

The departmental budget call-backs reconvened on April 22, 2013 at 9:05 a.m., and proceeded as follows:

Economic Development Workforce Development and CIP

Honorable Gary L. Hooser
Honorable Nadine K. Nakamura
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro (*Left at 12:22 p.m.*)

Excused: Honorable Tim Bynum
Honorable Ross Kagawa

Chair Furfaro: *Aloha* and good morning. I am going to call back our ongoing Budget talks from recess. I want to make a couple of announcements before we start. I want to review today for the purpose of saving any moneys and remind you folks that the May 8th communication that comes over from the Mayor on the Budget is, in fact, not a new bill. It is a communication that they have an opportunity to make any suggested changes based on what might be the Legislative outcome and what might be a closer point as it relates to any significant changes, especially any labor agreements that are negotiated prior to that time. May 8th is a communication. It is for our intent to work off of a May 8th schedule that they resubmitted to us if they have taken into consideration the commentary that we shared with the group. Then starting from May 9th, we have three and a half days to begin our Decision-Making. Our decision-making is Thursday, May 9th; Friday, May 10th; Monday, May 13th, and Tuesday, May 14th. Tuesday is for half a day. That is not a period for call-backs but I want to ask you folks to think about that today if you want call-backs that are scheduled for Thursday and Friday. If we do not use that, we will save the money allocated for Hō'ike and others for this Thursday and Friday. Keep that in your minds today. Again, when the May 9th decision pieces start, this is not a period for call-backs. Those are the dates that we will be doing the plus and minuses. Again, the public hearing is May 1st and the public will have an opportunity to comment at 5:00 p.m. on the Budget as we have gotten to this particular point. That will be the Operating Budget, the Capital Improvement Projects (CIP) and the Real Property Tax portion. We need to post the actual amendments by the 15th in a Special Committee of the Whole for the changes that we have. I want to ask again that you members are making appointments in two (2) hour increments to discuss with the Budget Staff. I hope you folks have been able to do that from the 29th. That is your opportunity to give comments and feedback before we actually get to our own decision-making on May 9th. That is the next day after the Mayor has submitted his communication for any changes. Then for the 9th, 10th, 13th, and 14th; we will work through the amendments that we have as proposed. Now Scott, today we are going to start at 9:00 a.m. to 11:00 a.m. with the Office of Economic Development. Scott, you heard my announcement. If we have anybody that planned call-back for Thursday and Friday, we would like to know by the end of today so that we could actually save some money on the schedule arrangements for Thursday and Friday.

Mr. Rapozo: I have a question. I guess it is a request and maybe that we can send over. It is a general question for the Administration. I know when we started the Budget discussions, Mr. Hooser asked, and I forget which Department Head or who it was, but he asked if there was a possibility that departments could reduce their budgets even further by—I believe he said five percent (5%) was the recommendation. I cannot remember who was on the stand at the time and that person said, “We are really, really thin.” As I have been trying to digest the discussions over the last few weeks, realizing that cuts are going to have to be made, I would ask that we send a communication over to the Administration to revisit that opportunity to reduce because you touched on the collective bargaining agreements that are going to be coming out. There are no reference or reflection of that in this Budget.

Chair Furfaro: No. There is no reference to collective bargaining. If the Administration sees it different than I do right now, there is none referenced in the Budget. I think your point is well-taken and that is the purpose of the communication back to us on May 8th. The suggestion will go over again based on the fact that I believe Units 3 and 4 settled a tentative agreement yesterday with four percent (4%). We have not heard from anyone else but obviously, those are the kinds of things that the Mayor needs to reflect in his May 8th communication to us. I think that is a good point and we will send that reminder back over.

Mr. Rapozo: Thank you, Mr. Chair.

Chair Furfaro: Okay. Now on that note, the second part of today at 11:00 a.m. to 12:30 p.m., Council Vice Chair has an excused absence during that period. Finance is back on to talk about credit, collection, and merchant services. Mr. Kagawa has an excused off today and Mr. Bynum has an excused absence for today and tomorrow. On that note, may I call up the Office of Economic Development? Is there anyone here in the audience that is here for public testimony? I see another hand in the back. Lonnie, why do you not come up first?

LONNIE SYKOS: Good morning, Council Chair and Councilmembers. For the record, my name is Lonnie Sykos. Thank you for the opportunity to speak this morning. I am trying to follow the shifts in schedule here, but I am prepared today to talk about the Department of Personnel Services and the interrelated areas of procurement and the rest of the administrative functions that they have impact on.

Chair Furfaro: Excuse me, Lonnie. It will not be counted against you here, but I want to make sure you understand that these shifts in schedule of dates have always been posted as call-backs. If we were not able to cover the appropriate topic when it was posted—because every day we are in recess. It is only being reallocated to what was posted as a call-back day.

Mr. Sykos: Okay. The first thing I would like to ask is the terms of our Human Resources (HR) settlement through the courts a number of years ago. Is the Council aware of what the terms of the settlement are? I came to the County Council several years ago when I was told that the Council was not. I also went to the Cost Control

Commission who also said that they were not aware of what the actual terms were. Regardless of what secrecy agreement was made regarding the settlements, the terms of it that impact the public are public information. We all realize we need to reform our HR and Personnel, our Loss Prevention and Safety; all of these interconnected functions. My question is since we have been sued repeatedly, it is impossible that a judge has not told the County something about changing our current operational system. I would like to know, the public to like to know, what has the court actually ordered us to do? It could be a generic statement. It could be a very specific list. This is not uncommon that courts do this. My maternal family has been self ruling themselves in the United States—well, before it was the United States. There are about three hundred fifty (350) years of history in the US of local government, State government, and Federal government having to get its act in order and redo how they provide administrative or other functions. It is kind of difficult to try and provide some guidance or advice to the Administration about what to do about HR and Personnel if we do not know where we are trying to get to. The cost of our HR settlements, our internal legal expenses, and the loss of productivity by our workers, who are tied up in doing this instead of what their regular jobs are, appears to be many millions of dollars over the last five (5) years.

Chair Furfaro: That was your first three (3) minutes, Lonnie.

Mr. Sykos: Thank you, Jay. From my perspective, that money would have been a lot better spent on modernizing our system, not doing whatever we are doing which continually fails to modernize our system. There are some serious issues that are hidden in all of this. One (1) of them is, “Does the bond market know that we do not have a legal HR system?” Do they know that our Loss Prevention and our Safety do not appear to function very well? This could have huge, dramatic impacts on our financial position, not to mention the lawsuits themselves draining our economy. I am here to ask of all of the administrators and managers that we have in our payroll for HR and Personnel, who of them has an educational background and a life’s experience not in managing an already functioning HR system, which anybody who has come up through the County has never worked in a legally functioning HR system. Who have we brought in that has a life’s experience in lead us how we go from basically twenty (20) to thirty (30) years ago to today, in compliance with all of the things that we are not in compliance with? These are very technical skills in the system’s management world and most entities do not have people like this on their payroll. They are specialty jobs that are done for a period of time and then your system no longer needs to be designed, but just managed and managing for what the future will bring. When personnel and everybody comes up, who has the background to say, “Yes, I know how to do this, and not only do I know how to do this, if you give me the authority and the responsibility, you can hold me accountable for whether or not I succeed.” I have been watching for about five (5) years of this whole thing just going in circles. Even two (2) months ago, Personnel or HR was in here and made the comment that they were going to hire a consultant as soon as they could figure out how to circumvent State Procurement Law. They wanted to have both the designer and the supplier be the same party, which State Procurement Law prohibits. Our procurement policy is corrupted at the very beginning of designing HR, and so if we start out with the corrupted process, what makes us think we are not going to have a corrupted end product? That is my six (6) minutes. Thank you very much, Council. Good luck and may the wisdom of Solomon be

upon you all, and the Administration. I give my thanks to the Administration for at least realizing that all of this needs to change and doing their best, which is insufficient, but doing their best to make this happen. Thank you.

Chair Furfaro: Lonnie, may I ask you also in pursuit of this information that you would like, with the exception of any settlements that are not closed...

Mr. Sykos: Correct.

Chair Furfaro: You could certainly use a UIP process for a request. If you would like some information on it, I would be glad to share it with you. If you would like to see the financial pieces offer legal expenses, you can do that directly with the County Attorney's Office. We do have people available to us from consulting services that assist us in us doing our due diligence, as it relates to other labor agreements and so on, but I can assure that that legal consultation is available to the Administration. Certainly, our discussion about our insurance exposure is an important one because that is Loss Prevention. Thank you very much for your testimony.

Mr. Sykos: Thank you very much.

Chair Furfaro: Come right up.

BOB CRAVER, Race Director for the Kaua'i Marathon: Good morning Council, Bob Craver, Race Director for the Kaua'i Marathon. I would like to thank you for this opportunity to present a little information on the marathon. I do have a handout here for each of you. First of all, I would like to say that the marathon when it was initially set up by Jeff Sachini as our founder in 2008, it was set up as a 501c3, Hawai'i Non-Profit, and it was never the intention to make a large profit on this event. The intent was to put on a healthy community event, involve the community, provide strong economic impact from the event, and also to be able to give back money to local non-profits. In the first four (4) years we have done that. We have not turned a large profit. The past couple of years we have broken even or made a very small profit but we have been able to give to the charity and have a significant impact, we feel, on the economy. Based on the first four (4) years plus our forecast for this year, I have some bullet points here that I would like to just run through. We will have had over five thousand (5,000) participants come to the event from outside of the State, using the state multiplier of 2.3 visitors would mean that 11,500 people have come in from out of the State for the marathon. The total economic benefit based on the State Department of Business, Economic Development, and Tourism (DBEDT) read formula will be over fifteen million dollars \$15,000,000. Over the five (5) years, our total budget of about two million dollars (\$2,000,000)—over nine hundred thousand dollars (\$900,000) of that has remained here and spent directly on Kaua'i. Our marketing budget marketing Kaua'i the destination, not just the marathon, will be over two hundred fifty thousand dollars (\$250,000) total in the five (5) years. Donations to Kaua'i non-profits as of the 2013 event will be over seventy-five thousand dollars (\$75,000). We have received financial support from the County for the past three (3) years; our past two (2) years plus 2013. We have broken even or made a very small profit. Actually in 2011-2012—and we are forecasting the same for 2013. Without County funding, there is no way that would

have ever happened. Our cash sponsorship and participation growth has not been as strong as what we originally forecasted when we started with the event. Cash sponsorship from Kaua'i businesses has grown slowly. In 2011, ten thousand dollars (\$10,000); 2010, twelve thousand five hundred dollars (\$12,500); 2011, thirty-five thousand dollars (\$35,000); and in 2012, thirty-seven thousand seven hundred fifty dollars (\$37,750). Here to date, for 2013, we have raised forty-five thousand seven hundred fifty dollars (\$45,750), which is still growing. We partnered with the Kaua'i Visitors Bureau and the County for the past four (4) years with the Iwaki City Marathon. That has producing course records by our winners in the event. We have hosted national writers for the last four (4) years that have produced several articles, both in print and the internet.

