

The departmental budget review reconvened on April 15, 2013 at 11:04 a.m., and proceeded as follows:

Housing

Honorable Gary L. Hooser
Honorable Nadine Nakamura
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro, Council Chair

Excused: Honorable Tim Bynum
Honorable Ross Kagawa
Honorable Mel Rapozo

Chair Furfaro: *Aloha*, I am going to call back from recess our Budget meetings and today we have a relatively shorter day because we only have two (2) Offices scheduled. We will start the morning with Housing from 11:00 to 2:30 and a reminder in the revenue cycle, we went through the revenues. Also, when we come up in Capital Improvement Plan (CIP), Housing willing also has an opportunity to talk about Capital Improvement numbers. We are also doing the County Clerk and Elections today. I have three (3) members with excused absences for today. But we do have a quorum. I would just like to say welcome to the Housing Department and if you would like to come up and introduce yourself, we will start with your presentation.

KAMUELA COBB-ADAMS, Housing Director: Good morning Council Chair.

Chair Furfaro: Welcome, good morning, we have a fine day with the rain tightening up and we are ready to hear from you on your presentation. Are you ready to start?

Mr. Cobb-Adams: Yes, we are. We actually, I think we had a PowerPoint presentation planned, if that is okay with you folks.

Chair Furfaro: We have a quorum. We are going recess for a minute. Their presentation may not be loaded. So, we are on recess.

There being no objections, the Committee recessed at 11:08 a.m.

There being no objections, the Committee reconvened at 11:11 a.m., and proceeded as follows:

Chair Furfaro: We are back from our short recess. Sir, you have the floor.

Mr. Cobb-Adams: Thank you, Council. I wanted to start by thanking you all for having us here for this year's budget. It is an exciting time, budgets. Well, because I see it as that funds are progress out here on Kaua'i and progress is what I like and I am sure you agree with that. With that we are going to start. We have a short presentation. It talks a little bit about what we do, how we are doing it, and where we are going. Then we well end it off with some questions, I am sure by Council and hopefully we will have all the answers for you folks. With that, of course, we are the Housing Agency. We are basically organized in three (3) – I consider us three (3) separate Divisions, our

Rental Assistance Division, our Housing & Community Development Division, and our Administration Division. Basically, I am at the Head of the Administration, we have Gary Mackler at the Head of Housing & Community Development, and Sandy is in charge of our Rental Assistance. So, they will talk did about their respective disciplines or areas. With that, I will turn the next one over to Sandy.

SANDY KA'AUWAI, Section 8 Planning Manager: Our Division, as you know, provides rental subsidies for extremely low and very low income households, helps them pay their rent. There are also two (2) subprograms to the Section 8 Program and that is the Family Self Sufficiency Program, which is like a career counseling type budgeting. It helps them become more self sufficient with the ultimate goal of hopefully, eventually transitioning off the program. The Section 8 Homeownership Program is a sub of the Family Self Sufficiency Program now and that is basically a program that allows participants who have completed the Family Self Sufficiency Program to use their rental assistance towards mortgages opposed to rent.

GARY MACKLER, Housing Development Coordinator: The Housing & Community Development Division is responsible for administrating a host of programs. The first program, our oldest program, is the Community Development Block Grant (CDBG) Program. This is a thirty-nine (39) year old Federal grant which provides a direct allocation there the Federal Government to the County of Kaua'i. CDBG, as you know, is used for a whole range of activities here. It can be used for public services, public facility improvements, economic development activities, and also for housing. We also receive, a pass through from the State of Hawai'i, the HOME Investment Partnership Program (HOME) funding. This is an annual recurring allocation of funds that we have been able to utilize here for housing activities. This program was initiated and funded in 1992 and we have been utilizing it since then. HOME can be used primarily for rental housing and homeownership activities. We also administer the Residential Rehabilitation Loan Program. This is a CDBG funded revolving loan program which can assist families who are low income households who need assistance to alleviate overcrowding in their homes, or to make their homes more energy efficient, or if they need accessibility improvements. These are very low cost, low interest loans that could be made available. We have another program called the Neighborhood Stabilization Program (NSP). This is part of the Recovery Act, one of the programs that came through that Act. The Neighborhood Stabilization Program was used initially for acquiring properties, foreclosed properties, and we have been able to acquire six (6) properties through this grant. We have also constructed three (3) homes on vacant lots and we are continuing to go forward with this grant because we generated program income and we will be utilizing it for future acquisitions and also for providing mortgage financing as well. We also administer the Economic Development Initiative (EDI) Grant. Up until 2010, the County of Kaua'i received a number of EDI grants. These are special project funds that come usually through our Senators in Washington, D.C. EDI has been used on many worthy projects including the Waimea Dispensary Project and the Young Men's Christian Association (YMCA). We are utilizing some of those funds right now for Kaua'i Habitat for their 'Ele'ele I'Luna Project. Those funds have been suspended for the last few years because of the budget constraints. But we hope they will come back again because they really do help assist good projects on the island. Other services that are provided through the Housing & Development Division, we have Fair Housing advocate that is Faye Rapozo, I think, as you know. It is a very busy position because we provide assistance to tenants and landlords and referrals and a long with the responsibilities of our Fair Housing Officer, there are workshops and training that are offered. There will be, in fact, a training later this month, in the month of April to help educate landlords and tenants on various fair housing issues.

We also have staff in our Division that administers our Home Buyer Loan Program. This is a program that we have had since 1996 and through this program, through our Agency, we have been able to process over two hundred forty (240) Home Buyer Loans to-date. It has been very successful. It provides mortgage financing at what used to be compared to the rest of the industry very competitive, although that industry is closer now to where we are. But it is an excellent way for us to promote homeownership, especially for households who are below eighty percent (80%) of the median income. Our Division also is responsible for managing the County-owned rental assets and that includes currently one hundred (100) units at Kalepa Village and sixty (60) units in Pa'anau Village Phase 1. We also plan and finance affordable housing projects with private developers. For projects that have been completed that have long-term affordable housing restrictions, we provide monitoring form our Office to make sure that income compliance and rent compliance are preserved throughout the affordability period. We also conduct research and education through various studies, in particular, housing studies that we conduct every few years. Lastly, utilized grants and loans for affordable housing and community development activities. Aging, those come through various sources as I have mentioned, CDBG, HOME, EDI.

Ms. Ka'auwai: For Rental Housing Division, we processed about sixty-seven (67) new participants last year. What that was basically to replace people that were transitioning off the program. We have not, because of the anticipated funding cuts due to sequestration, we were not able to place a whole lot of new participants on the program because we are still unsure exactly how those cuts are going to affect us. It does look like we are going to be able to maintain the current participants on our program even with the five percent (5%) sequestration. Then once we find out what our actual funding and the funding formula will be, we will make a decision as to whether we can pull some people off of our waiting list, and hopefully bring on even have even more people. In anticipation of doing that, our waiting list is closed right now. We have about five hundred fifty (550) people still on our waiting list. But we have hoped, before the sequestration came down, to be re-opening that list sometime later this year. But because of sequestration we have put that on hold. But in the meantime, we set up an online waiting list system so that when we do open the list, we will be able to accept applications online. So, that is going to really help us be more efficient with our application process. Veteran's Assisted Supported Housing (VASH) Program vouchers started last year. We had about fourteen (14) and now we are up to about twenty-five (25). VASH is the Veteran's Assisted Supported Housing Program. We work with VASH social workers to help house chronically homeless people. Then our Family Self Sufficiency Program assisted about eighty-six (86) participants with twelve (12) of them transitioning into new non-subsidized housing, two (2) of them purchased homes.

Mr. Cobb-Adams: If I could, it is not up there. But it is an important thing I wanted to point. Section 8, under Sandy's leadership and the Section 8 team, the sequestration is an issue. But they have also used – it is basically a tool that Housing and Urban Development (HUD) gave to us to use that is a pretty complex spreadsheet that allows you to manage your money, your lease ups on a monthly basis and track that. Why that is so important because it helps you to project out what you are going to lose, when you lease up. It is not only important to project the five percent (5%) loss so that we do not have to take away any. We are able to not take away anybody's vouchers because we are kind of prepared for that with this tool. What is also allows to us to do is keep our lease up at a maximum because if you do not use all your money in this program, you will get cut and we did very well at that this past year and that is something that I want point out, their team was successful. I want to show you what that represents later in dollars.

Mr. Mackler: Some of the successes and achievements for the Development Division, first we would like to talk about Kaua'i Habitat for Humanity and they are 'Ele'ele I'Luna Project. They are about to reach a milestone, which for Kaua'i Habitat is to move forward with development of land that they own in 'Ele'ele on a twenty-four (24) acre site. The County is providing close to two million dollars (\$2,000,000) in HOME program funds to assist Kaua'i Habitat to construct infrastructure improvements which will help them create forty-eight (48) buildable lots, lots that are desperately needed to support their program. We are expecting Kaua'i Habitat to issue out their competitive bid next month for those improvements. Next we would like to mention that the Pa'anau Village Phase 2 project which was completed and dedicated in July of 2012, is fully occupied and is just doing great. It leased up very quickly and very pleased to have been part of that project. I did see today coincidentally that in the Garden Island Newspaper that the contractor, Shioi Construction, who built this project, was recognized for their good work. We are really pleased to see that Conrad Murashige and his team are being recognized because they did an outstanding job on this project.

Mr. Cobb-Adams: I wanted to point out one other thing that I thought was – it is not really our main focus. But ninety-eight percent (98%) of the jobs created by this project were Kaua'i jobs. So, that was cool, too. I appreciated that. It was pointed out in the Garden Island.

Mr. Mackler: This was from July of last year, a photo taken at the dedication. We were very pleased to report that we are moving forward with the Rice Camp Senior House project. We were able to complete the acquisition of two (2) parcels here in Lihu'e in October of last year and we issued out a Request for Proposal to select a development team to develop this project for us. This past March, we awarded development rights to Vitas Group as the developer. I should also mention that two (2) members of their development team include those who worked on the Pa'anau Village Project as well which is Shioi Construction and Design Partners, their project architects. So, we are really happy to see they are working with us to do another quality project. Rice Camp Senior Housing initially will provide initially sixty (60) units of affordable rental housing for our seniors. This is the conceptual site plan of that sixty (60) unit initial phase. These are rendering, conceptual renderings of elevation. Most structures will be single storied.

Mr. Cobb-Adams: Also, I wanted to thank the Council because we would not having able to even purchase this land if you folks did not approved our budget last year, I think it was two million four hundred thousand dollars (\$2,400,000) to purchase this land. So, thank you, folks.

Mr. Mackler: This is a rendering of building that would be placed on the smaller of the two (2) lots close to Rice Street. These are two (2) story elevatored structures. All units will be accessible, all units will promote the concept of "aging in place." Another project we are pleased to be involved is the Kolopua Project. This is the affordable rental project slated for development in Princeville. This is to meet an affordable housing requirement that relates to the expansion of the Princeville Shopping Center. We were able to be of assistance to help resolve of the permanent affordability component of this project and the future land dedication to the County from the developer to insure it is perpetual affordable. There is the concept site plan. It is a little small to see. These are conceptual renderings of elevations, these buildings will be unique. They will incorporate green concepts and energy efficiency throughout.

Mr. Cobb-Adams: I think this is a great project in the sense that it shows how the Administration and Council work together to amend the policy that kind of did not work for a while. But we amended to successfully generate a project, just by making the right decisions. I think it gave birth to a project that is going to, I feel, break ground next year and working with the private sector, I think all together it really works. So, I wanted to acknowledge the Council for helping on that and especially Housing Chair Yukimura for working diligently with us to make this project, I guess, kind of gives birth to it. That is awesome.

I am going to continue on with another project, Lima Ola Master Plan. We received the 2012 Outstanding Planning Award for the Hawai'i Chapter of the American Planning Association which we are very proud of. That is our 'Ele'ele project. We are happy about that success. This project is about seventy-five (75) acres right off of Kaumuali'i Highway and next to the Habitat for Humanity 'Ele'ele I'luna project. The Master Plan community has all types of housing from single family homes to elderly housing to multi-family housing to duplexes. So, it has a myriad of different products for different types of lifestyles. It does have, within the project, great amount of walkability, green energy development concepts. One of the last things done by our Development Division, that we are really proud of, we actually amended our Homebuyer Loan Program. As lending has changed over the last three (3) or four (4) years, we found that we have had to adapt to it. We did an Administration rule amendment a couple of months ago and with that, we think we will have a much more competitive product out there that is going to help people into homeownership. We basically are going to be going out and marketing this new loan program, which goes down to two percent (2%) Home Buyer Loans, both permanent financing, primarily financing and gap financing for first time home buyer. So, we are very proud of this and we will be, like I said, we are going to do a marketing blitz probably at the end of this month and May.

