more specifically with the recent bond.

Mr. Spansky: Right and priority base. No payments have been made or required to be made to the internal revenue service with connection with the bond.

Ms. Yukimura: Can you send us a copy of that?

Mr. Spansky: I will send it to you email electronically. Okay. There has been two of them. This is dated August 16th in the last fiscal year and the 2005 bond and met that criteria when we have to report in our bond covenants but now we are reporting yearly so we know we are not in any situations or problems.

Mr. Rapozo: Okay. So as far as you are concerned we are in good shape.

Ms. Spansky: As far as any fee. Now, do you want to borrow money and not live in the house?

Mr. Rapozo: Not me and that is my fear and projects on the bond flow I am concerned we're not going to get them out on time but it's not the 2005 issue. It's the most recent one.

Mr. Spansky: Right. I guess I will start off with I know there is this thing about debt service so Scott, I have some handouts for you people. Okay, before you jump out of

your seat that is the County's – that is the people on the hook and County of Kaua'i and Department of Water. This is their debt service per year. The dark line is the principal. The light line is the interest. So you see this spike up in 2014 and when the build America bonds principal kicks in. You are paying interest only for the first three years. Okay. Next slide. I just give you a table to give you an idea of who is who. Okay. There is a county total. Okay. So the county principal includes a piece of golf in there for a million dollars, a million two and the rest is general obligation bonds. So the top right corner says County principal and County total. Then you have water principal, water interest and water total and total principal and grand total so the County's portion is over \$118 million of principal. Interest is 475 and total of listed here. You can follow the plot. So just for the Chair, this is the County's debt service including water. That is overall debt service. Page 2 I will give you a tabular form so you can see who is who.

Chair Furfaro: I wanted to get some kind of a mark up as we look up the year coming up where the debt service jumped pretty substantially. If you could give some of the highlights that I would appreciate it.

Mr. Spansky: I do not want to throw anyone under the bus or do anything and go back to page 101 and debt service expense for 2011. 9.6 million. There is another line transfers in, 8.5 million. Okay. There is a transfer out and a balance. Okay. Historically I do not know - I was not involved. They asked for the debt service schedule. This is how it is reported. So when it was asked today what is the debt service. It is 8.5 million. I think as a policy - I am not sure but you take the 8.5 and accruing that and plus this and the principal and add those together and subtract out this year's principal and now you came to the 9.7.

Chair Furfaro: I am good with that and wanted it explained to the group.

Ms. Spansky: For everyone's education that total there on the county side is all county plus there is a 1.2 still of golf out there so that is in that total. You might have a total of 117 I heard you say. That is correct and the water total is in that - I mean the golf. Then the third chart I just give you a break out. Now this, is just the county portion. This is what it is looking like and I think Wally, mentioned a couple of times and close to \$10 million until 2026 and drops off in 2027. Again the dark shade is the principal. Light shade is the interest.

Chair Furfaro: Dave, this is the current particular presentation, so we do not know after the trip to refinance, this chart will change a little bit.

Mr. Spansky: It will not change by much. You are looking at annual savings in the \$100,000 to \$130,000 range.

Chair Furfaro: We were given \$124,000 so far.

Mr. Spansky: It is jumped around and early it was high and 129 was the latest but that's a week ago and the market has made a turn around as far as bond sales are good.

Mr. Rapozo: But the refinance extend out?

Mr. Spansky: It is one for one. Maturity for maturity. Keep in mind it is the 2005 bond and first 10 years are not counted and financing through that time and 13 years of reduced on the refinancing it is in the money. It is one for one. We are just matching the maturity.

Ms. Yukimura: Does that mean of 13 years of \$100,000 savings?

Mr. Spansky: Yes. If we did the refinance. The next slide just shows water portion by itself so you can get an idea.

Ms. Yukimura: So it was \$120 million bond issue - 60 for County and 60 for Water but Water has a lower payment. They are at 6 million rather than 10?

Mr. Spansky: We have other bond issues out there. They paid off theirs. They have some smaller ones, but historically they have – since I have been here they would get new money like 3 million, 5 million. They had the 2020 plan and things came into play and borrowed the 60. Historically, since I have been here in 2020 I think we borrowed 22 for the EOC and then we borrowed 9 for some other things in 2001 and went back to market in 05 and we borrowed 42 of new money. Three something for water and the balance for 38 something for the county and went back out in 2010 for the 60/60 or the 120 million.

Ms. Yukimura: To the extent water uses bond money and replace leaks and replace aging infrastructure that is going to result in savings in terms of pumping costs and so forth which then helps pay off. Depending how we use our bond money and whether there is any actual return on investment it will be more intangible return on investment as long as we spend that money carefully in terms of park improvements or road improvements or so forth, but they might not result in financial savings.