Chair Furfaro: Bob, that is your first three (3) minutes. You have an additional three (3) minutes.

Mr. Craver: Thank you. We created the Grand Hyatt Kaua'i fifteen thousand dollar (\$15,000) Speed Challenge in 2010. That enticed a great deal of elite runners to travel to Kaua'i over the last four (4) years, and continues to create great press opportunities for us. We only had to pay that out one (1) year. We made the target a little tougher for the next couple of years, so hopefully we do not have to pay it out. We utilized Dean Karnazes, the Ultra Marathon Man and Bart Yasso, the Chief Running Ambassador for Runner's World Magazine. Dean has been here all four (4) years. Bart has been here the last three (3) and both will be back next year. Last year for the first time, we facilitated a shadow half-marathon at the Pasha Army Base in Afghanistan. On September 2, 2012, providing medals and shirts to all participants and we are going to continue that program again this year. We partnered with the Chamber of Commerce—excuse me, I missed one there. This year we created the One Grand Mile Charity Campaign, with a goal of providing twenty-six thousand dollars (\$26,000) to Kaua'i's charities. We already raised fourteen thousand dollars (\$14,000) for this program and one hundred percent (100%) of that money will go directly back to the non-profits. We partnered with the Chamber of Commerce and hosted a recent after hours party in conjunction with The Grand Hyatt. We developed a special promotion with the Chamber members for the month of April. We were honored with the top one hundred (100) status on Bob Anderson's website called "bestroadraces.com." He is the founder of Runner's World Magazine and participated in our half marathon last year. I wanted to point out that too, that the Maui Marathon has been around for almost forty-three (43) years and in its 41st year, it received twenty-five thousand dollars (\$25,000) in County funding. In its 42nd year, it received eighteen thousand dollars (\$18,000) in County funding. The bottom line is if we are to continue to produce this event at this magnitude and produce a world class event as we have been, adding new programs, youth-oriented programs, produced a television show, and bringing in riders for travel and trade publications to further promote the event and the island; we do need continued County support. Thank you.

Chair Furfaro: I guess our concern would be, and that is for a later topic with George, this year's contribution would be how much?

Mr. Craver: Eighty-five thousand dollars (\$85,000).

Chair Furfaro: The Maui contribution is how much?

Mr. Craver: I think Maui is eighteen thousand dollars (\$18,000).

Chair Furfaro: Obviously, we are hoping that we can see a margin shrinking.

Mr. Craver: Yes. I think the request was for twenty-five thousand dollars (\$25,000) for the 2014 event in Nalani's presentation. If we could receive twenty-five thousand dollars (\$25,000), that would still enable us to do everything that we are doing, as our sponsorship grows with other local businesses.

Chair Furfaro: That is the reason I raised that question. Her presentation for the following year was twenty-five thousand dollars (\$25,000).

Mr. Craver: Correct.

Chair Furfaro: Thank you very much. Joann has a question for you.

Ms. Yukimura: Hi. Thank you for all of your efforts. The first statistic of five thousand (5,000) participants, that is the over the periods of...

Mr. Craver: Through 2013.

Ms. Yukimura: It is accumulative, right?

Mr. Craver: Yes.

Ms. Yukimura: Okay. This year, you are asking for how much?

Mr. Craver: For 2014, the request was twenty-five thousand dollars (\$25,000).

Ms. Yukimura: Okay. Thank you. I think it is been a very good event and I appreciate all the work that has gone into it.

Mr. Craver: Thank you.

Chair Furfaro: Since your request has shrunk, obviously, the first years that we invested in it have hopefully given it some momentum so that we can look at this lesser amount that you are requesting now.

Mr. Craver: Thank you.

Chair Furfaro: Thank you, Bob. Is there anyone else who wishes to give testimony on anything for today?

ERNEST BARREIRA, Budget and Purchasing Director: Honorable Chair, Vice Chair Nakamura, and members of the Council, good morning. Ernie Barreira, Budget and Purchasing Director. One (1) of the things that I committed to when I came before you three (3) weeks ago, was that we would always ensure that the Budget Process would be honest and have the highest degree of integrity possible. When I hear comments being made in terms of “corruption” and “procurement,” it concerns me. I want to speak to that issue because I recall the discussions very clearly. I believe what the testimony referred to was the desire to pursue a payroll management time leave and other consulting services that would bring benefit to the County, in terms of the kind of functionality that we need. To the credit of Information Technology (IT) and HR collectively, they did not pursue any such initiative. They consulted with me like they should do in terms of any procurement that is being sought. I provided them specific guidance and counseling about the fact that we could not enter into a service that was given to us because there would be consideration and favor that is prohibited under the Code, and that whatever procurement activity it terms of these services that would need to be achieved, it would have to be done in a competitive bidding environment. I just want to be clear that consultation did come through my office as we talked about last week. I think Councilmember Rapozo said, “Everything should come to your office.” In this particular case, it absolutely did. I provided the guidance and counseling and we are going to proceed to follow the Code specifically as required.

Chair Furfaro: Thank you for that statement of your position.

Mr. Barreira: Thank you for the opportunity, Chair.

Chair Furfaro: Mr. Costa, you have the floor.

There being no objections, the rules were suspended.

GEORGE COSTA, Director of the Office of Economic Development: *Aloha* and good morning Chair Furfaro, Vice Chair Nakamura, and Honorable Councilmembers. For the record, George Costa, Director of the Office of Economic Development. We are continuing from our last presentation and finishing up. I am going to introduce Kaeo Bradford, our Workforce Development Specialist, followed by Art Umezu, our Film Commissioner. I will finish up the presentation with a presentation on the agricultural sector, finish up the Office of Economic Development, and then go into the Mayor’s Holo Holo 2020 program. Lastly, I will go into the Capital Improvement Projects (CIP) Budget consideration. To start off I would like to call upon Kaeo Bradford, our new Workforce Development Specialist.

KAEO BRADFORD, Workforce and Development Specialist: *Aloha* and good morning.

Chair Furfaro: *Aloha*, welcome.

One of the successes and accomplishments during the past two (2) years, from 2010 to 2012, is the Community Services & Employment Training (CSET) partnership grant, which is the State Energy sector partnership. It is part of a three (3) year, six million dollar (\$6,000,000) American Recovery and Reinvestment Act (ARRA) United States (US) Government Grant awarded to the State. Kaua'i County received about two hundred seventy-three thousand two hundred seventy-eight dollars (\$273,278) in the late 2010. The focus of the CSET grant was to address Hawai'i Energy Industry needs and to equip our workforce to support the goals of the Hawai'i Clean Energy Initiative and the County of Kaua'i's Energy Sustainability Plan. Also part of the initiative, a portion of those funds was contracted to the State of Hawai'i, Department of Labor and Industrial Relations Workforce Development Division, Work Wise Kaua'i One Stop Center to help administer the initial recruitment and support services needed. In late Fall of 2011, when it became apparent that green jobs were not as available in the US, as has been anticipated, the Department of Labor increased the target population to include incumbent workers as parts of the grant. This helped to broaden the scope of the recruitment in the Kaua'i island community. Kaua'i County exceeded the number of participates trained under the CSET grant and is committed to continue to provide relevant training in the areas that local WIB Board envisions job opportunities, as well as areas that support the fulfillment of Hawai'i's Clean Energy Initiative and the Kaua'i Energy Sustainability Plan. Of the total amount recruited and enrolled in the program, ninety-five percent (95%) received their certification.

Part of the successes and accomplishments of this particular program are the veterans' services that we provide. Local, disabled veterans' representatives continue efforts in providing a variety of services to incoming veterans, assistance with resumes, job searches, and assistance with job applications are done on a daily basis. Outreach services are conducted weekly at various locations around the island. Other available programs and services for veterans may include, but not be limited to, the initiative Veterans Opportunity to Work (VOW) to Hire Heroes Act, Uniform Services Employment, Reemployment Rights Act, Homeless Veterans Reintegration Program, the GI Bill, Incarcerated Veterans Transition Program, and the Veterans' Retraining Assistance Program. Another successful accomplishment was our most recent job fair held back in October, which was held at the Kaua'i War Memorial Convention Hall. The job fair ran for about 9:30 a.m. to 1:00 p.m. and hosted seventy (70) plus participating employers with a few coming from O'ahu and Maui. Media release went out at least two (2) weeks in advance and approximately seven hundred (700) job seekers from around the island streamed in steadily all day until the end. More job fairs and other community activities are being planned by our consortia committee this year. In fact, there is one (1) coming up this week at Kaua'i Community College.

Successful accomplishments are the effective management of our funds over the past two (2) years. This federal funding in the amount of—there is funding for adult programs, dislocated worker programs, and the youth programs for around the island. It totaled to about one million three hundred ninety thousand dollars (\$1,390,000), approximately for the past two (2) years. If you include the CSET grant that is about one million six hundred seventy thousand dollars (\$1,670,000), it is a little bit more. This is all federal funds coming in.

These are the challenges for our program. Diminishing WIA funding makes it challenging to function effectively since the ten percent (10%) limit on administrative costs, as well as what can be charged against it, limits our ability to budget for important board activities and events that could enhance member satisfaction and improve active involvement. As the WIA Administrator, I am responsible for not just overseeing the grant, but also doing research writing, overseeing the youth programs, Request For Proposals (RFP) Development and awards, negotiation and drafting of service provider contracts, Memorandum Of Understanding (MOU), the four (4) year local plan, as well as the annual plan, as well as other types of amendments and supplements like the program oversight, formal case file reviews, and monitoring of the Work Wise Kaua'i Office. I monitor that office, as well as evaluate and write assessments and recommendations for them. I also write reports to various agencies. These types of procedures are repeated for other grant funded programs received. In addition, the specialist, me, serves as the Executive Staff Member for the workforce board and its related entities like the executive committee, the youth council that we have, other ad-hoc committees, scheduling meetings, preparing agendas, arranging for speakers, transcribing minutes and so forth because we do not have a board secretary, so I take care of that. I also follow up on each action item, as well as whatever kinds of board initiatives. I am also the Mayor's Representative Liaison to the State Workforce Development Council.

Another challenge while actively collaborating with the State Workforce Development Council (WDC) and other entities is essential to secure additional funds for County workforce development activities, each potential grant application requires significant staff time to research and compile meaningful, supporting data of whether the grant is actually pursued or not. While each new funded grant and program benefits the community, it multiplies the workload for the specialist and part time accountant since most requires similar intensity of administrative activity and oversight, regardless of the dollars funded. Since typically no additional staff is hired or assigned to oversee these new program requirements, important and administrative activities and responsibilities, especially for our core program, are not performed, delayed significantly, or may be completed but not to the desired level of execution.