Some upcoming initiatives. Well, we met last week about this in front of the Council and thank you folks for approving our Implementation of our 2013 CDBG and HOME Action Plan. We appreciated you folks approving that. So, we are moving forward on that action plan. We also intend to complete our Lima Ola environmental studies, water master plan, entitlements. So, we basically moved to the next phase after planning for Lima Ola project. Rice Camp Senior Housing, also another one of our top priorities. We are looking at moving through the design and obtaining financing with our partner, Vitas Group. Kolopua Project is in the same phase as Rice Camp and we are hoping that Rice Camp and Kolopua can break ground next year, 2014. Hopefully first or second quarter of next year. Again, it talked about a marketing blitz for our Homebuyer Loan Program which will be coming out at the end of this month. We also have an initiative and we are getting close to wrapping up our internal draft at the Housing Department for adopting of policies and procedures for housing project of Section 201H-038 of the Hawai'i Revised Statutes (HRS). We are intending to assist affordable housing development with this policy. So, hoping by having this policy and making it open to invite development of affordable housing on this island. Also, we are implementing other strategic plan initiatives, which I will be talking about.

Some of our challenges, of course, you folks have been in budget meetings the last couple of weeks. So, you know folks know there are challenges, not just here in County, but at the Federal level. Sequestration, they talk about a five percent (5%) reduction. So, what that can cost us, basically if you look up there from six million dollars (\$6,000,000) to five million seven hundred thousand dollars (\$5,700,000) of Section 8 funding, CDBG being cut from seven hundred nine thousand dollars (\$709,000) to six hundred seventy-four thousand

dollars (\$674,000), and HOME funding from three million dollars (\$3,000,000) to two million eight hundred fifty dollars (\$2,850,000). So, some substantial cuts. We are trying to weather these cuts. The State of Hawai'i, they are feeling the squeeze also. In a nutshell, we get our HOME funding through the State and previous to this year, they were taking equal shares of Administration. Basically increased their share from, I think it was seventy-five thousand dollars (\$75,000) a year to one hundred fifty-thousand dollars (\$150,000) a year. So, they doubled their share and cut ours by thirty-three percent (33%). We are getting less Administration for our HOME funding, which is a bummer, basically. On the other side, we all know costs continue to go up. Just Administration, rents, overall development costs, and need based on our SMS Housing Study are obviously increasing. We are going to need about one thousand one hundred (1,100) units by 2016 according to what they projected in the 2011 SMS study. So, how do we get through this? We put together a five (5) year Strategic Plan which was accompanying this year's budget. Then in a nutshell our mission is to— this our mission, to provide greater opportunities for affordable, safety, sanitary housing, and to promote and sustain community development for the people of Kaua'i. Our objectives in this, or our goals, are to preserve Section 8 housing, increase affordable housing inventory, increase financial stability and staff capacity to support the goals and objectives, promote efficient, consistent, and quality delivery of services, and sustain the community development activities. In a nutshell, no matter where I work, whether it is private or public, I feel that we need to try to treat our company or our organization like it is a private business and it is our own money. So, we are looking at how can we do more with less? That is basically the theme of our Strategic Plan. The objectives, I will not go into detail here. But the objectives are all located in our Strategic Plan which is attached to our budget. If anyone needs to hear more about that, I welcome that conversation and we will sit down and discuss those with you.

To end our presentation, we have a couple of comparative charts that I think add value. I am a visual person and these do an excellent job of telling you where our money is going. If you look at those, majority of our money goes to our programs. Eighty-eight percent (88%) of our money goes to programs, seven percent (7%) to salary, four percent (4%) to benefits, one percent (1%) to other expenses. I think we are running a pretty good ship and we intend to hopefully improve on that. When you look at it from General Funds, this year's budget, most of it is on salaries, obviously. Sixty percent (60%) salaries, but a huge amount is still going to benefits and about four percent (4%) goes to other things. The bottom talks about grants and where our grants go. It is basically similar to the first chart. A couple other comparative graphs talks about programs from 2013 and gives you a comparison between 2014. We are actually decreasing our Administration costs. I think that is just part of our Strategic Plan. We are trying to become more efficient and budget tighter. So, our Administration costs are actually going down from three million dollars (\$3,000,000) to two million seven hundred thousand dollars (\$2,700,000), but we are trying to increase our programs. Basically the reason why we are able to increase our programs with the sequestration is program income. Program income has been vital to keeping us alive and even carrying our Administration costs. Hurricane Iniki was 1992 and although it was a travesty, it also helped our Department because we had a huge influx of money. Thankfully the Housing Agency did an excellent job at using that money and balancing it with production of housing and putting in revolving loan programs. Those revolving loans are essential to keeping our Housing Agency alive and keeping us functional. So, that money is helping us even until today. A couple of comparative graphs that shows Section 8 as to the other grant and funding types. Section 8 is our biggest with thirty-four percent (34%) of our funding coming from there. Next year it is going to be thirty-one percent (31%), I should say this coming fiscal year. This is an interesting graph where we are showing, from an Administrative standpoint, the breakdown between General Fund,

meaning County funds are what I call program income, our resolving funds or our program income is in the green and in the red is the Federal money that we receive from the Housing Agency, just for Administration costs meaning not all Administration costs. But salaries and benefits which is the majority of our Administration costs. We are decreasing the overall amount, but if you look, we are trying to balance out. Last year thirty-four percent (34%) of the funding was from the Feds. We are trying to do forty-nine percent (49%) next year. Part of it is that is due to becoming more efficient of how we use our money and strategic on how we budget. I spoke to earlier, Section 8 did a really good job in leasing up and balancing out our use and because of that, we are hoping, like I said it is a projection, to get more Federal funding even with the five percent (5%) cut Administration costs. So, thank you to Sandy and her crew to helping on that. In dollars and cents, that helps us tremendously so it is very important to manage that and use these new technologies that we have. With that, that ends our presentation. I guess we are open for any questions.

Chair Furfaro: Thank you for a very nice presentation.
Members? JoAnn, questions?

Ms. Yukimura: I am fine with others starting first, if you want.

Chair Furfaro: Why do I not start? We do have some inconsistencies in all Divisions when it comes to recognizing benefits compared to actual payroll and it is even true at the Council. For example, we have not had increases for six (6) years for our staff. But we actually forecasted a potential increase for this time around. In your comparative graphs for payroll and benefits, right under your objectives slide, you show two hundred sixty thousand seven hundred sixty-four dollars (\$260,764) for your benefits against four hundred forty-three thousand eight hundred forty-nine dollars (\$443,849) and yet your benefits really show thirty-six percent (36%). Thirty-six percent (36%), it is actually fifty-eight percent (58%) when you compare it against pure payroll. But you have thrown in a couple other things here making up four percent (4%) for programs and two percent (2%) for other expenses. Are those other expenses and other programs payroll related?

Mr. Cobb-Adams: My understanding and I can clarify this with staff, is our other expenses are other Administration costs, printers, computers, supplies in Administration, other Administration associated costs, vehicles, those types of things.

Chair Furfaro: Why do we have that in a payroll graph?

Mr. Cobb-Adams: This right now, is just showing Administration costs. Sorry, not just payroll.

Chair Furfaro: Okay.

Mr. Cobb-Adams: So, it is showing whatever our Administration costs. We take Administration from different grants and it includes not just payroll, it includes these other types of costs associated with Administration.

Chair Furfaro: Just a note for Ernie Barreira and Ken, we have these inconsistencies across Departments as to what is "payroll benefits" versus what is the terminology here is "administrative costs." These are costs then associated with the Housing Department getting from project to project by a carpool, computers, keeping track

of rents and so forth. So, there is a definition I understand it now. But there is a definition that we need to refine here, Ernie. Medical, dental, life insurances and those are employee benefits related to payroll. This one is now comparing Administrative costs. So, your Department is running fifty-eight point seven percent (58.7%), which is more consistent with the rest of the County as far as payroll benefits. But the chart I have here is all costs related to the Administration functioning, got it.

Mr. Cobb-Adams: Yes.

Chair Furfaro: If you folks do not mind, I will continue with a few of my questions. How did the State justify going from seventy-five thousand dollars (\$75,000) to one hundred fifty thousand dollars (\$150,000) for their fee? What more am I for my fee?

Mr. Cobb-Adams: They basically said that they have been taking a loss and we have program income, so we should use our program income.

Chair Furfaro: That was their explanation?

Mr. Cobb-Adams: In a nutshell.

Chair Furfaro: Seriously, is there a piece of correspondence that says that?

Mr. Cobb-Adams: No, not that I know of.

Mr. Mackler: With respect to the HOME program, the State of Hawai'i could actually retain the entire allocation if they choose to. They are not required to pass it through to outer island Counties although since inception of the program, that is exactly what they have done. In past years they divided it equally among the three (3) outer island Counties. Until recently, last year, where they decided to go on a rotation where they now make the entire allocation available to each County on a rotation basis. But it is their discretion on what to pass through to the Counties.

Chair Furfaro: Okay. So, they have a license to then take more money from us, is what you are saying?

Mr. Mackler: We can think of it as the golden rule, he who holds the gold makes the rules.

Chair Furfaro: But you would think if they went to a rotating schedule from a focus that they had to keep track of three (3) neighbor islands for their distribution. You would think that that would centralize only dealing with Kaua'i County and would be a savings to us, not an additional cost. If you find anything that talks about their rationale, I would certainly like to see it. Yes?

Ms. Yukimura: I just have a follow-up.

Chair Furfaro: Sure, go ahead.

Mr. Yukimura: The State could keep all the moneys, but what record of performance do they have in terms of creating housing units or even taking care of their housing units, right?

Mr. Mackler: Well, it was a policy decision that was made very early on with this grant program. Because the City and County of Honolulu receives their own direct allocation of home funds. The State felt in order to provide benefit throughout the State, they needed to pass money through to each of the islands and quite frankly, we bear the lion's share of the work because we are implementing projects at the local level. They are doing their Administrative work but it is much less, I believe, than what we do here.

Ms. Yukimura: Right. So, the City gets its own allocation that does not go through the State?

Mr. Mackler: That is correct. Given their population, they are eligible to receive a direct allocation.

Ms. Yukimura: They are a different category than we are?

Mr. Mackler: Yes. The State receives, by comparison, the statutory minimum. There are a handful of States throughout the Country that receive the minimum.

Ms. Yukimura: So, it is the three (3) neighbor island Counties that get their moneys through the State?

Mr. Mackler: That is correct, yes.

Ms. Yukimura: And tell me again, what was the cut that they are taking?

Mr. Mackler: Well, they went from taking annually seventy-five thousand dollars (\$75,000) in Administration to one hundred fifty thousand dollars (\$150,000) in Administration.

Ms. Yukimura: The State is who exactly, which Agency?

Mr. Mackler: It is administered through the Hawai'i Housing Finance and Development Corporation, HHFDC.

Ms. Yukimura: Housing Finance and Development. Is that the one Paul Kino sits on the Board representing Kaua'i?

Mr. Mackler: He does, yes.

Mr. Cobb-Adams: If I may, one other thing that I wanted to mention because I think it is important. We receive, every three (3) years between us, Maui County, and the Big Island or Hawai'i County, we receive the same amount as every County. Just something to remember because they give us all the same amount regardless of the size of County or population or anything. So, that is something to be thankful for, I think.

Ms. Yukimura: That is. Although you could also judge by performance and I do not know how we stand in terms of number of units we produce annually or biannually.

Mr. Cobb-Adams: I am not sure. But I am very proud of Kaua'i and I have only been here for a year. But the Housing Agency has done an excellent job. So, I would say we are pretty good.

Ms. Yukimura: Right, which means logically, more Administrative work. Okay, thank you.

Chair Furfaro: Any more questions on this? If you can just follow-up for me, any kind of communication that they gave to you because I would give our Agency an (A). You folks leverage things to the maximum. I think the inventory we have shows it. I am not sure that they understand if they took a bigger share, well maybe they could indicate there is a State project in our County doing that. But there are no new State projects in our County? Okay. Vice Chair, I will give you the floor. I will have questions later. Go right ahead.

Ms. Nakamura: Thank you for your presentation. A lot of successes and achievements in all of your Divisions and you are really to be commended for that. Especially, when you looking at Federal funds for this year and Federal funds for next year, given what is going on at the Federal level that you are increasing the amount of Federal funding by fifteen percent (15%), is pretty astounding.

Mr. Cobb-Adams: That is what we project. Anything can change, these are all projections. But I think it is a huge thing.

Ms. Nakamura: Also, the Family Self Sufficiency Program that is actually getting our families from rental to permanent housing and off subsidized housing. That work is so important and I really want to congratulate you for those achievements. I wanted to ask you about the Home Buyer Program on page 4 of your report, relating to the General Accepted Principles (GAP) Mortgage Program. Gary, you said that is was going to be two percent (2%) financing, is that a thirty (30) year term?

Mr. Mackler: Two percent (2%) or three percent (3%) and in past we have been using our Federal grants to make mortgage financing GAP loans available up to ninety thousand dollars (\$90,000). This is money that helps fill that gap of financing that people need to acquire existing homes.

Ms. Nakamura: If it is up to ninety thousand dollars (\$90,000), how many homebuyers can you assist in the coming year?