Chair Furfaro: I think the difference in the graphs you have to point out. We, the County, are real debt service is about 121 million all together and pay it down to 118 million as Dave, explained to us they have a few small pieces hanging out there, and thus the difference in what the payment schedules are.

Mr. Yukimura: Right, the pay back on their debt.

Mr. Spansky: For example we borrowed 120 million. Interest rate was 3.3 so easy to say at 60 million times 3% and the interest is 1.8 and after the third year your principal kicks in and that is why you see the spike, and then levels off and drops down.

Ms. Yukimura: 14 years - 15 years.

Mr. Rapozo: Yes. Any questions for Dave and the debt service presentation? I mean I do not know Dave. Is it the right time to be borrowing money?

Mr. Spansky: We are not borrowing, we are refinancing.

Mr. Rapozo: I understand that but thinking about a future bond float. I don't know if you are a financial adviser but... Yeah. I mean the percentage of debt to assets in the County.

Mr. Spansky: We are fine.

Chair Furfaro: We are in great shape.

Mr. Spansky: We have 15 percent of your AV values. If we are talking billions - we can borrow almost \$2 billion based upon the State's calculation. 15 percent of your - not that but just - you only have 67,000 people so put another speck. Go back to the table.

Okay. Look on the left hand corner County principal, 118 million. So 67,000 people to 70,000 divide that by every man, woman, and children here, 720 bucks. And then everybody's got water needs water so add water so that is every thousand dollars for every man, woman and children and up to that if you want to pay the debt off today.

Ms. Yukimura: So what this tells me that the bond money that we do have is really pressure and we cannot afford to not spend it on your highest priorities and where we can if possible get a return on investment, the largest return on investment measured socially, economically and so forth, and we cannot afford to waste it. I mean I consider the fact that we have not managed our solid waste well and have to spend \$9 million to retrofit our landfill as money we could have spent otherwise if we had done timely diversion in landfill development.

Mr. Rapozo: I know Dave is not prepared to answer that. It is not a Treasurer's question. Any more questions for Dave?

Chair Furfaro: I am wondering if you could summarize - you know with the bond partners and so forth we have a double a plus with two of the...

Mr. Spansky: We are double A all a way across the board.

Chair Furfaro: I thought we got to double a plus.

Mr. Spansky: We maybe. That means we are a very strong credit risk.

Chair Furfaro: Yes. And this last trip to the west coast, we actually got our credit rating upgraded a little bit.

Mr. Spansky: It was reaffirmed from the prior one. There was no take away.

Chair Furfaro: There I am with the double a plus. I think there was a little take away I thought anyway. Thank you very much for the bar graphs and everything.

Ms. Yukimura: In converting the cap to this CPI would that influence our bond rating or show better fiscal management?

Mr. Spansky: No. What the bond rating what it is looking at you know, your strength, what kind of things - what they really look for. Do you have the ability to pay? Do you have reserve? That's the biggest thing they are looking for. Is there something there?

Ms. Yukimura: And does not it affect the ability to pay to have a more flexible cap?

Mr. Spansky: I do not know. That's the biggest money maker I don't know go into that. I'm just the money management. You bring it to me I will manage it.

Mr. Rezendes: The more you structure it has been brought up by bond under writers but the fact that our system that is in place today with the cap only involves one category of real property and taxes or assessment. It is not as concerning to the markets as say a California model where their entire system is bad under the cap. Had we developed a program that caps across the board or in more than one category? It will be a concern for the market because you

would not have the ability to make appropriate changes on the dime to as needed when needed to address you know revenues, spikes and valleys, so the fact that we - again, the fact that we have one category is - I think some concern, but the fact that we have the vast majority of the other categories that are not tied in that way you know we are okay.

Chair Furfaro: The fact that the changes are now tied to the consumer price index going up to 3.7 and never falling below two that helps a little bit.

Mr. Rezendes: I would think.

Chair Furfaro: Just a nudge but it helps a little bit.

Mr. Rezendes: I would think it is better in their eyes and perspective and it puts us in a little better position to at least now we are moving with the economy and the market, yeah.

Chair Furfaro: Does anyone else have any more questions for Dave? I just want to say thank you for being here late and presenting us some great information. I think this brings it to the end of the day for finance. Again we rescheduled three groups on April 20. Please check your calendars and we only had time blocked between 8:30 and 10:30 but now it looks like we filled in the whole day on April 20 and this is based on the fact that we gave Finance a little more time today.

The budget review was recessed at 6:47 p.m.