Improvements are to reduce WIA funds to fund workforce programs, frequent visits to the One Stop center by myself, and to interact with the customers and staff to ensure program objectives are being implemented effectively. It is just weekly monitoring and evaluation of services. Also, to providing informal One Stop Center meetings with the manager and staff, and ensure collaborations and support services is intact. Review and revisions of the Work Wise Kaua'i website has been completed to date, so you can go there and check out more information. Also, minimal collaborations with the KWIB board members and other communities are important, meaning collaborations with the KWIB youth council and other organizations and agencies in the community serving the youth population. Also, a new look to the Hirenet Hawai'i website is an improvement this year so you can check that out, too. Upcoming initiatives are continuing all WIA reporting as usual, more activities and events supporting community initiatives and collaborations with all service providers, more community liaison initiatives, seek other types of grants for education, training and career development opportunities for our Kaua'i community, a focus on youth groups or a summer youth employment programs to continue boosting economic

growth, and ensuring that Kaua'i family values are instilled. More initiatives include committing to funding for at least one (1) person or board member to attend the National Association of Workforce Board Conference held in Washington, D.C. annually, and the States and Counties annually send at least one (1) representative, generally more, to this important event. Participation is vital for networking with other regions and local areas to gather information about best practices and innovative projects. It is also essential to be able to present full representation of our region to national officials, including our Congressional Delegation, and to effectively move our workforce program forward. Hawai'i is unique in that it is designated as a region, whereas other regions overlap multiple states. Upcoming initiatives; very, very few. Dues, airfare, *per diem*, and other travel.

Mr. Costa: I just want to add for Kaeo, as she just mentioned that these are her other administrative costs for the program that come under County funding. Basically, dues and subscriptions to annual publication and membership, and then airfare, *per diem*, and other travel basically about three thousand dollars (\$3,000) for her attendance at the National Workforce Investment Board Conference that she had just mentioned.

Chair Furfaro: George, all of the things that were presented to us are reflected in your Budget submittal?

Mr. Costa: Yes.

Chair Furfaro: Okay. There are no additional projections since we got the transmitted narrative to now?

Mr. Costa: No.

Chair Furfaro: Okay. Joann, you have a question?

Ms. Yukimura: Thank you, Kaeo for...

Ms. Bradford: I just wanted to add something. Just recently we had in the news that President Obama put more funds into his own physical budget for the Department of Labor of about twelve point one billion dollars (\$12,000,000,000) into the new Fiscal Year 2014. How much it trickles down to us—hopefully we do get more funding from that, too. Thank you.

Ms. Yukimura: Thank you. I do not remember as an extensive of a significant portion in last year's Budget. Has there been a change in the organization of the workforce development, or is it just that you have given us a more elaborate report?

Mr. Costa: A more elaborate report, only because—and maybe this just my own personal observation. Coming into the County—Jan Miyamoto was our Workforce Development Specialist, and Jan did a great job; so much so that that was one (1) area I was busy focusing on everything else in the economy. As Jan was getting ready to leave and transfer into the Human Resources Department, it really forced me—I

had to take over the department for a few months, and it really forced me to see how much is involved with this department. We are very thankful to have Kaeo because she comes with the experience, and she hit the ground running. I wanted to take this opportunity during our Budget Presentation to really convey what actually gets done with this one (1) person department. As far as funding, like I said, when I first came into the County, I saw how much work was being done by Jan, and over the years the funding kept being reduced, and reduced, and reduced to the point where I had come before the Council over a year ago in our last year's Budget, to ask that the County at least fund the Workforce Development Specialist position so that whatever moneys we do get; most of it goes to the program, which is very little as Kaeo mentioned. Just in recapping, over the last three (3) years we have gone from five hundred thousand dollars (\$500,000) to a little over four hundred thousand dollars (\$400,000) for the entire program.

Ms. Bradford: For a year.

Mr. Costa: Yes, for a year. There are three (3) main programs that each get over one hundred thousand dollars (\$100,000). Again, really the emphasis was to ensure that those programs; the youth, the dislocated worker, the adult programs. Even though it is a little bit more than one hundred thousand dollars (\$100,000), most of those moneys go towards the program and not to the staff, which basically is Kaeo and Kent Hirokawa, which is our part time accountant.

Ms. Yukimura: You mentioned the four (4) areas. What are the four (4) areas?

Ms. Bradford: The areas of concerns are the ones mandated by the grant; the adult program, dislocated workers program, and the youth services program.

Ms. Yukimura: Okay. Do you have objectives in each a area? Dislocated worker, youth, adult—I am sorry, the fourth one was?

Mr. Costa: Dislocated worker, the adult program, and the youth program.

Ms. Bradford: Yes. There are always introductions of different types of grants, like the CSET energy services initiative. That one.

Mr. Costa: Which comes with additional program.

Ms. Bradford: Yes, additional funding.

Mr. Costa: These are specialized programs that...

Ms. Yukimura: Okay. Youth, adult, dislocated worker, and special funding kind of programs—special programs, sort of ad hoc because they come in and then they finish and go on. They terminate and you go to another special program?

Mr. Costa: Right. Similar to what Kaeo just mentioned about President Obama putting another twelve billion dollars (\$12,000,000,000) into the Department of Labor. Hopefully, the trickledown effect will be some workforce development programs.

Ms. Yukimura: Okay. I am still not clear about what each of these programs are trying to do.

Ms. Bradford: They are part of the mandate that President Clinton signed into law in 1998 that these workers need to be helped with education and training opportunities in the local community. That is what it is all about. All of the members of the board are mandated by this particular law to be part of the board as well.

Ms. Yukimura: To your credit on page 12 of your presentation, you have—I wish we had this for every County program...County of Kaua'i actual versus goals.

Ms. Bradford: Those are the local measures that are taken by the State.

Ms. Yukimura: Right.

Ms. Bradford: We do that.

Ms. Yukimura: You are showing here in bold faces where we achieved the goal. Green is where we had ninety percent (90%) or more of the goal, yellow is that we had eighty percent (80%) or more of the goal, and red is under eighty percent (80%) needing to be approved. I see. I was just looking at the challenging ones where you have red. In your dislocated worker program, you have "employment retention rate." What is Fiscal Year 11?

Mr. Costa: Program Year.

Ms. Yukimura: Okay. The unemployment retention rate is forty-five percent (45%). What does that mean?

Ms. Bradford: The unemployment rate at forty-five percent (45%)—that is how much I guess of the forty-five percent (45%) for dislocated workers they served. The State came up with performance targets and we are not necessarily following what they target because it is like right across the board. What they do on O'ahu is not necessarily the same on Kaua'i, and we really cannot change

Ms. Yukimura: I guess that is what I am curious about. The employment retention rate we have at forty-five point five percent (45.5%) which means that as I am trying to discern this, the dislocated worker program brings in dislocated workers and puts them through your workforce training program, right? You have a high

score for the number that enter—entered employment rate which is in yellow showing eighty percent (80%) or more of the goal achieved.

Ms. Bradford: Yes.

Ms. Yukimura: The employment retention rate is below your goal. The employment and credential rate is below—it is at fourteen point three percent (14.3%) which does it mean that even though we put them into jobs, they were not retained? Is that what it means? They were not kept in the jobs that we helped them get into?

Ms. Bradford: Yes.

Mr. Costa: Yes.

Ms. Yukimura: Then the same thing with the job credential rate. What does that mean?

Ms. Bradford: If and when they receive some kind of certification or degree during the process.

Ms. Yukimura: Okay. Scott, can we put this on the screen so others can see it? It means that they did not get employment or credentials? They did not achieve that?

Ms. Bradford: Yes.

Ms. Yukimura: In the younger youth, ages fourteen (14) to eighteen (18), diploma attainment rate is thirty-five percent (35%). I guess my question is has there been an analysis of why we are not able to achieve our goals?

Mr. Costa: Yes, we actually— this past December, I attended the State meeting that reviews these performance measures. I guess in the past from what I gathered from the other Workforce Development Specialists is that pretty much when the State—actually, the Federal Government came out with performance measures and for whatever reason, there was not a whole lot of discussion. The Federal Government said you need to achieve ninety percent (90%). That comes from without really understanding the State of Hawai'i, and then each islands' challenges. This year when we met, and it was Kaeo's first week on the job that we met in Honolulu with the other Workforce Development Specialists that there was actually some discussion, and I guess for lack of a better term, "push back," to say these are unrealistic goals because these are the challenges each island is facing. One (1) of the things I noticed with some of these programs is that we do a good job in getting dislocated workers, youth into these programs, and we go through the process and along the way, you cannot force them but some of them drop out and do not complete the programs. Maybe Kaeo can expand more on that.

Ms. Bradford: One (1) of the issues with working with federal grants is the fact that a lot of these measures are not done in real time. If we pulled up

information today, we would not be able to get it today. We would be able to get it a couple of years ago, but not today in real time.

Ms. Yukimura: Are you saying that if we get it in real time, we will have better ratings?

Ms. Bradford: I am not sure.

Ms. Yukimura: Okay. Either the measures are not correct and they are not measuring the correct things. If so, then you folks should be changing the program to get the correct measures so we know what we are measuring. If it is the correct measures, then there are some reasons why we are not achieving those goals, and we need to know that rather than just continuing to spend four hundred thousand dollars (\$400,000) a year and not achieving our goals. I do not know what it is but I also have another question because I am part of this Keiki to Career Group and Diane Zachary, who is part of that group, is here today. I will recuse myself on this issue when it comes to appropriating funding because I am part of the group. One (1) of my questions is, are you trying to do remedial work for things that need to be addressed in the school system that are not being addressed? In particular, I am asking that about the youth program. I see here “older youth, not applicable,” for the results. You alluded to some kind of problem with that group, which I will ask about. I feel like it is our responsibility to get at the core problems and if so, not just spend it on kind of programming, but really look at where you are going to target the real problem. I do not know what the answer is, but I want to ask these questions because I think first of all, we need to ask them and then secondly, try to answer them.

Ms. Bradford: Yes. I do not have all the answers.

Ms. Yukimura: I do not think anybody does.

Ms. Bradford: I can just tell from you my own experience that changes takes place over time and I have been in this position barely four (4) and a half months. I can see changes being made because of the type—you look at how the measures are being done. Yes, the assessment does need to be looked at. I can agree with that. It does and really take a look at the monitoring and how it is being evaluated because there is a system. It gets tallied up by O’ahu with the rest of the islands. How they are monitoring it and how it is being evaluated is another story. I would have to check because I have not started doing that portion of the program yet, which is going to be coming pretty soon.

Ms. Yukimura: Okay. I understand what you are saying about being new on the job, but the office has been doing this for a long time, George.

Mr. Costa: Yes.

Ms. Yukimura: We need to have some kind of analysis. If it is not being done properly, I would ask you guys what is the proper way? By the proper

process of assessment, what results are we getting? If they are still low, then how are we analyzing it and changing our ways to get the right results?