Mr. Cobb-Adams: It all depends. Right now, it all depends on the top of loan and how many loans. We are actually in the process of trying to get more money approved for the programs. One thing, if you look closely at our Strategic Plan, our program income, we have a big influx of money. But we have been using it faster than we have been creating income because we are giving such good rates, you know what I mean? We are looking at other ways to get money into program income and balance it out with development moneys. So, it is hard to say how many. We are not like a bank, we do not have tons of money.

Ms. Nakamura: In the past year, how many families?

Mr. Mackler: Well, most of loans we processed are GAP loans. We prefer that it stretches the dollars. I think with the resources that we have on hand right now, and I am speaking of HOME, CDBG and NSP, I think we could do ten (10) to fifteen (15) GAP loans, if they were all GAPs. We also do primarily loans on occasion.

Mr. Cobb-Adams: One thing that drove us to actually change the Administration rules is our Home-Buyer Program has slowly declined in participation and I think that is because the interest rates used go as low as three percent (3%). Now you can get three percent (3%) loans from private. The mortgage rules have changed so some of our requirements in our Administration rule the banks did not want to do GAP loans with us. So, that is part of the other reason why we redid our rules to have a better product and a product that is in line that can be GAP and marriage to primary financing by private lenders. Now, we think we made the appropriate changes. We vetted through HHFDC, they approved it and we are ready to roll it out and we are very excited about it because now we think we can leverage it with private financing a lot better and compete with some primary. So, part of it was just the rules, we had to make those changes because the private guys all made their changes already and move like that, so we had to make ours.

Ms. Nakamura: Thank you.

Chair Furfaro: Questions? Go ahead.

Ms. Yukimura: How many employees do you have?

Mr. Cobb-Adams: We have twenty-eight (28) including myself.

Ms. Yukimura: Okay. That is a relatively small office, if you look at our County Offices. But you have huge successes and achievements that are having very significant impacts on the community in a positive way. I too, want to just commend you for the way you are able to leverage the moneys. I think your graph on slide 28, the circle on the left which is mainly blue. So, that is your total Housing funding and you are showing that County funding or General Fund moneys are a small amount and you are leveraging all of that program moneys. To me, that is very telling in terms of the really fine work that you are doing. My question is about what are the numbers – well, slide 4 and 3, when you are talking about Rental Assistance Division and Housing & Community Development Division, can you or maybe you have and I have not seen it, your numbers for what have you done annually? For example, your Section 8 vouchers, how many people are we serving? You said that maybe it is sixty-seven (67)? No, that is new.

Ms. Ka'auwai: That is just new.

Ms. Yukimura: What is the total number that we are supporting with Section 8 vouchers?

Ms. Ka'auwai: We average about six hundred seventy-five (675) families in 2012.

Ms. Yukimura: Okay, and you have a waiting list of five hundred fifty (550)?

Ms. Ka'auwai: Correct.

Ms. Yukimura: But it is closed now, so there may be a pent-up demand that we are not seeing because we have closed the list?

Ms. Ka'auwai: Correct, yes.

Ms. Yukimura: But you have an online system that is going to allow people not to get on the list, but to say they want to get on the list so we can measure or was I wrong in understanding?

Ms. Ka'auwai: No. It is an online application system is what it is. So, it will allow us to accept applications for a certain amount of time. Then what we are going to do is we are going to do similar to the way Kalepa does it, which is collect as much application we can, determine how much funding it can support, and then we will do a lottery to get the next list in place. We are hoping to do that, depending on funding, hopefully late next year sometime.

Ms. Yukimura: Is there a way to analyze the nature of people on the waiting list in terms of whether they are elderly or disabled?

Ms. Ka'auwai: Yes, I have that data.

Ms. Yukimura: Would you be able to send us that information?

Ms. Ka'auwai: Sure.

Ms. Yukimura: Because that would be helpful. How accurate do you think the list is in terms of how often do you check it? Sometimes it is a waiting list that existed for ten (10) years, or five (5) years, even three (3) years, people actually leave the list without telling you and things like that.

Ms. Ka'auwai: They require us to purge the list once a year, so it is pretty accurate.

Ms. Yukimura: So it is pretty accurate?

Ms. Ka'auwai: Yes.

Ms. Yukimura: That would be very helpful. On the Family Self Sufficiency Program, which I think is a stellar program in terms of purpose, how many do you help there?

Ms. Ka'auwai: Last year we assisted about eighty-six (86) of our participants.

Ms. Yukimura: That is great.

Ms. Ka'auwai: At any given time we have about one hundred (100) people participating in the program and we have two (2) coordinators helping about fifty (50) / fifty (50).

Ms. Yukimura: Okay.

Mr. Cobb-Adams: I wanted to point out it to that Family Self Sufficiency (FSS), it is a grant and the grant funds the positions. What is the percentage of funding? How much does the FSS grant fund in positions?

Ms. Ka'auwai: The FSS funds the two (2) positions. I believe the grant right now is about one hundred thirty-three thousand dollars (\$133,000) per year.

Ms. Yukimura: And that is Federal moneys?

Ms. Ka'auwai: Yes.

Mr. Cobb-Adams: And it has to be written – is it annually?

Ms. Ka'auwai: Annually.

Mr. Cobb-Adams: So, the coordinators also write the grant every year and so that is a great program also because it is kind of self-sustaining.

Ms. Yukimura: Right. Maybe that was the philosophy. It really works to counter the Section 8 Housing Voucher Program in that you have this increasing number of families who need the Voucher Program. If you could get a lot of them off the Voucher Program, that is actually what is called prevention or long-term solutions like teaching a person to fish instead of just giving them fish, that whole idea.

Ms. Ka'auwai: Yes, absolutely.

Ms. Yukimura: Have you given thought how we might increase the impact of this program or even say if we had this many money or these positions, we could get these many off because Section 8 is like year after year, after year, after year funding one (1) person, or one (1) family, or one (1) household theoretically unless you get them off? If you get them off, then you could go to the next round, you know what I mean?

Ms. Ka'auwai: Right. Just to clarify one thing. Graduation from the FSS Program does not necessarily mean that they go off.

Ms. Yukimura: Yes.

Ms. Ka'auwai: They just graduate from the program. It is not like the participants that graduate, actually go off the program.

Ms. Yukimura: That is correct.

Ms. Ka'auwai: I see probably maybe fifty percent (50%) of the people that actually graduate transition off the program at some point.

Ms. Yukimura: Well, yes, and you said this past year maybe, twelve (12) families transitioned into non-subsidized housing and two (2) families purchased homes. So, those would be the indicator of the actual long-term effect you want from the program?

Ms. Ka'auwai: Yes.

Ms. Yukimura: So, of eighty-six (86), there were fourteen (14) that kind of really made it out of cycle, right?

Ms. Ka'auwai: Right, correct.

Ms. Yukimura: So, it is not an easy task.

Ms. Ka'auwai: No, it is not.

Mr. Cobb-Adams: To answer your question, I think about have we given thought to it, we have given a lot of thought. It comes down to the bottom line. Section 8 is a Federal program and they have their type of rules and the people who do succeed I have seen in FSS are those with individual drive or pride and that is basically, they drive because they have to work. They work to improve themselves and that is how they get off of it. It is a difficult thing especially when you folks know how jobs are. It is a hard thing to do, so people really have to work hard, go to school, or find another job and move up really hard. The bottom line is people are driven by different things and different types of incentives. I hate to say it but, the "carrot and stick" and there are not a lot of carrots or sticks in the Section 8 Program to incentivize them to leave it.

Ms. Yukimura: I think I understand what you are saying. There are some people who will say that just the Section 8, even if people are on it all of their lives, especially people who may be disabled or even elderly who are poor on very fixed incomes, because otherwise it turns into homelessness and a lot of other problems for society that it is worth it. I do not know that this program, FSS, would be reasonable to ask for one hundred percent (100%).

Mr. Cobb-Adams: Right. It is a great program. It gives an opportunity for those who want to take on that challenge, the ability to get it and the tools to get there.

Ms. Yukimura: Right.

Mr. Cobb-Adams: I would love to be able to expand it, but we are limited by the resources provided.

Ms. Yukimura: Yes, okay. Thank you.

Chair Furfaro: Mr. Hooser.

Mr. Hooser: Good morning.

Mr. Cobb-Adams: Good morning.

Mr. Hooser: Just some follow-up questions on the Section 8 Program. What is the value of a voucher? Is it a dollar value?

Ms. Ka'auwai: We analyze the cost per unit. Right now, it is about maybe seven hundred seventy dollars (\$770) a month per unit cost.

Mr. Hooser: Seven hundred seventy dollars (\$770) per month?

Ms. Ka'auwai: What we pay out in assistance every month is five hundred thousand dollars (\$500,000) that goes straight into the economy, straight to landlords.

Mr. Hooser: If somebody got a voucher, the voucher is worth seven hundred seventy dollars (\$770)?

Ms. Ka'auwai: Well, it is based on family and bedroom size.

Mr. Hooser: Okay.

Ms. Ka'auwai: So, depending on what their income is, what the bedroom size is, and what the family size, it all comes into play.

Mr. Hooser: Okay. I guess the underlying question was whether the vouchers subsidize the housing cost or do they actually provide people housing? Is it by expanding the number of vouchers you actually put more people into homes or just put more money into the people's pockets who are already in the homes?

Ms. Ka'auwai: Well, I mean, the cost per unit fluctuates basically and it is based on participant income. Basically, what we do is we calculate what their income will be and they pay thirty percent (30%) out of pocket for their portion and then we pay the rest.

Mr. Hooser: So, new people using the vouchers would generally be going out and getting a new home, a new residence?

Ms. Ka'auwai: Correct.

Mr. Hooser: They would be in a multi-family or homeless situation and use the vouchers to go out and find one?

Ms. Ka'auwai: That is correct.

Mr. Hooser: Okay. So, about seven hundred seventy dollars (\$770)? Are there any Counties in Hawai'i that provide vouchers from County funds?

Ms. Ka'auwai: Not that I am aware of. There was, I think, a point that the Big Island was subsidizing some shortfall that they had. But they are not doing that anymore.

Mr. Hooser: Okay.

Mr. Cobb-Adams: As parts of our Strategic Plan we are looking for other funding sources. The Mayor and I did meet with Office of Hawaiian Affairs (OHA) to see if they could – not to provide a program similar to Section 8 and let us run it, mirror it and that thought was for them to I guess, fund those number and that would hopefully open up some on our Section 8 for Native Hawaiians. What they needed was data. So, a month or two (2) months ago OHA did put out a survey which actually came from our Housing

Agency because we had to sign off of it because we did not want to share peoples' information so we sent it out. But they did all the work and that was about a month or two (2) ago by our organization. Then the process of collecting that data and we are hoping, of course, that the data shows there is a need and demand and that they could share. But it is in its infancy stage so that is why we have not showed it. But we are looking at different ways and that is the only one that so far, that we talked to that has moved forward and doing something. So, we are thankful for them taking that first step.

Mr. Hooser: The five hundred fifty (550) people, in round numbers on the list, would those generally be speaking be five hundred fifty (550) people who are either living in a multiple family situation, or homeless, or may be paying rent and just struggling with money kind of thing?

Ms. Ka'auwai: All different situations.

Mr. Hooser: So, five hundred fifty (550), for half a million dollars. Theoretically you could have enough money to – I am not suggesting that the County fund this. But in round numbers, if those vouchers were provided, is there housing available?

Mr. Cobb-Adams: I think.

Ms. Ka'auwai: I have seen been a little bit of a tightening in the rental market, definitely a raise in rents starting now.

Mr. Cobb-Adams: I mean, we just had a meeting this morning with someone who studies housing with our Planning Department and in our type of economy, it is tourism based. The single-family homes or some units tend to – when the tourism goes up, they fluctuate back. I have heard – I mean it is hard. These private people – they say can I get one thousand dollars (\$1,000) or six thousand dollars (\$6,000) a month. The decision – it becomes pretty tempting so we lose a lot of units to that. Like I said right now, I am guessing, but I think it is a pretty good guess, that when tourism goes up and market demand is high for space, we lose our rental market.

Mr. Hooser: I think that is very true. Thank you very much.
Thank you, Chair.

Chair Furfaro: I have one as well, but you go first. Go ahead.

Ms. Nakamura: Just to follow-up on that. With the Real Property Tax changes that were approved recently, is it a tax-exemption if you have a long-term affordable rental? Has that information gone out? Have we publicized that so landowners might take advantage of that and hopefully help the Section 8 families looking for rentals?

Ms. Yukimura: Do you know about it?

Ms. Ka'auwai: I know about it. But that is for Real Property Tax.

Ms. Nakamura: It just seems like something that would directly benefit the Section 8 families or holders. But I do not know. Maybe that is something we might want to follow-up with Real Property Tax about publicizing that.

Mr. Cobb-Adams: Thank you very much. Whether they do it or we do it, that is a great initiative and I appreciate that recommendation. It is kind of good because Steve Hunt knows Real Property very well. I can go talk to him.