Ms. Bradford: Actually, our goals and everything, what we have achieved here is much better than Hawai'i island or Maui. I can tell you that for a fact. Some of the goals that are targeted that are put down, they are unreasonable. They really are because I have looked at performance targets for the past few years.

Ms. Yukimura: All right.

Ms. Bradford: We have had this discussion with the State Department of Labor and Industrial Relations. It is something that is of concern and we are discussing at the table.

Ms. Yukimura: Good. I want to encourage to you get the right measures in place because otherwise we could all be spinning our wheels or we could be failing to congratulate ourselves because we are achieving things, but it is not showing. Either way, we need to know.

Chair Furfaro: Would you yield the floor for another Councilmember?

Ms. Yukimura: Yes.

Ms. Nakamura: Thank you for your presentation, Kaeo. It is good to see the way you have laid out the data and your performance measures. I guess that coincides with the State's measures. I think Councilmember Yukimura has a good line of questioning. I would like to ask that we bring this up in a committee format where we can delve into, especially the older and younger youth strategies and our local outcomes that we want to achieve.

Ms. Bradford: Yes. The service youth program targets at risk youth in the community.

Ms. Nakamura: Good. I am not sure what committee this would fall into. Do we have the community services?

Mr. Rapozo: That would be me.

Ms. Nakamura: I would like to put in a request that we put it into Mel's community service committee so that we can look into this a little further. I am sure you have your own grant timetables that may not coincide with ours, but I think it would be a good idea to take a look at what are some of the outcomes we are trying to achieve and are we getting there or not? That might be a good way to take a closer look at our strategies.

Mr. Costa: Prior to attending that meeting on O'ahu in December with Kaeo and looking at the report, I had the same concerns. It was really interesting to sit down with other Counties and different philosophies. As far as Kaeo and I are concerned, we would like to help as many youth and adults as we can. On the other hand, another philosophy for us is let us just help a few and get really good grades. For one hundred thousand dollars (\$100,000) for Kaua'i on each program, like in the youth program, we have to hire or contract.

Ms. Bradford: We contract.

Mr. Costa: We have to seize companies who have the professional credentials to work with the youth. When you look at one hundred thousand dollars (\$100,000) and you contract to another entity that has two (2) or three (3) employees, really, the trickledown effect on how many youth are really going to get helped and for how long is really the challenge?

Ms. Nakamura: I think when we do the committee briefing, it would be good to know the funds are currently being spent and how they have been spent in the past and what some of the results have been. Just an overall assessment from the KWIB board about what they think about it and what their thoughts are moving forward would be good to know.

Chair Furfaro: Okay. Folks, I think we have commitment that this is going to go into a committee. We have four (4) more divisions of George's department and we have fifty (50) minutes for four (4) other divisions. I would like to ask you, George, can I confirm our allocation from the federal government is tied directly to the unemployment rate on Kaua'i?

Mr. Costa: That and population, right?

Ms. Bradford: Yes.

Chair Furfaro: Population and the unemployment rate; that is the formula, right?

Mr. Costa: Yes.

Chair Furfaro: I will send the question over to find out what those ratios are. Also, for the at-risk youth, what are we doing to track a better understanding of their motivation and their adaptability to the programs? Is there an exit interview? What exists there?

Ms. Bradford: Yes, they do have exit interviews and there are constant follow-up and even job placements, too.

Chair Furfaro: We would like to see what that is, actually. I will send it over as a question. There is an exit interview. We are sitting around and talking to

these people, especially on adaptability for the at-risk youth and motivational portion. Councilmember Yukimura, you have another question?

Ms. Yukimura: I just want to commend you for the successes. It is not on there anymore, but skill attainment rate for younger youth of ages fourteen (14) to eighteen (18) is seventy-eight percent (78%), retention rate fifty percent (50%); those are bold indicating that you exceeded your goals. Congratulations on that and I look forward to a more detailed discussion of your programming. I am going to request you to give us, as part of the Budget Process, a breakdown of how much money goes into each of these programs and maybe a brief description of how it is used.

Mr. Costa: Okay.

Ms. Bradford: Also, I wanted to invite you at any time if you want to come to our youth council meetings, let me know. Even for our KWIB meetings, let me know because it is really informative. You can learn a lot about what we do in the community.

Ms. Yukimura: I think there might be some real value in your office participating with the Keiki to Career effort that is this collective action group...

Ms. Bradford: Diane Zachary is also a member on our KWIB board.

Ms. Yukimura: Oh, she is on your board. Then you have the connection. Very good. Thank you.

Mr. Costa: Right.

Ms. Bradford: Thank you.

Chair Furfaro: Thank you very much for the invitation.

Ms. Bradford: Thank you very much.

Mr. Costa: I would like to call up Art Umezu, who our Film Commissioner.

ART UMEZU, Film Commission: For the record Art Umezu, Film Commissioner, Office of Economic Development. Good morning, Chair Furfaro and Councilmembers. Thank you for this opportunity to share information about Kaua'i's Film Industry of its success, accomplishments, challenges, and initiatives. Before I start with the presentation, I would like to give a short overview and history of the film office. Kaua'i Film Office was established in 1982 under Mayor Tony Kunimura. In the early 1990's, the film office was officially named the Kaua'i Film Commission under Mayor Yukimura's administration. There are film commissioners in each County office in Hawai'i, including the City and County of Honolulu plus the State Film Commission which is part of DBEDT.

All County commissions are part of the respective Office of Economic Development. Each County film office has a staff of one (1), and the State film office has a staff of four (4), including a specialist who handles all the State Film Tax Incentive, Act 88. This was signed into law on July 2006, after four (4) years of crafting the Legislation. The incentive provides twenty percent (20%) rebate to neighbor islands for filmmakers with qualified local expenditures of a minimum of two hundred thousand dollars (\$200,000) with a cap of two million dollars (\$2,000,000). O'ahu provides fifteen percent (15%) rebate as opposed to the neighbor islands of twenty percent (20%). The current incentive sunsets in 2016.

Kaua'i was the first County to take advantage of this bill, Act 88, when DreamWorks, if you remember, announced six (6) months later in January 2007, to film a movie called "Tropic Thunder," which filmed on Kaua'i for nine (9) months with a local expenditure of nearly sixty-three million dollars (\$63,000,000), making it the biggest budgeted production on Kaua'i. As Hawai'i celebrates its one hundred (100) years of filming this year, Kaua'i also celebrates eighty (80) years of Hollywood films this year, which began in 1933 with the movie called "Cane Fire." This movie was mostly shot on Kaua'i's Westside in Waimea, Kekaha, and Camp Wahiawa. Somehow, they even made it to Kalalau to film it. Since 1933 to the present, eighty (80) plus Hollywood movies and television productions have been filmed on Kaua'i. This happened about two (2) weeks ago. It is a quarterly magazine called "Hawai'i Film and Video Magazine," which has a focus on Kaua'i. There is an article about the eighty (80) years of Kaua'i's film. I have a copy for each member. The primary role of the film office is to bring film productions including feature films, television shows, television and print commercials, independent documentary films, and music videos to shoot on Kaua'i for the overall impact for Hawai'i.

Now I will get into the presentation itself. Starting from last year, the overall number of film productions for 2012 was slightly lower than 2011, in terms of number of productions. It was thirty (30) plus, opposed to thirty-three (33) in 2011. In terms of expenditure, it was one point three million dollars (\$1,300,000) last year as opposed to one point eight million dollars (\$1,800,000) posted in 2011. Even though we did not have a feature film in the last two (2) years, there were still two (2) big budget commercials and print ads including a small company called Orbitz Group, which comes from Vermont but they have been back to Kaua'i seven (7) times in last five (5) years to film their catalogs. When you say "catalogs" you would think that it is just a piece of paper in a magazine that features their clothing but in essence, they spent close to twenty thousand dollars (\$20,000) each time they come. I would say with that figure, seven (7) times twenty (20), we are looking at over one hundred thousand dollars (\$100,000) in expenditures.

To compare this year for the first quarter, Kaua'i had already nine (9) productions. I scouted for three (3) feature films which will hopefully decide within the next couple of months because I have been waiting for a few months already, if they will shoot here or not. One (1) is a very major film production. I pray, like everybody else, too. I have been in dialogue with the producer for Hawai'i Five-O, who happens to love Kaua'i, who is a local lady who has filmed here as a location manager in the last twenty (20) years. She is pushing for Kaua'i so I am working with them. As you may know already, today is the last day of filming of the third season on O'ahu. They will be on hiatus for the next four (4) to five (5) months, but during this time is when I will pitch Kaua'i. They are already going to

Hawai'i island next year. It looks like I will have to push hard so that it will come to Kaua'i, hopefully in the next season.

At this time, I would like to at least give you an example of production figures for the last five (5) years leading up to this year, as I already mentioned. Back in 2007 and going back to Ben Stiller, that was a banner year for all film figures for Kaua'i. We are looking at sixty-five million dollars (\$65,000,000) in total of which sixty-three million dollars (\$63,000,000) was "Tropic Thunder." There was five hundred (500) plus people who were hired during that year with forty (40) projects, which includes the independent films and smaller projects like the Orbitz Group. In total, there was three hundred twenty (320) shoot days and that means three hundred twenty (320) days of the year of the three hundred sixty-five (365), there was some sort of film activities going on Kaua'i. In 2008, we dropped off to the norm, if you will, if there is such a thing. One point seven million dollars (\$1,700,000), thirty-nine (39) projects. If you compare that with forty (40) projects the year before, but the total number of expenditure is only one point seven million dollars (\$1,700,000) opposed to sixty-five (65) the year before. It goes to show you how big a feature film is to Kaua'i or any island for that matter. In 2009, was two million dollars (\$2,000,000), one hundred eighty (180) shoot days, thirty-one (31) projects, and eighty-five (85) people that were hired that year. Going back to 2008, there were one hundred twenty (120) local people were hired for these productions. In 2010, the total expenditure for Kaua'i was fifty-four point five million dollars (\$54,500,000). That was not quite as high as 2007 and that is because we had four (4) major Hollywood films that was produced on Kaua'i that year. There were two hundred (200) hires and close to three hundred (300) shoot days, and total of forty-five (45) projects. Even though the project figures are higher, the total expenditure is not quite up to the fewer projects for the year of 2007. The year 2011 and 2012 was a very challenging year for the whole State of Hawai'i. If it was not for Hawai'i Five-O that filmed on O'ahu, our expenditure figures for the total State would be low, but fortunately O'ahu has the Hawai'i Five-O television series, which was picked up for the fourth season. Going back to 2013, which is this year; so far, so good. At this pace, I believe that we will make the forty (40) plus projects. I cannot say anything about the expenditures, depending on those several major films that I have scouted which will make their decisions within the next couple of months, I hope.