Ms. Nakamura: I just wanted to follow-up with Councilmember Yukimura's questioning about how we could have more success with this program. I know that one (1) of the issues that you raised is motivation. Those families really need to be motivated to want to become a homeowner and there is a lot of work involved with that. What could be done to try to increase either with carrots or sticks to incentivize families to move into that direction, just to get off of public housing or subsidized housing?

Mr. Cobb-Adams: I truly believe the start would be education and providing that opportunity. Just knowing how to budget your money. Those small little things can help you a long way, knowing where resources are. Some people are frustrated because they work so hard and they do not feel any progress. So, the education or tools are providing them opportunities. We have our FSS program, but that is not for everyone. If there are other types of programs that could help with people in those areas. I think that would be a good start. Of course, there is a myriad of ways you could promote it. We need to get more inventory for them, also. I think when it comes to just housing, inventory is a huge thing, from a no-cost standpoint, working with you folks on policies that promote either affordable housing development. It takes a lot of thought process, but they could cost us nothing and just promote a certain type of product out there that helps our people of Kaua'i and you marry with that some other type of financial incentivize and you are leveraging your money a lot more just because of a policy. I think those are other things that...

Ms. Nakamura: Do you feel that given the families who are probably in this program, using Section 8, who are not elderly and not disabled, so those are the families who may have the potential of moving out of there, that the need is more Pa'anau-type housing or is it something in between? Is it transitional?

Mr. Cobb-Adams: I would think it is a combination. You want to provide opportunities not just in housing, I think, in job skills and it is hard, housing is just one thing. But you are dealing with multi-faceted issues. But raising income, becoming more efficient, all of those type of things and decreasing costs, of course, all of those are different things. So, we could talk for days about this. Our focus, we try to stay focused on doing housing and that is why if we could provide more inventory that gives them a head start. Now, they do not have to worry about their housing cost or struggle about food, so they can get more education and hopefully get more opportunities. We tend to try to focus on housing. We use our CDBG money to help programs, work with another non-profit to provide these types of educations, but even they are struggling. Our CDBG has gone down. I think, I just read the Federal Administration Report and it looks like CDBG and HOME are things that are going to be shrinking in the budget, even after sequestration. So, it is becoming more challenging and I think that is why, like I said, our Strategic Plan is leveraging and being more efficient and those type of things.

Ms. Nakamura: Thank you.

Chair Furfaro: Let me ask you, you just made an example there of people in the long-term rental and then they drop out for a while when the Visitor Industry gets goo and so forth and then they drop back in. You do know, unless they have an approved Transient Vacations Rental (TVR) Permit they are illegal and you should be working with the Planning Department to turn those people in. Okay? When you use an example, that is the teamwork we need on this thing. Somebody is taking advantage of difficulties in the Visitor Industry and wants to rent long-term and they take it and then when the occupancy is demanding, they jump out to rent the house for full weeks. Please do us that favor. This is a very important topic for us. Let me ask you, what do you owe the success of having more vouchers available to Veterans this year compared to last? I mean it is not much, but it doubled. Is there something happening there that we should know about?

Ms. Ka'auwai: The VASH case workers deserve all of the credit. They are on it. They work with them day in and day out. They are on-call twenty-four (24) hours. They are huge advocates. They take them out. They talk to the landlords. They convince them, give us a try. They are on full-time case management. We will work really closely with these. Barbara Johnson and Renee Rousseau from the Veteran's Affairs (VA) really deserve all of the credit for that.

Chair Furfaro: Right, tell them thank you for the good work from our part. Then we talked earlier about the sequester and you are not knowing yet. When will we know "yet"? Is that June? When do we know for sure the impact will be clear to us on what portion, what amount we would lose? Do you think it would be before the end of this year, this fiscal year?

Ms. Ka'auwai: Yes. I am hoping so. Usually we find out about May.

Chair Furfaro: Okay.

Mr. Mackler: I may add, just for the CDBG grant, although it looks like the five percent (5%) worst case, it will probably end up to be a one half percent (½%) because there are recovered funds that HUD takes back from disaster allocations of CDBG that go used. So, the Director in Honolulu, Mark Chandler, has advised us that the impact for next year will be closer to half a percent. With the HOME program, we are expecting five percent (5%) but we do not know yet because of the State receiving the statutory minimum, the lawyers from HUD and Office of Management and Budget (OMB) are talking to try to resolve that issue. It is uncertain at this time.

Chair Furfaro: But it could be better?

Mr. Mackler: It may end up to be not cut. It depends on what the lawyers cash out.

Chair Furfaro: How will you actually hear?

Mr. Mackler: As soon as the information is available, we receive notification usually through E-mails from the HUD Honolulu Field Office. They keep us in the loop and provide us with very current information.

Chair Furfaro: Okay. Councilmember Yukimura.

Ms. Yukimura: A follow-up on that question about five percent (5%) versus one percent (1%) or one point five percent (1.5%). Is that very smart budgeting happening at the Regional level or National level, this idea of taking unused emergency funds?

Mr. Mackler: Well, I do not think it is because they intentionally tried to recapture emergency funds. I think these are funds that just go unused and return back to the pool.

Ms. Yukimura: Okay. Well, that is good.

Mr. Mackler: So, what we have been advised is plan on five percent (5%), when the grant agreements are sent to the County of Kaua'i, it may end up to be closer to a half percent (½%) in reduction.

Ms. Yukimura: Thank you. May I ask another question?

Chair Furfaro: Yes, continue. Go ahead.

Ms. Yukimura: You cite on slide 24 the SMS Housing Study that projects a need of one thousand one hundred twenty-three (1,123) affordable housing units needed by 2016, two (2) questions about this. How does our Strategic Plan attempt to meet this need, how will it meet the need? Number two question is this need – how do you update it from year-to-year because it somewhat depends as you have indicated on state of the economy of Kaua'i, right? If tourism is up and there is a lot of economic activity, the need goes up because some of the units that used to be available for affordable housing are now either vacation rentals units or they are just long-term rentals priced higher than the need group can afford? So, those are my two (2) questions.

Mr. Cobb-Adams: I think I can answer both of them. Our Strategic Plan aims basically at becoming more efficient. So, doing more with less. From a development standpoint, how do we develop more units with less money, leveraging our money? I can give you an example. Rice Camp. Our intent is to do sixty (60) units and the County is going to be putting in about two million four hundred thousand dollars (\$2,400,000) for the land and one million two hundred fifty thousand dollars (\$1,250,000) HOME funds totaling to just over three million six hundred thousand dollars (\$3,600,000) and we are leveraging that to seventeen million dollars (\$17,000,000) total. So, we are paying three million six hundred thousand dollars (\$3,600,000) for had a seventeen million dollars (\$17,000,000) project to get sixty (60) units. That comes out to about sixty thousand dollars (\$60,000) per unit that we are just paying and we are having the private developer go out and get those other resources. So, that is one (1) way. We are also looking at policy changes. Our Section 201(H), our belief is if you set structure and policies that people know what they have to do, like developers come here. If they know what they have to do to get the project done and it is kind of concrete for them, give them the path. Part of it is that they do not know how government will respond. But if we tell them this is what you need to do and this is what can you get out of it, we make that path clear. We believe by leveraging – we are just leveraging our efforts and coordination, that we want them to develop and bring their resources here. Whether it is making policies like we sent testimony for the Water Board about giving credits or, I guess, incentives to decrease the cost to develop water for projects, or various things, like that. Then it makes it a little more cost effective to do affordable housing. That is another way. A third way is that we are looking at how we can get money? Gary and I have met with non-profits. The Mayor and I have

Mr. Cobb-Adams: Oh, really?

Ms. Yukimura: Over the last twenty (20) years.

Mr. Mackler: Just to add to your comment. We are trying to leverage our money to the extent that we can. I think our 2013 HOME Action Plan, which you approved last week is a very good example of that. That Action Plan will alone through new construction and rehabilitation assists over one hundred seventy (170) housing units. We think we can make quite an impact. We have been running a deficit ever since we have been doing housing studies anywhere from one thousand (1,000) to one thousand five hundred (1,500) or more units. But we focus on increasing inventory and we focus on leveraging our dollars to maximize them.

Ms. Yukimura: Yes, you have all done an amazing job and because of it our homelessness is not what it could be and our families are much better off and there are children that have safe, secure housing where they can do their homework. There are just a lot of implications of this and it is not always apparent. But if you think about it, it is quite remarkable and wonderful what you have done. I will see if there are other questions from others. Thank you.

Chair Furfaro: Members, I am going to go around the table one (1) more time so we can stay on our calendar for the day. Is there anyone who has questions directed at Housing at the moment? Vice Chair, you have the floor.

Ms. Nakamura: In a typical year, the Housing Agency creates, would you say between sixty (60) and one hundred (100) in a good year because last year was a good year? We have Pa'anau coming online. What would you say has been the average?

Mr. Mackler: I would say if you go back and look at the production, the output historically it is around fifty (50) a year.

Ms. Nakamura: Fifty (50) a year?

Mr. Mackler: Average, yes. Of course, we had that large infusion of disaster grant allocation, which helped us tremendously. But I think in a normal cycle, funding resources and projects that we can put in the pipeline to push out is about fifty (50).

Ms. Nakamura: At the State level it is about two thousand (2,000) and that has to go to all the Counties, just to do affordable rentals with Rent Housing Trust Fund and low-income tax credits. It is limiting what can be produced with those funds...

Ms. Yukimura: Is the State doing that?

Ms. Nakamura: Yes, they are, they actually are. We have received funding to do some our projects through the State. But unless we ramp it up and decide we want to increase, we are going to have to put the funding in place through our CIP Budget. If we want to make it more than fifty (50) units per year of affordable rental housing. That is just the reality. We can only leverage so much from the State.

Ms. Yukimura: It is a follow-up.

Chair Furfaro: Go ahead.

Ms. Yukimura: Of the one thousand five hundred (1,500) or so that were done with Iniki money or with incentives and requirements like our Affordable Housing Ordinance, the question that have I never gotten answered is, how many are still affordable because if you have affordable housing that the County has built that is going out of affordability faster than we have putting in, we are not growing at all. I want to remind you that the project by the Golf Course, the Kaua'i Lagoons contribution, went out really fast. It was supposed to last for ten (10) years at Waipouli and it did not even last that long and we did not get to adjust it as we should have. The twenty-four (24) units by the Golf Course went out. It was supposed to be forever. It is no longer available. So, the sixty (60), you have to minus what fell out, then the sixty (60) – I do not know how many we did the year before. The sixty (60) might be a two (2) year quota rather than a one (1) year quota if we did not do sixty (60) the year before and sixty (60) the year before that. It is a moving target and it is really difficult. But I commend you folks to move towards that leasehold system because that is going to keep units affordable, hopefully forever. But my question is, you have to ramp up your ability to follow those leasehold projects and to properly manage and enforce it. So, right now the numbers are not that big, but they will get bigger and do you have plans for – it is just like I have been stressing to solid waste, the issue of contract management. For you folks it is going to be the lease management or whatever.

Mr. Mackler: To answer your question, in Ordinance 860 there are provisions for creating a Community Land Trust to handle that portfolio in the future. We are not close to the threshold yet when that needs to be done. But it was something that was contemplated as part of Ordinance 860.

Ms. Yukimura: I think I have a resource person that I met at the Smart Growth Conference who has been running community housing land trusts. I think in New Mexico, and they probably would be a wealth of knowledge in terms of setting it up. But that is a very thoughtful idea about how we would manage our leaseholds. We are managing some of our housing projects with a private non-profit. So, the model is there. Thank you.

Chair Furfaro: Mr. Hooser and then I just want to say I would like to wrap up Housing here. Mr. Hooser, you have the floor.

Mr. Hooser: Sure. I just wanted to raise another element of housing formula that we have been focusing on the subsidized and getting people off of Section 8 and how do we move forward units. I would like to ask how do we provide a “carrot or stick” to the developers who are sitting on zoned lands that was entitled for years and years and year and whether it is a Water of whether it is just to motivate developers who could develop in Līhu‘e. Clearly there is Molokoa, there is a triangle. We talked about this outside of this meeting. But all of the conversation has been focusing on that element, which is a relatively small element, I think, of subsidized housing that only the County can do. But there is a much bigger element of housing for local people that is not the County’s responsibility to do that. We provide entitlements, we work with developers. So, is there any hope on the horizon for any of these projects or anything that we can do to motivate some of these developers who again, are sitting on zoned land entitled, that could be developed into the affordable housing pool of people?