I would like to quickly cover something that has never been covered before. This is called "film tourism" or "movie tourism." Sue Kanoho from the Kaua'i Visitors Bureau may have expanded on this. If you remember two (2) and a half years ago when George Clooney filmed the movie called "The Descendants," it was not just a movie. It was a movie that essentially talked about our beautiful Hanalei. That made a lot of difference in the way the media was expressing interest on Kaua'i because they did not just film any movie; they filmed a movie about our beautiful North Shore. Because of that, we have an increase in a lot of television shows who want to cover where it is shot. Movies like The Descendants and Soul Surfer, about Bethany Hamilton who is our local surfer. That was filmed here as well for about five (5) to six (6) days. Most of the production was done on O'ahu. I just wanted to touch upon that. There is a bunch of television shows, reality shows; and travel related shows including the Travel Channel, Discovery Channel, Weather Channel, and Home and Garden TV which is here right now for its third time to film about Kaua'i. As you can see, unlike before, there are a lot of television shows and especially these reality related travel

shows that is documenting Kaua'i. What it does is once it airs, it promotes Kaua'i, so it helps our tourism sector.

I will just go ahead and skip it because I have a lot longer presentation, but I will just skip right into the initiatives. Right now, I am preparing to attend, as I always do, for the Association of Film Commissioners International (AFCI) Location Expo and Trade Show in Los Angeles. AFCI stands for Association of Film Commissioners International, which takes place once a year in Los Angeles. This year, unlike in the past where it was at Santa Monica Civic is now going to be held at the Los Angeles Convention Center which I will attend for about a week. I just want to emphasize that the trade show itself is only about two (2) full days. All film commissioners will attend, meaning all Hawai'i Commissioners, as well as all of the commissioners around the world attend this. What it does is that we have a booth that attracts literally thousands of global filmmakers looking for locations. This is where we make our pitch at our booth. Four (4) commissioners will be representing four (4) Counties will be there to share this booth and the cost as well. This will take place in June of this year. For the other three (3) days on there, we do what we call "pound the pavement." We go out to these Hollywood film makers and location managers and attorneys who are specialized in entertainment. These are power brokers in Los Angeles and Hollywood. I have been doing this for about eight (8) year. This year, I think collectively, we are working together because we have retained our State Film Commissioner, who is now back in office after two (2) years of absence. She is going to lead the four (4) of us and we are going to go to this trade show in June.

Chair Furfaro:

What is her name?

Mr. Umezu: Her name is Donne Dawson. She has been in the office since 2002. She was released for political reasons from what I understand but I do not know. All I know is that I am glad she is back in the office. When I first got in office, she took the time to come to Kaua'i and brief me on various things that were needed for me to understand. Of course, if you can see the upcoming news and subscriptions, is the norm. We have to advertise like the one you see in front of you; this magazine. If you look, there are no ads in this one. Knowing that there is going to be a focus on Kaua'i article, I decided I could perhaps save some money by not advertising in it. The airfare, as you can see reflects the two (2) round trips. For the other one, George and I discussed this. I think it is very important to attend this trade show but also separately, as you will, go there and market Kaua'i on my own, as opposed to being with the other commissioners separately because I believe that Kaua'i has been successful in pursuing the big pictures. Not just any film, but if you look at the past ten (10) years with "Jurassic Park"—or twenty (20) years rather. We are talking about Johnny Depp and George Clooney being here. Opposed to the other islands, Kaua'i seems to attract the big names in Hollywood, so we are very fortunate. I especially embrace and keep very close to my heart when I go to Los Angeles and talk about the history of Kaua'i. I think it is very important as part of my marketing strategy. That in a sense is my presentation. I had a longer one, but I understand we are short on time. George, did you want to add to anything?

Mr. Costa:

No. We will open it up for questions at this point.

Chair Furfaro: George, all the trade material and travel and so forth is in the Budget as submitted?

Mr. Costa: Right. There are no new trade publications. Basically, the Budget remains pretty much the same as previous years except the focus is going to be on those two (2) trips to market the Kaua'i Film Industry.

Ms. Nakamura: Thank you for your presentation, Art. It sounds like there are a lot of potential projects that might be coming here.

Mr. Umezu: Yes, there is and in fact, I did not mention one (1). Next week I will make an announcement and I am excited because this will be the first feature movie from Japan that is coming here in November. I cannot disclose the name. The working title is called "The Rain" and the movie takes place on Kaua'i. It is almost like a George Clooney situation in "The Descendants." I scouted with them for five (5) days back in February, and I just got notice that they wanted to thank the Kaua'i Police Department because in one (1) of the scouting, we spent three (3) hours at the Kaua'i Police Department and they walked us through because it does have a scene that includes a police department.

Ms. Nakamura: There is a lot of focus on trying to bring these productions, big and small, to Kaua'i.

Mr. Umezu: Yes.

Ms. Nakamura: Once they get here, what is the County's role? I think that is probably another strong source of marketing is if we are able to service and make sure that the experience here is positive. Who does that?

Mr. Umezu: I do. I enjoy that. George and I often talk about this. We are so involved with the daily internet, E-mails, and what not. I think those are very important with social media and the business networks that we have. Almost every film production that comes, how big it is—I have two (2) coming this week. I make sure I am at the airport. It also depends on the size of the crew. If it is a small crew, I will pick up a few *lei*. That does make a difference. I come from the old school and some part of me is very old school. I do that and it does make a difference because when I go to Los Angeles, there are people who actually pick me up at the airport. It is something that it may be my style. I do not think they do it on other islands.

Ms. Nakamura: Are you also assisting with permitting or expediting things?

Mr. Umezu: Absolutely, for the County film permits. Yes it is.

Ms. Nakamura: Also problem solving along the way and anticipating potential problems?

Mr. Umezu: Absolutely. I am in the mix from the get go. A lot of times though, they would contact the State Film Office and they will contact me to say, "Hey, there is a person who needs your help because they are looking for a special jungle that they know is not on any island except Kauai." They will contact me. Here is a case. Yesterday, on a Sunday, I had to finish up my presentation for today. There was a guy who calls from New Jersey and this is a big production. Rarely do I get a call from the East Coast. It is usually California. He is adamant to come here because he saw the 3D version of "Jurassic Park" that just came out two (2) weeks ago. His wife, who is the co-producer of this says that she wants to specifically come to Kaua'i, but not only film on Kaua'i, but only on the West Side of Waimea. That is influenced by the movie that they saw. I talked to them for hours yesterday in E-mails, and in this conversation, he said that all he needs is a big park in Waimea. Tomorrow, I am going to Hanapēpē, Waimea, and Kekaha. There are parks out there. What they are looking for is a sports camp to bring the professional athletes to be part of this big movie. What I do is that I actually would tell them that I will go to the West Side tomorrow, take photos, get some dimensions, and talk to some local people and then disseminate the information to the people who call.

Ms. Nakamura: Thank you, Art.

Mr. Umezu: Thank you.

Mr. Hooser: Thank you very much for your presentation. How long have you been the Film Commissioner for the County? I should know this but I do not.

Mr. Umezu: It feels like I have been here a long time, but since 2004, I believe.

Mr. Hooser: That is a long time.

Mr. Umezu: It is a long time and of course for the people who may remember, but back in the latter part of 1985, I was a Film Coordinator; not a Commissioner, until 1988, I believe.

Mr. Hooser: You have obviously got lots of experience. Were you doing your own production company or promoting and that kind of thing?

Mr. Umezu: Yes I was. For fourteen (14) years, I did a majority of the Japanese film productions and a lot of magazines and whatnot.

Mr. Hooser: We are still reaching out to Japan for their business as well?

Mr. Umezu: Absolutely. This year, you probably heard about or read about the initiative that was put together by the Japan Associated Travel Agencies (JATA) and the Hawai'i Tourism of Japan. Last October there was a front page article. The initiative is to bring two million (2,000,000) people to Hawai'i by 2016. As soon as that hit, I was getting calls for production. One (1) of the production that filmed here of Kaua'i was a crew of five (5) from Tokyo Broadcasting System (TBS). They were here for five (5) days, filmed four (4) hotel properties in HD quality. They did everything and they aired it on PS Channel, which is broadcasted by satellite which reached out to a million people, without any cost to the County or the State. It was some joint agreement with the State and the Japan tourism people, and they came and I have the actual video. I showed this to the properties that they filmed at. It was three (3) Starwood properties and one (1) at Koa Kea Hotel, which was named the most romantic hotel in Hawai'i. I watched it and believe it or not, it is twenty-five (25) minutes per episode. It constitutes millions of dollars in free publicity for Kaua'i, and especially for the hotels.

Mr. Hooser: How is the year to year Budget for your office over the last several years? Has it been flat? Increased or decreased?

Mr. Umezu: It is the same as far as the budgets is concerned. Expenditures on Kaua'i, as I mentioned, varies. One (1) major film makes a whole lot of difference.

Mr. Hooser: Right. One point three million dollars (\$1,300,000) for the last year is kind of a low point. There is nowhere to go, but up from there?

Mr. Umezu: Absolutely. It really it depends. Let us say that we have one (1) or two (2) feature films that will film. I used to call it cyclical, where we have a high year, and then for a couple of years there is a down. I do not rely on that, only because in 2010 we had four (4) Hollywood films and for the first seven (7) months, I had no idea how I was going to survive. It was a great year. I am not complaining, but I wish every year had a project as opposed to four (4) at one (1) time.

Mr. Hooser: Did the State also have a bad year in 2012 as a whole?

Mr. Umezu: Yes. Like I said, thankfully they have "Hawai'i Five-O." They had three (3) other television shows that were cancelled. Do you remember "The River," "The Last Resort," and "Off the Map." Those were three (3) television shows. Unfortunately, they lasted for less than three (3) months. Hopefully, we will have an episode of Hawai'i Five-O for the next season.

Mr. Hooser: Okay. Great. Thank you.

Mr. Umezu: Thank you.

Chair Furfaro: Are there any more questions for the Film Commissioner? If not, thank you very much, Art.

Mr. Umezu: Thank you very much.

Mr. Costa: As I mentioned previously, I will go right into the agricultural sector. In my opening comments last week, I mentioned the fact that when I first started with the great recession, we were focused on getting our visitor industry back up to par and keeping our economy above water. Since then, two (2) areas that have been our main focus within the Office of Economic Development, has been the energy sector, as well as agriculture. With the goal in mind of helping our island not only diversify our economy, but becoming more self-sustaining. From the agricultural sector, which is headed by Bill Spitz, our successes and accomplishments over last year is the Kaua'i Grown program that continues to gain momentum. We with work with the Farm Bureau. That is our partner. They support the Kaua'i Grown program and two (2) farmers markets that they initiate and work in partnership; one (1) with the Kaua'i Community College and the other one (1) is with the Kukui'ula Shopping Center. We also work with the Agricultural Producer Organizations in helping to improve their businesses, preserve irrigated farmland, and also provide farming opportunities to farmers hopefully by connecting them to landowners that provide reasonably land tenure. The Sunshine Markets sales in 2012 nearly hit one million dollars (\$1,000,000) of reported sales by each farmer vendor. We also introduced the value added products in the County's Sunshine Markets. We also worked in partnership with the Kaua'i Independent Food Banks Electronic Benefits Transfer (EBT) program in the Farmer's Markets. We worked with the State and user groups to prevent valuable agricultural—actually, to work with user groups in hoping to promote valuable agricultural infrastructure. Also, we assisted the Hawai'i Tropical Flower and Foliage Association, Kaua'i Chapter, when they attended the Philadelphia International Flower Show last year with the emphasis on Hawai'i.