Mr. Cobb-Adams: That is a very good question. I think we have a number. Right now just from our Agency, we lead an Affordable Housing Task Force and so we try to work with other County Agencies. It is not quite policy, but we try to coordinate efforts especially on projects like the triangle project. So, we have been meeting with Water. We met with a number of different Agencies to coordinate an advocate for a project that is providing product for the people of Kaua'i and affordable housing projects. That is a forty percent (40%) of the project is supposed to be affordable housing. That is one (1) initiative. It is not quite making policy, but it is coordinating efforts and driving that. From a policy standpoint, I think we really need to look at the areas that we want to have more development, like in Lihu'e and provide incentives. Basically developers are pretty simple. It is decreased time or decrease cost. You give them those types of incentives, it happens. If you want to go higher density there is nothing that I have seen other than – or do infill. A lot of times it is more difficult to do infill because you are set by the infrastructure and then to change the infrastructure is much more costly than building new Infrastructure. So, if we want to see more infill, I think we have to create different types of incentives. Maybe, since we have an existing distribution system of water, maybe we should maximize the distribution by creating incentives that decrease facility charges or something. But the Water Department is semiautonomous and they have their own financial problems. It is not a very simple solution thing. But those are the types of incentives that we have to really work together on. It is not going to take one (1) Agency or one (1) Councilmember, or one (1) Administration. It takes everybody cumulatively working together to figure out a number of policies that are going to open some of these doors or incentivize development.

Mr. Hooser: Think about Molokoa over there because there is just a lot of land, it is in an urban area. Do you know, off the top of your head, how many units could be developed that right now?

Ms. Yukimura: How many vacant lots?

Mr. Hooser: Yes, could be. Not how many vacant lots exist, but how many vacant lots can be developed?

Mr. Cobb-Adams: I would not have that off the top of my head.

Mr. Hooser: That area, possibly it could be a tax incentive. If they are zoned but not developed, then perhaps there could be a tax incentive so you could pay for the value which right now, I do not think is happening.

Mr. Cobb-Adams: I think that one is an interesting one. It would not end here. I think that State has some. DOT surrounds that parcel and DOT has some requirements also. So, it would not be just us working, it would be us working with the State. It has to be broader than just the County because we have to work with the State to push those types of projects. So, each project has its own issues. Molokoa I know has some issues that we could try to help with.

Mr. Hooser: In the triangle parcel, how many units?

Mr. Cobb-Adams: I think it is a little over four hundred (400), if not higher than that. It is a pretty decent size and they are just trying to get Phase 1 off the ground which is what we want also.

Mr. Hooser: That is a water issue?

Mr. Cobb-Adams: I think there are couple issues. They are almost finding permitting, but it is a water issue. It is a little more complicated than that because they are part of a huge Water Master Plan. I think we want to treat that project separately and ask the Water Department to do that also. But it is up to them. It is up to D.R. Horton. It is up to us. It is up to the Water Department. There are a lot of facets, but water is an issue, yes.

Chair Furfaro: Let us keep those kinds of questions of development to the CIP meeting.

Mr. Cobb-Adams: Okay.

Mr. Hooser: Actually, I think I am done, Chair. Thank you.

Chair Furfaro: Okay. But I think the questions that Mr. Hooser has raised are worth you looking into and plan to talk about it in CIP.

Mr. Cobb-Adams: Okay.

Chair Furfaro: Go ahead.

Ms. Yukimura: Just to clarify. I have not asked any questions on Lima Ola, but that is my assumption that we will discuss that in CIP?

Chair Furfaro: You were given that assurance from me. We would do that in CIP for Housing.

Ms. Yukimura: Thank you.

Chair Furfaro: I would think these upcoming possibilities could be part of that discussion on Thursday as well. Do we have any questions about operations related to Housing? If not, I just want to ask you at this point, Kolopua, congratulations on that project. Is that project out of Community Association Design approvals as well? It has the snow roof on Hanalei. Has the design community signed off on it? Do you know?

Mr. Cobb-Adams: I do not know.

Chair Furfaro: It is something that is subject to the protective covalence that is in that area.

Mr. Cobb-Adams: I think the design of the roof was to maximize photovoltaic. But we will check with the developer to make sure.

Chair Furfaro: Those snow roofs have not been successful within the community design elements in the past. Then I just want to say thank you very much for all of your work. I think there is a query here to the new numbers. We need to be realistic but with some reach and I want to thank you for your fine job. I am sorry, Housing CIP is tomorrow, not Thursday. So, you have the afternoon.

Ms. Yukimura: I realize that my second question was about the Strategic Plan and one thousand one hundred (1,100) plus housing needed by 2016 was not answered, which is how do you update your database? But I will put that question in writing.

Chair Furfaro: We will be sending that over. Much appreciated, ladies and gentlemen, thank you very much. We are going to break for lunch. When we come back, we are going to talk about Elections and then the County Council. We will be back at 1:45.

There being no objections, the Committee recessed at 12:40 p.m.

The departmental budget review reconvened on April 15, 2013 at 1:49 p.m., and proceeded as follows:

County Clerk

Honorable Gary L. Hooser
Honorable Nadine Nakamura
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro, Council Chair

Excused: Honorable Tim Bynum
Honorable Ross Kagawa
Honorable Mel Rapozo

Chair Furfaro: We are back from our recess from lunch and we are going to cover the Office of the County Clerk as well as the Election Divisions and Council Services. If we could, maybe we go to Elections first. How do you want to do this?

RICKY WATANABE, County Clerk: Yes. Council Chair and Councilmembers, if we discuss Elections Division first, make a presentation on Elections Division, and then allow for questions after that. Then after the Elections Division is completed, then go onto Council Services Division. I first wanted to start out by just giving a short presentation on the mandate for the County Clerk's Office from the Charter.

Chair Furfaro: Okay, very good. For the record, I just want – there was no one this morning to testify and some people came later, but did not come to testify and it does not look like there is anyone here for this section for testifying. Rick, you have the floor.

Mr. Watanabe: Good afternoon Council Chairman and Councilmembers. It gives us pleasure to present our County Clerk's Office budget today. I would like to just start by going down a list of what we are mandated to accomplish by Charter for the Clerk's Office. This is pursuant to Article V, Section 5.01 of the Charter. First of the all we take charge of all and file all records, "records" meaning legal documents, minutes, communications, etcetera, Ordinances, Resolutions, that are enacted or adopted by the Council. We are also responsible for executing and certifying all official documents that are approved. We conduct all elections held within the County pursuant to the Charter and State and Federal Laws, serve as the Clerk of the Council and responsible for recordation and transcribing of the minutes of the meetings held by the County Council and its Committees, we provide research services and record services both to the Council, the public, and when requested, Administration. The Clerk serves as a Department Head and appoints a Deputy County Clerk and hires staff in the Council Services and Elections Division to accomplish these responsibilities that are mandated. To accomplish these responsibilities we have two (2) Divisions within the County Clerk's Office. We have the Division of Council Services and we have the Division of Elections, both perform different responsibilities. However, we have tried recently to get everyone into unity to accomplish the goals of the Clerk's Office in general and not just be an independent and separate entities. We would like to start on page 13 of our handout to you and that is beginning with

the Elections Division. For that, I am going call upon our Elections Administrator, Lyndon Yoshioka. I know you all know Lyndon.

LYNDON YOSHIOKA, Elections Administrator: If we could, a lot of the details are already in the budget document that we provided to you. So, what I would like to do with your approval, is kind of highlight some of the things that we have coming up and that we would like to initiate for the next coming year, if that is okay?

Chair Furfaro: That sounds fine. Go right ahead.

Mr. Yoshioka: Thank you very much. To begin with, goals and objectives for this coming year. We want to enhance some of the capabilities of our Signature Management System and I will speak more in detail about this in a little bit. The second thing we want to initiate is to prepare some general preparations for our anticipated transition to elections my mail. Every year Bills come up and we believe this will eventually become the way that we will conduct elections. But it takes a lot of leg work to prepare because it is such a fundamentally different way to do elections that we are beginning this process now. Then the third thing that we really just learned about a couple of days ago, is we are going to be needing to develop and implement a totally new Voter Registration System and I will get into details at a later point in this discussion. For Fiscal Year 2013, evaluation goals and objectives. 2012 as anticipated, was a really rough election because of reapportion and law suits and earlier primary. It seemed rather routine and uneventful but we need to stress that that was because of the sacrifice and hard work of Staff both in our Office as well as here in Council Services. They provided a lot of support for our operations and we would not be able to do a lot of what we do without their assistance. We want to take this opportunity to thank everyone. We also need to thank the hundreds of people here on the island as well as thousand across the State who volunteered their time to provide services to the voting public. We cannot do elections without them so we want to take this opportunity to thank them. We did provide some notable election specific statistics in our budget narrative. I will not go into much detail, just casually say that we did see some slight increases in voter registration counts. As far as voter turnout, as you all know, Primary Election was disappointingly low. It was not the lowest turnout in the State. Maui County did have the lowest turnout in the primary. For the General Election we had the second highest turnout in the State, City and County had the highest in the General Election. So, just some casual information about that. We did provide detailed turnout statistics in attachment prepared by the Office of Elections, entitled "Election Registration and Turnout Statistics Statewide" which has been updated for the 2012 elections as well. Voter fraud maintenance, we provided some general statistics concerning the file itself and we also provided some general information about Election Day recruitment and training efforts. These are the individuals that really provide the services to the voting public. As far as voter education is concerned, the Young Voter Registration Program which is a partnership between State Office of Elections and Department of Education, as well as our Office did contact all Kaua'i high schools. Out of the eight (8) Kaua'i high schools, three (3) opted to participate. Statewide there were twenty-four (24) public high schools, and thirteen (13) private high schools who participated. The program year ends with the school year, so we do not have any numbers on that. But they generally anticipate about two thousand (2,000) or so new registrants resulting from this particular

program. In last years' presentation we noted that we were looking at possibly micro filming our documents. But after going through and looking at the number of documented to micro film, we opted to postpone that for a year or so. We just did not have the volume of documents that would allow to us gain volume discounts from vendors. So, we will hold off and revisit that in 2014, that also allows us to do some in-house work via a scanner that we have requested for this year. We will now be using digitized images of documents and transfer that to micro film as opposed to having vendors physically take photos of documents as they used to in the past. So, we will be looking at that as well. The 2013 legislature opened with eighty-five (85) election related Bills and we ended submitting testimony on twenty-five (25) separate occasions. We did provide, towards the end of our document, a summary of Bills that are still alive this session. I believe there are seven (7), all of which will be going to Conference Committee to work out disagreements between the House and the Senate, one of which I will be getting into more detail because it does have some significant impacts to our operations.

The final thing that we talked about last session that we would like to follow-up on now is our Signature Management System. We developed, with the assistance of a vendor, a system resulting from a Request for Proposal (RFP) that we issued in 2012. That system significantly improved our operations specifically in the area of the verification of signatures on election documents and return ballots. It really allowed a single person to do the work of perhaps two (2), maybe three (3) people without the systems. So, it really cut down on the amount of time that we had to spend taking care of those – processing of those ballots. For 2014, in order to again prepare for the eventually migration to vote by mail, we want to continue to upgrade the Signature Management System by taking a lot of documents that we currently have digitized and on file and capturing the signatures for those. Basically we are trying to increase the library of signatures that we have that we can use to then verify election documents, absentee ballot envelope, and so forth. We also want to improve the in-house scanning and indexing capability of that system. Those are things that we need to work with the vendor to try to resolve. Elections by mail is something again, that we have been working on for quite some time. Elections personnel Statewide actually are already talking to jurisdictions that already have elections by mail, trying to see what they already do that we can adopt it here. We are all for not reinventing the wheel if it works somewhere else, then we can adopt it here. I think that would save us a lot of time and effort and so we are doing that. Also, evaluating equipment and support services that are an important part of services that we provide.

As far as the 2000 Election and the preparation for that Election, we will be having contests for United States Senate, United States Representative, State, House, Office of Hawaiian Affairs, Board of Trustee, Mayor, and of course County Council. In addition to routine preparation, we are going to be quite challenged by the following items. Poll worker recruitment and retention is a tough process for us. Over the years procedures have gotten so complex, not because we want them to but these things need to be put into place in order to maintain the integrity of the process. So, it has unfortunately gotten that way. The long day just makes it difficult for people to commit. Absentee mail operations, specifically the initial mass mail out appear to be outgrowing the amount of support services that are available in State. We currently only have one (1) vendor State who is able to meet the requirements that we established within that short window that we have to work with and

they also contract with all the other Counties as well. So, they are being really stretched thin in terms of their resources as well. We are looking at perhaps even going out of State to work with some mailing houses on the continent. These mailing houses have been used for Special Elections with the City and County of Honolulu as well as the State. So, it is not like something new. We would be working with hopefully people that are already familiar with what the requirements we need to put into place.

Early voting operations, has the potential to be significantly impacted by House Bill 321, which establishes Election Day or early voting registration. Basically, somebody who may have missed the registration deadline, which occurs thirty (30) days before the election, they can come to early voting, register, and vote if this Bill passes. The current Bill does not contain any funding. However, we hope that while this Bill goes to Conference Committee, funding will be put into the Bill. I do not know if it will or not. But if it does not then this will be purely a County expense because presently early voting is statutorily a County responsibility. We just wanted to give you all a head's up on that. In addition to that, earlier we mentioned about needing to establish and implement a new Statewide Voter Registration System. This is as a result of a Bill that passed last year which established online registration and was signed into law as Act 225. We currently have a Statewide system that is housed and maintained by the City and County of Honolulu. However, we have recently learned, within the past couple of days as a matter of fact, that they will not be able to develop a system or supporting an online registration system. After some discussion, we really have no other alternative but to go and get a new Statewide system developed. Fortunately, there are Federal funds to be used to develop this system as well as funds provided through the Act. At this time, Counties have not been informed of whether or not additional moneys will be required to develop this system. But we are hoping that whatever funds that are presently available will be sufficient.

The final thing that we are looking towards this Fiscal Year is voter education and voter registration efforts will be increased Statewide. We will be doing various registration drives. Dates, times, and places we are not certain at this point. A little too far out for that. But these will occur in the days immediately prior to each registration deadline and they will be done Statewide in conjunction with the media campaigns that the State provides. As far as succession planning is concerned, we do not foresee any immediate departures. However, three out of four (4) permanent staff members will be eligible for retirement in the next seven (7) or ten (10) years. We are already beginning to look at how we can pass on this institutional knowledge. What we do is not difficult, but the learning curve is quite long. It would be prudent for us to start looking at passing on this knowledge as we speak. We have been on some cross training and we are trying to figure out the best way to provide staff opportunities to assume supervisory and leadership positions in the Office. We are working on that as we speak. We have no vacant positions in the Office at the moment and as far as budget is concerned, the reductions are due to the fact that we are in an off-election year and we do not have any significant projects that we are working on. The actual cost projected seems to be consistent with the non-election year budget. That is all I have to offer. I would be happy to entertain any questions.

Chair Furfaro: First of all, I want to thank you and your group during this last elections period that we had the second best turnout. We had really no

serious complaints in our County about the election process. Your staff seems to be very focused and it is very, very much appreciated. Are you on the ten (10) year cycle for your retirement? Okay. You are on the long end of the curve.

Mr. Yoshioka: Unless something comes up sooner.

Chair Furfaro: Okay. In comparing the budget graphics here, we incurred an additional one hundred eighty-four thousand dollars (\$184,000) to actually run the election period comparing 2013 with 2014. Is that what I am seeing here, would that be a right assumption with the temporary staff that we bring in and so forth?

Mr. Yoshioka: Oh, yes. We do require quite a bit of temporary help in the election year because of increasing workload.

Chair Furfaro: So, that makes up the bulk of one hundred eighty-four thousand dollars (\$184,000) variance in comparing the two (2) budgets?

Mr. Yoshioka: The difference between this year and last year? Yes, I believe so.

Chair Furfaro: That is the bulk of it, right?

Mr. Yoshioka: Yes.

Chair Furfaro: The temporary staffing. Have we thought through if the Bill passes, that creates total voting by mail only. Do we know if that is a cost savings to us or a cost increase to us, incurring all the postage? Does it get offset with the number of poll workers that we have? Do you have any idea what might happen there?

Mr. Yoshioka: Initially, it would not be a cost savings because there would need to be some change over in the manner in which we administer an election. A lot really depends on what they charge for postage in the future. Right now, in order to expedite ballots getting out to the voters as soon as possible, we try to send them out first class just so that they get out there as quickly as possible. We try as best as possible to work with the postal service to get the first class postage down as much as we can, without sacrificing those ballots getting out there. It depends on how we set up the mail system. There are so many variables that we have not yet looked at. So, it would be a little premature to say how much of a cost savings would be the result.

Chair Furfaro: But just in comparing the total registered voters for both the primary election and the general election, and it was all done by mail, it is about eighteen thousand five hundred dollars (\$18,500) for postage for each election which would add about thirty-six thousand dollars (\$36,000) to thirty-seven thousand dollars (\$37,000) in postage?

Mr. Yoshioka: I am not sure of the number. But I can go and look at that and get back to you.

Chair Furfaro: I am just taking it off this number we had forty-one thousand two hundred (41,200) potential voters registered. We had twenty-five thousand six hundred (25,600) that actually voted. But if we went to total mail, times the postage, forget the costs related to the printing of envelopes and so forth. It is at least thirty-six thousand dollars (\$36,000) minimal.

Mr. Yoshioka: Well, with all mail voting with the numbers, say for example in 2012, in the General Election we had forty thousand seven hundred thirty-eight (40,738) voters. Each one of those votes – we would be required to send a ballot out to everyone. So, you can take that number, times it by whatever postage rate we could get would be just the postage costs. Of course there would be other expenses associated with that as you mentioned the envelopes. We just cannot get that volume of ballots out in that small window we work with. So, that would require us to contract with a vendor to basically assemble the mail pieces to get those out into the mail stream as soon as possible. It would be a little difficult to guesstimate at this point.

Chair Furfaro: I know it will take some research.

Mr. Yoshioka: We can get that to you.

Chair Furfaro: I would like, if you can, just to have some estimate of what that would bring to Elections as far as costs and all the things that need to be considered along that line. Now you are getting a scanner this year, am I correct?

Mr. Yoshioka: Yes. We have requested for a high speed digital scanner that will be used to support our Signature Management System.

Chair Furfaro: And how are we currently documenting the signature specimens?

Mr. Yoshioka: Right now every voter registration affidavit is scanned into the County's Laser Fiche System. What we do is we then index them with voter information so that we can pull them up randomly. Now, with the Signature Management System, what we want to do is basically take all of those images and the indexes and just crop just the signature. Our system now allows us to – if any of you have voted by mail, you know that there is a bar code on that ballot envelope. That is an encrypted barcode that contains encrypted information which we scan with the scanner and it automatically pulls up the corresponding voter's signature. So, rather than having to manually keying in some information off of the envelope, we just hit the barcode and the signature comes up. That is part of what we envision doing with the scanner just to speed up the scanning process.

Chair Furfaro: That is good to know. In rough numbers, because I sign off on all the travel vouchers, I suspect the issues relating to the past election amongst the State Office and calling the Clerk and Staff into Honolulu, we incurred about three thousand dollars (\$3,000) of travel expenses to participate in those meetings?

Mr. Yoshioka: If you are referring to workshops to support our counterparts on the other end of the State...

Chair Furfaro: Yes.

Mr. Yoshioka: We actually made two (2) trips. One (1) to participate in a workshop on Maui, in Maui County, and another one that was done combined the City Clerk's Office as well as the Office of Elections. Those were the two (2) workshops, of course, Big Island did not provide a workshop. But in all, we spent just about one thousand four hundred dollars (\$1400) in travel.

Chair Furfaro: I guess I am also referring to the number of times that Elections was called into Honolulu for discussion, not just the workshops.

Mr. Yoshioka: Oh, yes. These are standard meetings that we normally hold throughout the year. We tend to meet more in off years than on election years.

Chair Furfaro: Okay.

Mr. Yoshioka: We normally meet at least once a month, sometimes twice a month. My counterparts and I would meet with the Section Heads of the Office of Elections to basically prepare and plan for the upcoming election.

Chair Furfaro: Okay. So, is that reflected in an off year, which this is for travel? Do you feel comfortable with what you have in the travel budget?

Mr. Yoshioka: Yes, I do.

Chair Furfaro: Members, questions for Elections?

Mr. Watanabe: Just to expand a little more what Lyndon responded to the travel question. We also hosted a workshop here for the other Counties' Elections Officials. This was done for the benefit of all of the Counties to standardize and see what each County was doing as far as elections. It was mainly because we encountered some problems on the primary election on the Big Island so we reached out to the other Counties also.

Chair Furfaro: Ricky, am I correct though, when we hosted that other event we did not pick up any costs to be the host?

Mr. Watanabe: No, it was done in-house and pretty much Lyndon conducted the workshop. It was well-received. We got a lot of compliments and it was well run.

Chair Furfaro: Yes. I did see some of the compliments. You are to be thanked for presenting our County Elections Office, as well as you did. Thank you

very much. But those were the costs only related to the two (2) workshops. The question that I had about the other travel related to going to meetings and so forth, that was consumed in your regular travel budget?

Mr. Yoshioka: Yes, yes.

Chair Furfaro: Okay. Questions for Elections? Councilmember Yukimura.

Ms. Yukimura: First of all, thank you for your good work. I think it was notable that we had such a smoothly occurring Election, especially considering all the other problems experienced on the other islands. So, we really appreciate your leadership. This was your second election under the new Clerk? No, first election. It was the first election under the new Clerk.

Mr., Yoshioka: First one.

Ms. Yukimura: So, we had a change of leadership. Congratulations on that. On your statistics for voting, page 14 of your presentation. Shows in 2012 Election there was about nine hundred (900) more turnout in the General Election than the Primary Election and last year, 2010 there was a larger gap between the Primary Election and the General Election.

Mr. Yoshioka: I am sorry, which page?

Ms. Yukimura: Page 14. Which is to be expected. Is there another column you could make in terms of eligible voters?

Mr. Yoshioka: Yes, we could...

Ms. Yukimura: Then voter turnout, do you have the percentages? Yes, you have Primary Election was thirty-nine percent (39%), I guess of those registered to vote and General Election, sixty-two point nine percent (62.9%) of those eligible to vote.

Chair Furfaro: Page 24, Councilmember Yukimura, has a great recap of us and all Counties going back to Statehood in 1959.

Mr. Yoshioka: I do not know if that contains eligible voter counts however.

Chair Furfaro: Yes, it says "registered voters," "eligible," it does not have. You are right.

Ms. Yukimura: Yes. But thank you for referring to that, Chair, because in 1959 the voter turnout on Kaua'i was eighty-five percent (85%).

Chair Furfaro: Yes, unbelievable.

Ms. Nakamura: It was Ninety-four percent (94%) in the General Election.

Ms. Yukimura: Very good. Council Vice Chair is pointing out that in the General Election, I knew it was up in the 90's. In 1959, it was at ninety-four percent (94%). In fact, until 1970, it was in the 90's.

Ms. Nakamura: I have a follow-up question.

Ms. Yukimura: So, now it is at sixty-two point nine percent (62.9%), so sixty-three percent (63%) was last General Election which is a considerable drop. The other statistic that is also interesting is the number of eligible voters. I am not sure how you get that figure. Maybe the census would tell us how many are at least of age to vote.

Mr. Yoshioka: Yes. We actually have something on file that I can provide to you. The thing with the census numbers though, it does contain non-citizens.

Ms. Yukimura: Good point.

Mr. Yoshioka: The information that I can recall does contain non-citizens. But the majority of the numbers reported there would be for eligible voters. So, we can forward that information to you.

Ms. Yukimura: Because if it is sixty-three percent (63%) of those registered, it still may be less than half of those eligible to vote. It would be interesting to have those statistics and I think the Vice Chair has a question.

Chair Furfaro: Nadine, you have the floor.

Ms. Nakamura: Thank you, again, Lyndon for your presentation. Just to follow-up on that point. I recall that what was real striking in previous data that I looked at on who voted, was that in that age group between eighteen (18) and twenty-five (25), there were very few voters, like less than one hundred (100). I would think there are many more in that category that are eligible, but are not voting. I think that data would be helpful, what Councilmember Yukimura is asking for because if we could break it down even by the ethnic groups or by age categories, then you can devise strategies around how to target those groups. There are different ways that people in that age group communicate and it is not by mail, it is not even by E-mail. We need to figure out how to get to those groups, but we will not know unless we have a strategy. I think that that is one (1) of the Charter tasks for your Office, is to get out to those groups. From what I am reading in your report, there are a lot of Statewide strategies. But it would be, I think, good to have County strategies as well. I do not know whether you see that? Is it something that you would be

willing to look at and to try to pursue some County strategies that might be different from some of the Statewide strategies?

Mr. Yoshioka: Most definitely. In fact, Ricky, Jade, and I have been speaking of this and we are trying to bounce some things off of Staff to see what we could do. I would like to note that with the online registration, that I mentioned earlier? That in speaking with my counterparts across the State who have been in contact with other jurisdictions that already have online registration, that seems to be based on what they have gotten from other jurisdictions, a very popular way for younger voters to register because they are online most of the time. An interesting note with that is they have found that once that online registration system is up and running, some jurisdictions reported up to sixty percent (60%) of their new registrations coming from that system. So, once we get this thing up and running and start seeing these things, it might also require us to rethink how we have our operations and maybe start to slowly phase away from paper and utilizing that online system much more. So, things are being discussed and we need to figure out some other way.

Ms. Nakamura: Then, by looking at what those gaps are by eligible voters and people who are actually voting, we can even target ethnic groups that are maybe not voting as much as they could, age groups, I do not know how you break it down. But that is a start by having that good data to work with.

Chair Furfaro: I just want to say, you also might want to follow-up our economy has changed substantially. We have gone from an agriculture, sugar/pineapple economic base to now, what is a resort base.

Mr. Yoshioka: Times have changed.

Chair Furfaro: To target the resort activities as well. Councilwoman Yukimura, you want to add on?

Ms. Yukimura: Yes. Along those lines we could even, sort of like the United Way System, draw upon employers to help register their employees. That is another thought. But what I was thinking of as the discussion unfolded here is the Council might want to convene a group of young people in the maybe sixteen (16), seventeen (17) to twenty (20) year range and have them advise us how to reach their colleagues. That might be an interesting government involvement project.