We also obtained the services of a mediator for the Kaua'i Feral Cat Task Force, which is underway. We continued to support the agriculture industry non-profits with County funding directed towards increasing industry income and preserving critical infrastructure. As far as challenges, we continue to have challenges on the State and Federal level that have eliminated some of the best discretionary programs for assisting and developing new farmer enterprises. A lot of them come with the State CTAR program. Also, another challenge is the community interest for improved Sunshine Markets and value added programs and products continue to require additional resources and changed the present operations. Another challenge is as our other sectors in the Office of Economic Development; it is a one (1) person operation. I will mention it in our improvements and upcoming initiatives where our recent hire of the OED Specialist II position has helped each of our specialists with their initiatives.

As far as improvements, as I mentioned, the Kaua'i Grown program was launched and marketing pieces are now being installed in region retail outlets. In the next few weeks, we are going to have a rollout of the program at Ishihara Market, Sueoka Store, Living Foods at Kukui'ula, Times' Lihu'e, and Papayas. Also, continued pardon the pun "weeding out of non-farming vendors" in the Sunshine Markets.

For upcoming initiatives, we will continue to work with our consultant on what started out as the slaughter food processing, which has now evolved into a combination of both the two (2) initiatives that we started off a couple of years ago. One (1) was the slaughter and now called "Multi-Species Processing Facility" and the Commercial Kitchen Business Incubator have combined forces to look at a Kaua'i food hub, which will not only help be a source for processing our locally grown meats, but also a facility where a commercial kitchen business incubator can be located to help our entrepreneurs create value added products and a retail area where they can sell those products.

Another initiative that we continue to work on is the Kīlauea Ag Park. It is something that was started several years ago. We have had several meetings with the Kīlauea Neighborhood Association. The last presentation I made to the association was the increased costs due to no water source. Actually, we have a water source. There are five (5) 5/8 inch potable water meters on the property but it is being highly discouraged to use potable water for agriculture. That property in Kīlauea was once serviced by surface water irrigation system from the old plantation. Because of the projected cost of drilling wells and installing a water tank, we are look at maybe another source of irrigation water to service that property. Also in our meetings with the Kīlauea Neighborhood Association, they would like the Office of Economic Development to explore another opportunity that hopefully will reduce the cost of developing that agricultural park. The possibility of maybe looking at either leasing the land to a non-profit or a stewardship agreement, so that is currently in the works right now with our County Attorney's Office. We are also working in partnership with the Planning Department to see how we can make that property really beneficial as a County asset for the community.

Several other initiatives that we continue to work with on the agricultural sector is the funding of, as I mentioned, the Hawai'i Tropical Flower and Food Association and working with our livestock producers, the Kaua'i Cattlemen's Association. We continue to help fund the maintenance of the shipping facility that was built in the Kalepa area and until we can actually build a facility that produces, or has a meat processing facility here on the island, we will continue to export at least six thousand (6,000) head of cattle to the mainland to finish, and then we import it back in our local stores. Ditch irrigation is another initiative that we continue to support and fund working with the East Kaua'i Water Users Cooperative. We also have the continued funding of the Sunshine Market through the Garden Island Resource Conservation and Development. We fund a Sunshine Market monitor that goes through each of the Sunshine Markets and monitors the farmers/vendors to ensure that they continue to grow their produce and not purchase them from retail outlets and then resell them in the Sunshine Market. We are look at a marketing initiative for the Sunshine Markets. Also, the Cattlemen's Association is the ongoing repairs and upgrades grant that we have to our two (2) slaughterhouses here on the island and to keep them going to the point that we are able to build a modern slaughter facility for the island. We will continue to support the Kaua'i Grown program which markets locally grown produce and meats. As I mentioned, we have our roll out on the marketing program in a couple of weeks. We also continue to support the KISS; the Kaua'i Invasive Species Council each year. They play an important role on our island, not only to help prevent invasive species, but it also helps our economy by keeping those invasive

species either off our island or at a minimum. We also have continued support of the EBT program in the farmers market. Other administrative costs, dues, and subscriptions, minimum airfare, *per diem*, car rental, and other travel of about one thousand five hundred dollars (\$1,500) for the agricultural sector. That is the conclusion of my presentation for the agricultural section. I will entertain any questions with regard to that.

Chair Furfaro: George, expand on your comment about the acreage in Kilauea being leased to a third party. For what?

Mr. Costa: To develop the agriculture park.

Chair Furfaro: For agriculture?

Mr. Costa: For agriculture, yes. One (1) of the ideas that the Kilauea Neighborhood Association, many of whom are made up of Kilauea farmers. When I presented what the current estimated cost of developing that agricultural part, many of those farmers feel that they have the resources where instead of hiring outside that maybe they can form a non-profit and they could provide some of those infrastructure improvements themselves, as opposed to using County funds. I am working with the County Attorney's Office to explore that possibility before we make a decision if we want to move forward with that or not.

Chair Furfaro: Could we go into more detail if we put that as an agenda item in the near future?

Mr. Costa: Sure.

Chair Furfaro: I would certainly like to understand that better. Those capital costs would be those of the third party and then I guess we are the water source as well?

Mr. Costa: Right.

Chair Furfaro: I might put that on as an agenda item in the near future.

Ms. Yukimura: Thank you. As a follow-up, is the Kilauea Ag Park in the CIP Budget?

Mr. Costa: Yes.

Ms. Yukimura: At a cost of four hundred thirteen thousand dollars (\$413,000)?

Mr. Costa: Right.

Ms. Yukimura: It is your plan to spend this money this year on what? It sounds like the decision is in abeyance, but we would authorize this money to be spent, and I am not clear what it would be spent for.

Mr. Costa: Initially, that is the balance of what was there several years ago. We did the planning phase. We did the environmental assessment phase, and so this is the balance of the funds that remain in there that was initially slated for the construction design of the infrastructure, roads and irrigation system, the farmers market, the community gardens, laying out the grid so to speak of the agricultural park. That was the moneys that were set aside for the design phase.

Ms. Yukimura: What is the purpose of the park? What is the main purpose it fits into the County's Economic Development Plan?

Mr. Costa: The park itself is County lands that were part of the development of the Sea Cliff development where they were required to dedicate lands. In this case, seventy-five (75) acres to the County, and my understanding that the Kīlauea farmers wanted to develop that into an agricultural park for close to thirty (30) years now. We have been moving forward with creating an agricultural park that hopefully will generate jobs for farmers, opportunities, but at the same time, part of the plan is to create a farmers market venue where they can sell produce as well. There is a small section to provide land for community gardens.

Ms. Yukimura: It feels like there are all these nice ideas that are put together in one (1) plan, and there is no clarity about what the main goal is here. I was involved with that—I think it was a zoning requirement that the developers of Sea Cliff give the land for an agriculture park. The history of that is that there were nine thousand (9,000) acres—well maybe six thousand (6,000) acres that were in agriculture in Kīlauea as part of a plantation. When that closed down, there was a promise from C. Brewer to do a one hundred (100) acre agriculture park for the farmers in Kīlauea. At that time, my husband to be was a farmer there. That never happened because the County did not tie down that commitment well. Instead, C. Brewer said they will do this guava farm, which then closed down—it was very successful thanks to Jack Gushiken's expertise. It was producing fabulous guava. But in the vagaries of corporate decision making, it was closed down. That place got developed into agriculture subdivisions. What is left is this historical remembrance that somewhere along the line, Kīlauea is supposed to have an agriculture park. Also, in part of this history is that with the plantations closing down, the State Legislature formed three (3) task forces in the State; Kōhala Task Force, Moloka'i Task Force, and Kaua'i Task Force, which started the Moloa'a Papaya Farmers Cooperative but that essentially failed overtime. If you are going to start nonprofit groups to do farming in agriculture parks, you have to go back and look at the history of why those groups failed. Do not repeat the same error. I think we need to ask in our picture of agriculture on the North Shore, what is our goal? Does it fit into the picture of somewhere having an agricultural park? The disconnect in food to families is that farmers or young farmers who want to start do not have access to long term tenured lands for agriculture. How are you really going to address that? Things like farmers markets, if you look at smart growth principles, they need to be in town, not off somewhere in an agriculture park. To me, there

are all sorts of things that are coming up in terms of whether proper planning was done on this.

Chair Furfaro: JoAnn, I will put this item in Mr. Hooser's committee.

Ms. Yukimura: Thank you.

Chair Furfaro: I think he has some oversight there.

Ms. Yukimura: The thing is that there is this Budget item for this year's Budget that is probably going to come up before we have this session that is focused on this kind of agriculture. and I feel very uncomfortable about putting this much money in this line item without knowing how it is going to be used. Thank you.

Mr. Hooser: Thank you very much for all that you are doing for agriculture. I realize that it represents a very small part of the County Budget, and in terms of staffing, even smaller probably. I think you are doing an amazing job with the very limited resources, so thank you. I think that the work with the farmers markets and attempting to get the Costco buyers out and restrict it to real farmers and use of EBT and whatnot are think are major steps forward in how we are doing things, and have a real impact for small farmers. So thank you for that. I would like to have you back and raise the elevation or elevate the discussion, if you would, of agriculture on Kaua'i to a higher level, and to keep it on the forefront. I think it kind of drifts to the back for lots of reasons, and certainly from the County's perspective. I would I like to work with you, our Council, and the Mayor to re-elevate the Garden Island and reframe that in terms of agriculture like local food growing. Ag parks are certainly a big part of it. We will have you back. I do have some specific questions. I would like also to have you back to talk about the Kaua'i Food hub and that entire project. I have not been properly briefed on all the details. I understand to a certain extent that it is still a work in progress.

Mr. Costa: Right.

Mr. Hooser: I do not want to get too much into it and I probably should save that for another time. The question was going to be whether it was only for Kaua'i made products or was fish also envisioned to be included?

Mr. Costa: That is a long term vision because just in a few months I have been asked, "What about locally caught fish?" That one would be hard to monitor, but we really want to produce local foods, especially if the fish is either raised here whether in aquaculture or caught here. We would definitely like to have it available for people.

Mr. Hooser: As this project moves forward, I would love to have the opportunity, both the community and Council, to provide some input before the decisions are made at the end of the day.

Mr. Costa: Okay.

Mr. Hooser: I know sometimes things move quickly, but we would like some input. I noticed on number two (2) on your opening statement says, "One of the goals is to preserve irrigated farmland owned by the public." Is that speaking of public lands owned by the public like Agribusiness Development Corporation (ADC) lands?

Mr. Costa: The State lands, AD, right.

Mr. Hooser: Is there anything actively underway to make that happen?

Mr. Costa: Actually, we work with East Kaua'i Water Users Cooperative. They do great work. I wish we had a lot more money to fund them on the great work that they do, but whatever we provide is used to maintain the systems, mainly on East Kaua'i.

Mr. Hooser: In terms of preserving the farmlands themselves, for use to local farmers; I would encourage your office to dialogue with ADC to make sure there is land set aside for local Kaua'i farmers who are doing real farms and feeding people. In the Budget, one (1) of the questions—I would hope the voice of the local organic farmers, if you would, are part of the conversation also. I notice and I support the Cattlemen's and others here, and believe they are doing good work but are organic farmers involved in the discussions? Are there any initiatives to support that segment of the industry?

Mr. Costa: Yes. We work closely with Louisa Wooten. She is our local person who certifies organic farming. I have attended a few of her sessions. Speaking of Kīlauea Agricultural Park, that has been part of the discussion with the Kīlauea Neighborhood Association and the farmers. That seventy-five (75) acres—when you put the infrastructure in and some of the other components that we are hoping to install, really comes down to fifty (50) acres of land. Right now, part of the plan is to have traditional farmers and organic farmers, and that is going to be another debate process if that can actually work. Some farmers say it can and others say it cannot. We can schedule that for another discussion.

Mr. Hooser: Could you have anybody like Ms. Wooten on the Kaua'i Agricultural Advisory Committee as an organic industry representative?

Mr. Costa: No, she is not. We are looking at a couple of positions on there. Some of the members have either retired or basically want to retire from farming and life, so we have a few positions on the advisory committee that we are looking at filling.

Mr. Hooser: To get a copy of who is on there; is that on the website?

Mr. Costa: No, but we could provide you a copy.

Mr. Hooser: Thank you. Lastly, it is a small Budget item that kind of stuck out at me. We are spending six hundred dollars (\$600) for a subscription to the Wall Street Journal under the agricultural. I think we would do like National Farm Journal or something, rather than the Wall Street Journal. You do not have to answer that, but it is a curious item on the Budget. Thank you.

Mr. Costa: Thank you.

Chair Furfaro: George, you understand what I am saying? I would like to have an update on the seventy-five (75) acres in Kīlauea, probably in Mr. Hooser's committee.

Mr. Costa: Okay.

Chair Furfaro: You just work out the particular details with him. Secondly, I would like to make sure that you bring Mr. Hooser up to date on the things that have transpired as we look into investments, so he is familiar with some of the plans we had going forward, especially on moneys we have allocated.

Ms. Nakamura: Thank you, George. I just wanted to mention that the Kīlauea Ag Park funding—ever since the Environmental Assessment (EA) was completed has been in this Budget. I think for the past three (3) years, as long as I have been here, I have seen it in there. I guess the question is that the only difference that I see this year in your write up is very specific questions that need to be asked, especially relating to the bird issues and relating to the water use issues. These are fundamental questions that will determine the fate of this project. I do not have a sense of timing. As an administration, when do we expect to make a determination whether this project goes forward or not? It is four hundred thirteen thousand dollars (\$413,000) sitting in the CIP that could be used for projects that might be ready to go now. That to me is the issue with Kīlauea, and I know there is a lot history to the project. There are these outstanding issues but we need to resolve this year so it does not sit in this. Maybe the funding is at a later date when they are ready to move something concrete. Do you have any response to that?

Mr. Costa: I am constantly reminded. I believe it is thirty (30) years in the making since the idea; the inception. It weighs heavily on my mind. I would like to see it come to a decision and it may not be an agriculture park.

Ms. Nakamura: If it is not, what is it? If they want to use a portion of the four hundred thirteen thousand dollars (\$413,000) for something relating to agriculture uses in Kīlauea, what is that alternative? I think if we do not have that or a plan for using the four hundred thirteen dollars (\$413,000), then we should just put it off to the side for now and use the money in ways that are going to make a difference tomorrow.

Mr. Costa: Agreed.

Ms. Nakamura: That is just my perspective. My question has to do with the EBT program.

Mr. Costa: Yes.

Ms. Nakamura: For the forty thousand dollars (\$40,000) that is in the Budget, I wanted to find out what is the match for that program that you are proposing?

Mr. Costa: Basically, the forty thousand dollars (\$40,000) is to provide additional funding obviously for people. Right now, anyone coming with their EBT card to the farmers market and purchases a dollar of food, another dollar will come from the County, so it is one (1) for one (1).

Ms. Nakamura: It is one (1) for one (1)?

Mr. Costa: Yes.

Ms. Nakamura: Thank you. The Cattlemen's Association grant of twenty thousand dollars (\$20,000)—that would go to private slaughterhouses. Is that in the form of a grant or loan?

Mr. Costa: A grant.

Ms. Nakamura: Is it without these funds that they cannot sustain their operations or make the improvements they need?

Mr. Costa: Yes. The funds help those two (2) slaughterhouses maintain the facility and improve the facility, so that they can continue to stay in compliance with United States Department of Agriculture (USDA). One (1) of the slaughterhouses has indicated that in the next five (5) to ten (10) years, they are looking at retiring. Hopefully they can find somebody to train and continue the business, but for long term, we would like to see a larger facility for the island.

Ms. Nakamura: Thank you.

Chair Furfaro: On that note, we are a few minutes past our caption break time, George. When we come back, I would like to wrap up the agriculture piece because I already agreed to have two (2) items in subcommittees. Those items will get posted accordingly in the very near future. We are on a ten (10) minute caption break.

There being no objections, the departmental budget call-back recessed at 11:07 a.m.

The departmental budget call-back reconvened at 11:22 a.m., and proceeded as follows:

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

Ms. Yukimura: Thank you. I still have one (1) more question about the Kīlauea Ag Park. You did an EA and a feasibility study? Both?

Mr. Costa: Part of the Environmental Assessment included a study by an agronomist who presented his version of a feasibility study of what crops would be feasible to plant on that acreage given the climate, soil, and the lack of water.

Ms. Yukimura: Okay. I really question the Administration's tendency to go straight to go EAs before you do a real clear feasibility study. I think you waste a lot of money doing EAs without knowing if you want go through with the project. My question was if you did a feasibility study, what was the conclusion? Is it feasible or is it not feasible? Did you get that? That would be the first threshold question, right? Is it something that we can do there? I, as one (1), who talking about using public moneys that literally belong to the whole island would rather you ask the question and if we had an agriculture plan, you would ask the question. If a really successful agriculture park is our goal, where is best place to put it on the island? That would be my questioning. If you are starting with a location, you would at least want to ask if it is possible and viable to have it here? Was that question asked and if so, what was the answer?

Mr. Costa: I certainly did not ask the question. When I came into the County in 2009.

Ms. Yukimura: It was already ongoing?

Mr. Costa: Yes, a plan was already there. We were actually looking at Economic Development Administration (EDA) funding, and part of the EDA funding requirement was doing an Environmental Assessment. It actually came as part of looking at the funding source, but as far as a feasibility study, that was not done.

Ms. Yukimura: Environmental Assessments as I understand it, the question is, "Is there going to be a significant environmental impact?" If the answer is no, it stays at EA level. If the answer is yes, you go on to do a more full blown environmental impact statement, but in order to answer the main question, "Will there be an environmental impact?" You kind of have to have the whole design in place in order to do that. That is why I am forever baffled by doing EAs before you ask the main question, "Is this really where we want to do it?" If so, in what design do we want to do it. Then to me, you can answer the question of what the environmental impacts are. Did you share the study of the agronomist with the Council? That is the closest thing that we can come to a feasibility study. Have you submitted that to us?

Mr. Costa: I believe I did two (2) years ago but I can send another copy.

Ms. Yukimura: No, we can find it in our files.

Chair Furfaro: We have it in our records, George.

Ms. Yukimura: Thank you very much.

Mr. Costa: You are welcome

Ms. Nakamura: I guess I am still going back to this because if the intent is to make all of the projects—I think this is what we heard from the Administration on this plan, CIP plan to be completable in eighteen (18) months; is that really feasible in your opinion?

Mr. Costa: You mean to do the design in eighteen (18) months?

Ms. Nakamura: To expend these funds in whatever way that is necessary to accomplish whatever goal is decided upon?

Mr. Costa: Maybe not the entire money. I would not know. Our goal is to determine if we can move forward with the agricultural park based on the suggestions or ideas that are on the table right now. We may determine that it is not. I do not know what it is.

Ms. Nakamura: What I am looking for and that it would be good to see this year is when do you anticipate to make that determination? If it is not an agriculture park, what is the alternative? Do we just move on?

Chair Furfaro: I wanted to add onto that, and then I will give you the floor, JoAnn. George, I guess the real message here is that our resources at this time in this financial environment is pretty limited. We want to make absolutely sure that before we move forward on spending of larger amounts of money, we have buy in. That is the best and the right reason to do it. That is really what it means. It is important that we manage our resources to get the best outcome.

Mr. Costa: Understood.

Ms. Yukimura: Thank you. If you do want to go ahead with an agriculture park, there are two (2) tracks. One (1) is the County develops it and two (2), which to me this is somewhat an amorphous idea, that a nonprofit will develop it. Please go back and research what happened to the Moloa'a Task Force before you head down this road. If the County were to take it on and develop it as a County agriculture park, what is the ultimate expenditure that we would have to put forth?

Mr. Costa: Right now about eight million dollars (\$8,000,000).

Ms. Yukimura: Okay. I am glad to know that you know the amount. That is a substantial commitment. In our agriculture planning for this island, how much money are we going to put into agriculture for the next ten (10) years? What are our goals for that process for the next ten (10) years, if we were to spend our money in the

most cost effective, biggest return on investment? Where should we put that money? How much do we plan to spend? Even if you just say it is on an agriculture park, where is the best place for an agriculture park? Where will we get the biggest return? The most land? The most farmers? The most production? The centralized location or not? You could also take the whole agriculture picture and ask, "What are our key goals for agriculture?" How should we spend the eight million dollars (\$8,000,000)? Thank you.

Chair Furfaro: Okay. George, you know that we currently have limited resources, and then "what is the rationale on that kind of dollar amount if that is what we come up with?" We are going to continue to move towards completing this, and I would like to have the discussion on CIP, and then try to get Credit and Collection as it relates to Merchant Services at Wailua done. If we are okay with that, we are going to go into Economic Development CIP. We have kind of touched on it already with four hundred seventeen thousand dollars (\$417,000). Mr. Suga, you want to come up, Sir? George, will you continue to lead us through this discussion?

Mr. Costa: Yes. We are going to go into CIP and then come back around to finish the Office of Economic Development?

Chair Furfaro: Yes, we can do that.

Mr. Costa: Okay.

Chair Furfaro: I do not think anybody else had any more questions on the OED Budget at this point, George.

Mr. Costa: We are not finished. Now I have my portion. We will go into CIP and then come back around to Office of Economic Development?