Chair Furfaro: I like that.

Ms. Yukimura: So, that might be something that Elections would help us with. If we convene a group of young people to advise us on how to reach young people like themselves? That might be a way to involve them in government. Thank you.

Mr. Watanabe: I concur. I think we could proceed. But we would have to take it out a little further because we do not want to jeopardize the integrity

of the system and if the Council were to do it, and not the Elections Division, then there might be a little concern.

Chair Furfaro: I think we meant Elections.

Mr. Watanabe: If that is the intent, then we are willing to cooperate and work together.

Chair Furfaro: If you have a group of sophomores to seniors at the three (3) high schools and the private high schools, Kaua'i Community College (KCC) for their student government activities, and so forth. It might be certainly well worth pursuing through the Elections Division. Vice Chair Nakamura.

Ms. Nakamura: The reason why I see the strategy is so important this fiscal year is because it is a non-election year. So, this is the opportunity to try to push some of this and lay the groundwork for it because we know next year is going to be a busy one for you.

Chair Furfaro: Okay. Continued comments for Elections? No? I am going to give the Administration... oh, go ahead, JoAnn.

Ms. Yukimura: I have one (1) question about your micro filming project. Are you getting advice from Information Technology (IT) on this? Are they involved?

Mr. Yoshioka: No. We have just worked and spoken with vendors that we have worked with in the past, as well as our counterparts who just may have recently done micro filming jobs.

Ms. Yukimura: It may be valuable to just check with them because they are working with documents around the County and they may have come upon certain systems and something that might be helpful or cost effective. I know they are up to their heads in projects. But still, I know some of those projects are about documents and so to the extent that they may have some insights might be helpful.

Mr. Yoshioka: Thank you.

Ms. Yukimura: Thank you.

Chair Furfaro: I would like to know on behalf of the Council asking the Administration, since this section comes under the Council body, is there any testimony that you gentlemen have for us? Yes on Elections?

Ms. Yukimura: I have one (1) question.

Chair Furfaro: Okay. Councilmember Yukimura.

Ms. Yukimura: You talked about the online voter registration that the system presently housed in the City and County will not be available for neighbor islands.

Mr. Yoshioka: No. When Act 225 was signed into law, we approached them to see if they would be able to assist in the development of an online registration system because Department of Information and Technology (DIT) is where our current system resides. But for whatever reason, they indicated that they would not be able to assist in the development or support of that system. So, we have to establish a whole new system with an online registration component.

Ms. Yukimura: Is that County by County or are the neighbor islands going to be doing it?

Mr. Yoshioka: It is going to be a Statewide system, the same as it is now. Basically, they have one (1) Statewide database that we all link into.

Ms. Yukimura: Okay. Are we drawing on IT's expertise in this area, too?

Mr. Yoshioka: The only time IT gets involved in this is to ensure that we can connect to that database and when it gets time for that particular portion of the development to occur, of course we will consult with them.

Ms. Yukimura: Okay. I see that City and County's was managed by their IT Division.

Mr. Watanabe: Yes. They, run, and maintain and administer the SVRS, which is the Statewide Voter Registration System.

Ms. Yukimura: Alright, thank you.

Chair Furfaro: Any more questions? There is no one in the audience to cover this Elections portion. I would again like to say on behalf of the County Council, thank you very much for your fine work.

Mr. Yoshioka: Thank you.

Chair Furfaro: It is much appreciated.

Mr. Watanabe: Now we are going to move on to the beginning of Council Services Division and Deputy County Clerk Tanigawa will make the presentation.

JADE K. FOUNTAIN-TANIGAWA, Deputy County Clerk: Good afternoon Councilmembers, Council Chair Furfaro, and members.

Chair Furfaro: Good afternoon, Jade.

Ms. Fountain-Tanigawa: I can never get used to being on this side of the gallery, it is very awkward. I wanted to start, Ricky touched upon the mission a little bit. The mission of the Council Services Division is to serve the Kaua'i County Council in its legislative function and to provide services to the community efficiently, accurately, and with respect. Our mission has changed. This is the second year we have had the same mission and really wanted to the focus to be on community services, service to the public, as well as really stressing the importance of our employees. Our Division is made up of four (4) sections, which include the Research Section, the Legislative Assistants and the Legal Analysts, Records Management, Support Services, and the Support Services Section with the Secretarial Assistance. The Division goals would be to recognize that all members of our staff are valued and that the contributions they each make strength our organization and help to carry out our mission of efficient public service, to treat everyone that comes into contact with the County Services Division with respect while at same time recognizing the importance of providing exceptional customer service, to efficiently and accurately provide staff and support services to the Kaua'i County Council and the general public in preparation of Council and Committee Meetings, and to perform any necessary follow-up work, and to provide information and related documents on legislative under County matters when requested by the public. We have kind of broken it down into various section summaries with goals and objectives. But that was primarily the highlights of our Division.

I am not sure how much detail you would like me to get into. But there are a couple of things that I wanted to highlight as far as successes and achievements this year. One, in working with the Administration and thanking both Brandon and Mandy, we have received an (A+) rating by the Sunshine Review for government transparency and that was something that was a real accomplishment after so many years of hearing the public not so happy with that type of service that we provided. We have also reorganized the Council's website to be more user-friendly and utilizing Optimum Character Recognition (OCR) software. Council agendas and attachments are available to the County Council's website and it can easily be accessed. But that was not the one I was telling you that you would be very happy to hear. We have established a social media policy which we launched in December which is the County's Facebook page. We have had some interesting results from the Council's Facebook page and it is managed by Yvette Sahut in our Office. We were able to weekly reach about a total of three hundred fifty-eight (358) people, broken down to sixty-four percent (64%) female, thirty-six percent (36%) male. The most popular demographic is about forty-five (45) to fifty-four (54) years old and they are more interested in Council Certificate presentations. I guess normally when they cannot make it, families or grandparents cannot make it when the kids are recognized, and they can easily access the information online. We have developed and implemented the Council Services Media Plan, successfully as Lyndon discussed, carried out the 2012 Primary and General Elections, and we were able to complete the codification of the Kaua'i County Code 1987, which will be available online. That is the one. Yes. In fact, coincidentally enough it is available and online tomorrow. We are at a staff of approximately twenty (20) people, we have four (4) vacancies. Last year when we discussed the number of projects that our Office handles, it was kind of interesting and I do not believe Councilmember Yukimura you were here. I think you had to step out for a little bit. But everyone was quite surprised at the number of projects that small or large that comes across or through the Office. This is from

simple items to more complex. From up until February 28th, we are at four thousand six hundred ninety-seven (4,697) requests or projects and that was pretty significant, about a thousand or so more than last year. This Council has been keeping us very, very busy.

Upcoming initiatives, we are working on formulating a staff survey to identify areas that staff members feel they need assistance with or training with so we can develop more specific training plans. We will also be focused on team building and effective communications. We are currently preparing to host the 2013 Hawai'i State Association of Counties (HSAC) Annual Conference and again, preparing to host the 2015 National Western Interstate Region (WIR) Conference. We will be continuing our succession planning for Council Services and the Election Division. We are also working to develop a County Council community outreach component in order to be more accessible to the public. Often times we have gone into the community for meetings, around the island, and just to kind of find the balance, not everybody can make it into Līhu'e and we would like to kind of go out into each community. Hopefully we can develop something where it is issue driven. So, important to the community, where we can get a lot of community input versus someplace else, where things are not as important or as interesting that week, just the normal Council agenda. That is all I had as far as items that I would like to discuss. We are open to answering any questions that you have.

Chair Furfaro: Jade, can I ask you folks to acknowledge to everybody where our current Business Plan Training for the staff is located. I think Ricky has a copy.

Mr. Watanabe: Yes, we have a copy. One of our Administrative Assistants is in charge with maintaining the up-to-date records of our training that we have undertaken and we will have a copy for all the members.

Chair Furfaro: Just if anybody wants to see the current training.

Mr. Watanabe: We have actually two (2) pages worth of training that we participated in this current fiscal year and we have tried to maximize the use of County offered training, as well as State and in-house and free training, webinars. So, we have been participating in training.

Chair Furfaro: I just wanted to make sure that they knew it was available. This will be our third year that we actually have a Business Training Plan for the staff.

Ms. Fountain-Tanigawa: Another thing I want to at least mention because it is really a wonderful thing. Darrellyne developed this Standardization Guide. She, with Scott, put this together to assist the Clerical Staff in really standardizing everything that comes out of our Office whether it is memos, certificates, everything has a standardized look. It was really important so people would not have to guess and I think it is, for the most part, has served everyone very well. In addition to that, the Clerical Section must really be commended. They have started developing peer training, where they work together. They are able to identify areas that they are either unsure themselves, have

questions about, and both Scott, and I guess, primarily Scott with Darrellyne have worked to have the Clerical person that has a question say whether it is about motions, for example. They would develop a presentation that would be made available or presented to members of their Clerical Team. They would really explain it. So, it really worked to help them learn about motions, answered questions, but also to be able to present and get a good idea and good feedback from their fellow colleagues, really, with questions and they are able to answer. So, we felt that was a really innovative way to get the message across and for everybody to benefit in learning.

Chair Furfaro: I also want to say, I would like to compliment our Staff as different individuals have taken on new types and kinds of key result leaders in certain areas. As you mentioned, Darrellyne, working with our two (2) Clerical people on coming up with standard operating forms. Certainly the command Scott has taken in the budget. I also want to say you mentioned Yvette who handles our public relations communications where necessary. Then we have Ashley, who is kind of our point person for the legislature. Everybody has taken on a little more everywhere to give us some real focus. Then of course, Eddie has been working through the facilities management piece. He is cross trained now to run the meetings and certainly also backup for Elections. So, everybody has taken on some additional work and they have become very effective.

Ms. Fountain-Tanigawa: It is very nice to see and it is nice to see everybody developing and not just staying stagnant, but really developing. It is promising because we have a very young staff. So, it is really good.

Chair Furfaro: I think it is also okay for me to say to the three (3) of you, thank you very much for constantly making improvements, as I know we meet periodically on the needs. But you folks have been very focused on taking on small improvements and it is appreciated. Councilwoman Yukimura, you have the floor.

Ms. Yukimura: Thank you. I have to affirm that there has been such a surge of energy and work and changes since we have had a new Clerk and Deputy and I think it has been very positive. I especially appreciate the openness to suggestions and feedback about how things are working, sometimes not working, but always in openness to take a look and see how to make things better. I think to a person, staff has shown such great effort. I really appreciate that. I had a question about electricity. I see in the notes that that line item has been moved to Buildings, but I would like to request – I mean, first of all, my question is have we achieved what we have wanted throughout the County? That is an energy bill that shows us what we alone are using so that we know we are accountable for the line item or is it there are so many other people on the meter or whatever it is that we have no idea whether we are moving towards saving energy or moving in the other direction?

Ms. Fountain-Tanigawa: It is a little bit of both to be honest. I do not believe that we have an energy bill that we could say is just Council Services or is just Elections. But from my understanding, I know with the Historical Society, Ben Sullivan and his group are going to do net metering and kind of like a pilot project. The one hundred fifty thousand dollar (\$150,000) energy appropriation for our Office was transmitted to the

Buildings Division. They have been paying our energy bill for quite some time, if I remember correctly. So it is to be properly allocated that way. But as far as an energy bill for us, I will definitely check into that and see if we can have an idea of how much we generate and where we can save. I know there is a computer program that will show you when maybe your air conditioner (AC) is a little too low. I think seventy-two (72) degrees is where it should be and when it is at sixty (60) degrees, I have been one to get an E-mail that says Jade, is your AC really set at sixty (60) degrees and have I to send an apology that yes, it is. So, I know they are aware of those things. But I will have to double check.

Mr. Watanabe: Just to provide some clarification. The Historic County Building, we can get an electric consumption.

Ms. Yukimura: We can?

Mr. Watanabe: However, attached to our meter is the Historic Preservation's usage.

Chair Furfaro: Let me get a little clarification so you all know. The first assignment we have given Mr. Sullivan is to either determine for us if we can put the Historic Society on a separate meter or measure the consumption that they have currently so that we can adjust the agreement. Now in the agreement, they are charged with a fixed amount each month. But it is an amount that was determined in the year 2000. So, it is something that he has been tasked with. Now, the rest of the building is on a separate meter and we can get that as soon as we get the Historical Society information correct. The problem with the Historic Society is because of their documents, they are running twenty-four (24) hour AC and it is something that we really need to express to them. They have to pay their fair share because that is what is in the lease. So, that part is happening and Ben has been nurturing that as a side project and I think we will have a conclusion soon.

Ms. Yukimura: So, if we could for a year's goal, this next year's goal, maybe aim to at least get the separation or at least the definition and so that we can track our energy usage. As the County Council, I would love to show an example, "walk the talk" so to speak, since we are asking the other County Departments and Divisions to hold the line on energy. I would like us to see if we can do the same. I know that Eddie is on the Green Team.

Chair Furfaro: Yes.

Ms. Yukimura: And I would like to work with him as a little subcommittee with anybody else who wants to work on all the different ways we might be able to set some sustainability targets for ourselves, whether it is recycling, or energy use, or whatever.

Chair Furfaro: Can I make it official? You have all the parts you just volunteered for.

Ms. Yukimura: I just want to be a peon on Eddie's Committee, is what I want to do.

Chair Furfaro: But one (1) of the things that I am still distressed about, they now read the thermostats and they send you note about your energy reading is set at sixty-eight (68) degrees. But they still have not answered the questions about the chill water. So, JoAnn, would you work on that for me? They have the chill water set too low. It can go up some more.

Ms. Yukimura: I will make sure we will look into that, Chair.

Chair Furfaro: Thank you. Go ahead, you have the floor.
Nadine.

Ms. Nakamura: Thank you very much for your presentation, Jade. I wanted to ask you about your page 9, item number. 7. The County Council Community Outreach Program. Can you tell us a little bit about what is envisioned here?

Ms. Fountain-Tanigawa: This was, in fact, in discussion with the Chair earlier this year, he had – and other members had also mentioned that we really need to get out into the community a little bit more whether it is a meeting once a month in various neighborhood centers. We used to go out into the community and meet when it was issue specific. So, if it was a Zoning Bill having to do with Po'ipū, you would have a community meeting out in Kōloa. But this would be to maybe expand on that a little bit more and to kind of take the Council on the road in various areas to see what the response would be like. I know often times response really is based on the issue, whatever was on the agenda at the time. But we are hoping if people know about it and they have advance notice and we do have something that would be kind of critical or of interest to their community, we could somehow plan the agenda around it and we could get at least get members to come out and sit and have that interaction with the Council.

Ms. Nakamura: Thank you.

Ms. Fountain- Tanigawa: You are welcome.

Chair Furfaro: Mr. Hooser, I am going to give the floor to JoAnn again or did you want the floor?

Mr. Hooser: Just a brief question.

Chair Furfaro: Go ahead.

Mr. Hooser: You had mentioned that there were four (4) vacancies. Is that three (3) plus the one (1) that the Council Services is asking to be included in the new budget or is it four (4) plus one (1)?

Ms. Fountain-Tanigawa: Four (4) plus one (1).

Mr. Hooser: Four (4) plus one (1), because I believe in the last conversation I had, it was three (3) plus one (1). There was an Analyst, a Clerk, and I think a Secretarial Assistant.

Mr. Watanabe: The one that we missed was the Administrator's position.

Chair Furfaro: Ricky's old position.

Mr. Watanabe: My former position.

Mr. Hooser: Right. I thought that question had been asked.

Mr. Watanabe: I thought we had removed it and dollar funded the position. However, it is in the budget.

Mr. Hooser: Okay. So, that is four (4) plus one (1) that we are requesting in the new budget.

Ms. Fountain-Tanigawa: Yes.

Mr. Watanabe: Well, we are not requesting four (4) plus one (1). We already have four (4).

Mr. Hooser: Right. You are requesting one (1).

Mr. Watanabe: We are requesting one (1).

Mr. Hooser: So, that would be five (5). What is the dollar amount for the one that I missed?

Ms. Fountain-Tanigawa: The Council Administrator is approximately ninety-five thousand dollars (\$95,000).

Mr. Hooser: Thank you.

Chair Furfaro: And that again, I want to point out to Mr. Hooser, that was Ricky's position which we are actually operating without that being filled now. The other three (3) positions are the vacancies from Elizabeth, our Analyst that went over to the Prosecutor's Office, and...

Mr. Watanabe: Morgan.

Chair Furfaro: Oh, yes. Those are the three (3) we talked about. But we have not made any plans about that other position you just heard about today.

Mr. Hooser: Right, because I had several conversations and we have been discussing three (3) vacant positions. This was the first I heard that we had a fourth one. So, that is why I just wanted to clarify that. Thank you, Chair.

Chair Furfaro: I think some of us assumed it was not funded. But it was as we looked at it again this morning.

Mr. Hooser: Thank you.

Chair Furfaro: I want to reconfirm at this time, Mr. Hooser, you folks do not have a plan to fill that vacancy as it is showing?

Mr. Watanabe: Not the Administrator's position. That position was kept in because I came from Civil Service.

Chair Furfaro: We understood what we were required to do for one (1) year there. Gary are you finished? Do you have any more?

Mr. Hooser: No.

Chair Furfaro: Okay, JoAnn.

Ms. Yukimura: It is a follow-up. On page 12 you have the positions listed. So, the Council Services Administrator is the ninety-five thousand dollars (\$95,000), is that what it is at?

Ms. Fountain-Tanigawa: Yes, it is.

Mr. Watanabe: Yes.

Ms. Yukimura: Then the Legal Assistant position is?

Ms. Fountain-Tanigawa: The Legislative Assistant.

Ms. Yukimura: Legislative Assistant, I am sorry.

Ms. Fountain-Tanigawa: Approximately fifty-one thousand dollars (\$51,000) or fifty-two thousand dollars (\$52,000).

Ms. Yukimura: And then...

Ms. Fountain-Tanigawa: The Secretarial Assistant is forty-two thousand dollars (\$42,000) – forty-three thousand dollars (\$43,000). Thank you.

Ms. Yukimura: Then the Council Services Assistant?

Ms. Fountain-Tanigawa: Thirty-five thousand dollars (\$35,000).

Ms. Yukimura: And the Secretarial Assistant that we are requesting?

Ms. Fountain-Tanigawa: I believe thirty-five thousand dollars (\$35,000).

Mr. Watanabe: Thirty-five thousand dollars (\$35,000).

Ms. Yukimura: Okay. Thank you very much.

Chair Furfaro: We are pushing 3:00. We had planned to be finished at 2:30 today. Are there any more questions for the Clerk or for Elections? If not, I am going to let Mr. Heu come up. He has a question. You folks, thank you very much. Unless it is a question directed at you, I will not need you to come back up.

GARY K. HEU, Managing Director: Thank you, Chair. Aloha members of the Council. I did not so much have a question as I wanted to make a few comments. Number one, I wanted to say thank you very much to Ricky, to Jade, and the entire Council Services Staff. They have been of incredible value as we have tried to work ourselves through this new type of budgeting process. Just the working relationship that exists between our Budget Team, as well as Council Services has been of immeasurable value, I think, in terms of even though it was a very difficult budget to deliver. I think that open communication and exchange of information was very helpful in the delivery of that budget. So, we thank them for that.

I was not here on Friday, when apparently there was a discussion on the floor regarding a line item in the Mayor's Office budget. The Mayor's contingency line item for about five thousand dollars (\$5,000) or so. I went back and I reviewed the tape over the weekend to see where the discussion was heading and all. I just wanted to provide some clarification on the floor relative to that particular line item. That line item is a text for a line item "Other Services" and will you find that same line item in any number of Departmental budgets. The purpose it serves is the same purpose that some line items in the Council Services budget serve. I think in Council Services you have line items titled "Other Services," you have "Special Projects and other Commodities." Our line item as far as Special Projects goes, is used there the same type of way. So, in other words, I think it is just good for the public to understand because they hear the Mayors contingency and they are thinking oh, is the Mayor going out and having free lunches on the County and that sort of thing and that is just not the case. That line item is used for Very Important Person (VIP) honorariums. In other words, if we have dignitaries coming in from other Countries and the Mayor wants to present them with leis or that a gift of that sort, it comes out of that line item, just like it would if the Council was recognizing some dignitaries and that sort of thing. I just wanted to get that on the floor, so that again, to clear up any public perception that those funds are in any way used for special privileges for the Mayor himself. That is just not the case. The other thing I wanted to mention, the way I view it, it is kind of like you have got the legislative branch or as I view it, the legislative Department and under that Department have you various Divisions. You have Council Services, you have the Elections Office, and then you have the County Auditor as we see it. So, there was discussion on the floor and I know – and I am sorry he is not here today, but

Councilmember Rapozo seemed fairly upset that there was a dollar funded position in the Auditor's Office and questioned whether it was appropriate for the Administration, the Budget Team, the Mayor to take that sort of action? While it may seem objectionable to certain people that action was taken, the bottom line is that per the Charter, the Mayor is irresponsible for submitting a balanced budget. Beyond that it is pretty much a wide open game. I think for this year, this year I think was the first time that some of the legislative Divisions came over and actually went through their budget with the Budget team, just like we have all the rest of our Departments come through and made their presentation to the Budget Team. So, Jade and Scott came over and presented the Council Services budget. Ernie and his team came over to present the Auditor's budget. So, there was that back and forth discussion there. I think there was representation that there had been no notification or indication that that position was going to be dollar funded and without going into great detail, my understanding is that, in fact, there was discussion that notification was provided relative to that position being dollar funded. I just wanted to correct the record on the floor and kind of set that record straight. Again, I think as a matter of practice, that is true that I think that if we look back over the decades, there has not been very much of the Administration reaching into the legislative branch and fooling with their budget. But the bottom line is that you folks also have your opportunity to make adjustments to that budget. As an example, if the Mayor for some reason saw a line item in Council Services that he thought was inappropriately funded, he could have made the adjustment, it would come over here, and then you folks would have deliberated and said no, we think we need to adjust that. That is just how process works, it is not good, and it is not bad. That is just how the process works. So, thank you for letting me have this time to put that on the table and make those clarification. Again, the bottom line I think, is it has been a very good budget process up to this time and we certainly appreciated the openness and dialogue that we have been able to have with your Staff, as well as you, Chair, and members of the Council. Thank you very much.

Chair Furfaro: I would like to have a moment with you and Steve after this meeting.

Mr. Heu: Sure.

Chair Furfaro: If we could talk and I have a comment to that. But, JoAnn, you have a comment?

Ms. Yukimura: Yes. Thank you for your comments today. The way I have seen it is that there is this system of government with checks and balances. I think we learned that in high school. The Mayor's check on the Council is his veto power, his budgetary power. Our check on him is our budgetary power. So, that is what I learned United States Government is about and same thing with the Auditor and the Prosecutor, who are somewhat independent kind of entities in the County. The Council has a check on their budgets. They have a check on us, in terms of their mission and responsibilities and that is sort of how I think government is set up. Sometimes the checks and balances do not work well for a variety of reasons. But in general, that is the balance that the system is trying to strike. So, thank you.

Mr. Heu: Thank you.

Chair Furfaro: Gary just quickly. Actually this was the second time we have sent our Staff over to review the budget. We did last year as well, just so that you know. I know there was a lot going on for you last year and we did not see you as often here, but they are going over at any direction.

Mr. Heu: I appreciate that.

Chair Furfaro: They will continue to as long as I am Chair. On another note, I do want to say to you though, when it comes to the Auditor, informing the Council management about moves with the Auditor. The Auditor does not report to them. The Auditor reports to me. I am the Council Officer as the Chairman and that is where the liaison is. I found out about the dollar funding after the discussion had already taken place. I am saying in the future, if there is discussion about doing something in the Auditor's budget, please feel free to call me.

Mr. Heu: I appreciate that and I will have to go back and double check because I was assured that there was discussions.

Chair Furfaro: Depending on what you call a "discussion," I was told. I did not have an opportunity to discuss. There is where the difference lies and the fact of the matter, as the Chair, I have interaction with the Clerk and the Deputy Clerk. I have interaction with Elections and I have interactions with the Auditors specifically by Charter. I heard about it two (2) days after the change was made and what I am saying is that we are separate and different from you folks and our process was – the narrative along with that was well done by Councilwoman Yukimura. It is called "checks and balances" and five (5) votes to override a veto by the Mayor. But it was not discussed with me. I was informed that it happened.

Ms. Nakamura: Just to loop back around to your first item, Gary, regarding the contingency fund for the Mayor. I just to let you know, the way I left it and my feedback was that I did not think that it warranted a high priority on the Auditor's list in this upcoming fiscal year. I did not – because we, through that discussion, clarified that the Council does not have a Discretionary Fund, we do not know about that the Prosecutor and Mayor had this five thousand dollars (\$5,000) Contingency Fund, that I did not think that warranted the kind of attention for the Auditor's Office because I think there are many other priorities. I just wanted to let you know that was my opinion.

Mr. Heu: Thank you.

Chair Furfaro: If you followed the rest of the dialogue, I do not think any Councilmembers really felt that it was that kind of priority and we certainly do not want to send our Chief Executive Officer out into the world with sister-cities and entertaining others, that he had no money to do any justification for entertaining. I think that was a mutual feeling.

Mr. Heu: Thank you.

Chair Furfaro: Would you concur with that? Okay. Gary, thank
you very much.

Mr. Heu: Thank you very much.

Chair Furfaro: If you and Steve could give me a minute, I would
really appreciate it. Thank you so much. We are in recess until tomorrow morning 9:00.
We have Planning 9:00 to 12:00. We have break for lunch at 12:00 and then we go into CIP.
For the Administration, I would like to start with Housing and Transportation for the CIP
review tomorrow. Housing first, yes. We are in recess.

There being no objections, the Committee recessed at 3:10 p.m.