Chair Furfaro: Well, we will see where we are at when 12:30 p.m. comes.

Mr. Costa: Okay.

Chair Furfaro: Do you have any major additions in your department?

Mr. Costa: Actually, there is quite a bit.

Chair Furfaro: I do not think any of it was very complicated to understand?

Mr. Costa: No.

Chair Furfaro: Do you want to brief us again? Let us do CIP and then go to your office.

Mr. Costa: Okay.

Ms. Yukimura: I have a procedural question.

Chair Furfaro: Yes.

Ms. Yukimura: This food agriculture cluster that you have included in your update, the two (2) page presentation that we got today?

Mr. Costa: Right.

Ms. Yukimura: Is this CIP or is this Operating Budget?

Mr. Costa: CIP.

Ms. Yukimura: Okay, so we are on that right now?

Mr. Costa: Yes.

Chair Furfaro: Okay. I think I made it clear that I want to do CIP because we have limited resources, so let us forward. George, at the end if you want to add dialogue with your Operating Budget as it relates to your department, we will see if we could squeeze that time in today.

Mr. Costa: Okay.

KEITH SUGA, CIP Manager: Good morning, Council. Keith Suga for the record, CIP Manager. We could go to the first project on our sheet which is on page 2 of our spreadsheet. Kind of near the top, it is the Alternative Energy Projects for eight hundred forty-nine thousand dollars (\$849,000). George can speak to that project.

Mr. Costa: The eight hundred forty-nine thousand dollars (\$849,000) is actually the remaining balance of a one point five million dollars (\$1,500,000) CIP project that started with the photovoltaic system on the Civic Center. Obviously, that came in about three hundred thousand dollars (\$300,000). This is the remaining balance. Between our former Energy Specialist, Glenn Sato, and the current Energy Specialist, Ben Sullivan; they looked at other County facilities that would have the biggest impact and right now the focus is on the Police, Civil Defense, and the Prosecuting Attorney's building.

Chair Furfaro: Before you go any further, how could we budget one point four million dollars (\$1,400,000) spend only three hundred thousand dollars (\$300,000) to accomplish what was in the narrative? Was there a component that was missing?

Mr. Costa: My understanding was that one point five million dollars (\$1,500,000) was set aside to look at alternative energy projects and at the time, which was about three (3) years ago, was to look at County facilities. The first one (1) that

rose to the top was the Civic Center to do photovoltaic with the police building in mind, but seeing what would the balance be after we did the photovoltaic system on the Civic Center. That is where we are right now.

Chair Furfaro: I understand it differently. There was a whole shopping list of facilities that we were supposed to address to improve reducing kilowatt hours, whether it is photovoltaic or anything else. There was a whole group of County buildings. We have done one (1) and we kind of think this is the balance. It is not the balance because we have not launched the whole program. That is my point.

Mr. Costa: Okay. Maybe I am confusing the issue because we are also working on a performance contract to look at all the County facilities to become more energy efficient. That is being worked on as we speak. Part of that initiative is with Ben Sullivan and Glenn Sato working with Chevron Energy Solutions. That is one (1) side of the equation.

Chair Furfaro: Just so we know, this is not a balance carry over; this is an ongoing project.

Mr. Costa: Right.

Chair Furfaro: We do not have the best outcomes identified yet.

Mr. Costa: Absolutely. There is a lot more.

Chair Furfaro: Okay. That is what I want to make sure that it is not a carryover amount of money, but an ongoing project.

Mr. Costa: Right.

Chair Furfaro: Thank you.

Mr. Costa: Did I answer the question of what these funds are going to be used for?

Chair Furfaro: Yes. The reason I said that is because if you point out it is a balanced amount, there might be some members that want to tap it.

Mr. Costa: Okay.

Chair Furfaro: You have to make a point to us that this is only the beginning of our enjoyment of reducing our kilowatt hours.

Mr. Costa: Exactly.

Chair Furfaro: It is not money that could be used elsewhere.

Mr. Costa: Thank you, Chair. I could not have stated it better. Thank you.

Ms. Yukimura: I have a question about that.

Chair Furfaro: Go right ahead, JoAnn.

Ms. Yukimura: As the Chair has pointed out, the Civic Center was with the first phase of an ongoing program to energize our County facilities with alternative energy. Do we have a report anywhere on this first phase, i.e. how much energy we are saving? Or anything like that? I was looking in your "successes and achievements," and I do not see it.

Mr. Costa: No, it is not in there but we can get it to you.

Ms. Yukimura: We want some validation that the three hundred thousand dollars (300,000) was money well spent. I would like to know things like, how much we are saving a year in both, kilowatts and costs. Costs get distorted by the price of oil, and also what the projected payback period is. We had one (1) when we started but actual performance is sometimes different than projected performance. If we can get just information? If the Police/Civil Defense/Prosecuting Attorney's facility is in next proposal, how much will it going to cost? Is it going to take all of these eight hundred forty-nine thousand dollars (\$849,000), or a portion of it? What is the projected return on investment i.e. the savings? What will be the projected payback time? I presume someone has looked to see that this will be the best payback of any of the County facilities that is going to be the best place to spend this limited money? Often, the really good energy consultants will first do an energy audit to make sure that the energy uses is as low as it can be first before you size the photovoltaic system, so I am hoping that is going to be part of it, rather than having all of this waste that is not identify, and then sizing a PV to accommodate that. I am just looking for some evidence that this kind of analysis has been done so we know we are spending our money best in way possible.

Chair Furfaro: George, I think you know what we are looking for. I know with your credentials you know that, too. You have both Glenn and you have Ben there. As you target these things, it should be an applied ROI that we can look at that says, "What is the return on investment and how many years is the payback?" I know with your hotel background, you go through that but I think what Councilwoman Yukimura is saying, something we are all expecting.

Ms. Yukimura: Thank you.

Mr. Costa: Yes.

Chair Furfaro: Are there other questions? Next item, then.

Mr. Suga: The next item is on page 3. It is the CEDS Project, four hundred fifty thousand dollars (\$450,000), in the middle of page 3.

Chair Furfaro: George, you want to give us a narrative here?

Mr. Costa: You have the handout and that is why I detailed it. That four hundred fifty thousand dollars (\$450,000) is broken down into several CEDS related projects. We have granted two (2) entities; one (1), the Kaua'i Economic Development Board (KEDB) and the Kaua'i Planning and Action Alliance, to divide up some of these projects based on the CEDS or the industry clusters. From the food and agriculture cluster, KEDB was charged with looking into the business plan for the modular slaughter/chill processing facility for seventy thousand dollars (\$70,000). Also along with another part of the food and agriculture cluster, was the beef quality study for twenty-three thousand five hundred dollars (\$23,500). Another food and agriculture cluster was the commercial kitchen feasibility study for thirty-five thousand dollars (\$35,000). As part of the commercial kitchen business incubator, looking at funding sources for that commercial kitchen business incubator facility, which was also a KEDB project. The last one under KEDB was under the science cluster, looking at a digital media center and creating a business plan for seventy thousand dollars (\$70,000). On the Kaua'i Planning and Action Alliance, they took on the arts and culture cluster which was the facility feasibility study for visioning session for the arts and culture cluster. Then you had the Workforce Readiness which is the Keiki to Career Action Plan, which was for forty-eight thousand dollars (\$48,000). Under "sustainable technologies and practices," the sustainable technology cluster was sixty thousand dollars (\$60,000) to work with not only our Solid Waste Division on looking at recyclables, and what could be done with some of those materials to create business entities and economic opportunities, but also work with our Sustainability Manager, Glenn Sato and the County's Green Team on sustainability initiatives. The last one was under the sports and recreation cluster for the Wailua Golf Course Strategic/Business Plan which was for seventy thousand dollars (\$70,000).

Chair Furfaro: Okay. Tell me again about the Wailua Golf Course.

Mr. Costa: Okay.

Chair Furfaro: Is it in or is it out?

Mr. Costa: It is still listed here, but it is one (1) of the projects that we were unable to get to at this point but it is something that we feel is important and something that we still want to carry on with.

Chair Furfaro: You do not have to sell us on how important it is. I just want to know, is it in or is it out? Steve, do you want to answer the question?

STEVEN A. HUNT, Director of Finance: Steve Hunt, Director of Finance. It is part of the CEDS project. It is in this four hundred fifty thousand dollars (\$450,000).

Chair Furfaro: How much is it exactly?

Mr. Hunt: Seventy thousand dollars (\$70,000).

Chair Furfaro: I think that answers our question. George, can you tell us a little bit of what you expect regarding the understanding of the Wailua Golf Course and its marketing positioning?

Mr. Costa: As far as that project is concerned, looking at the total operation of the golf course and the ancillary facilities that it has like the restaurant and the pro shop. Also, part of the scope of work would be doing a survey of all of the patrons of the golf course to see what they envision the golf course and services that they would like to see.

Chair Furfaro: Visitor industry as well?

Mr. Costa: Yes, and the visitor industry. Initially, Sue Kanoho and I met with my brother Ian Costa and Lenny Rapozo. Prior to this study, actually coming out and looking at how we could help assist the golf course from a marketing standpoint. As I mentioned, we have not really gotten started on this project yet.

Chair Furfaro: That is all I need for right now, because we are going to talk about the golf course later today. The fact of the matter is that I want to know where the money was. I promoted you as an expert last week; you and Ken Shimonishi. You know what we are talking about when it comes to number of rounds versus of the average round rate. You know what we are talking about when it comes to the amenities of the facility versus boosting rounds, rather than just selling eggs and vienna sausage in the morning. We need to know that the money is there, and Steve has answered that. We are going to talk about the golf course later. Thank you.

Ms. Nakamura: I am a little confused because the money is here, but I thought we heard last week from the Administration that although money was in the Budget, you did not intend to spend it. I guess I am confused about what is happening moving forward.

Mr. Costa: Okay. As far as I am concerned, from the Office of Economic Development, this is one (1) of the projects that we have not started on. Whether we will start on it this year, I am not certain. I would have to defer to the Mayor.

Chair Furfaro: George, you have to be certain with us. We have the final say. We are going to be rolling in the golf course so I do not want to have a golf course discussion now, but I want to know; you have not started but the money is in and you are overseeing it as of right now?

Mr. Costa: That is correct.

Chair Furfaro: But you have not started?

Mr. Costa: That is correct.

Chair Furfaro: That satisfies me for right now.

Mr. Rapozo: Yes, but I also heard him say he is going to defer to the Mayor. If the Mayor said they are not going to do, it and George said he is going to do it but he will defer to the Mayor, we can assume it is not going to get done.

Chair Furfaro: Unless we put it back.

Mr. Rapozo: That is where I am heading with this. If they are not going to use it, we definitely need to pull the money back. It is useless to just keep the money floating in a line that is not going to be used. We are just not going to do that. Thank you.

Chair Furfaro: Steve, maybe we will get some clarity on your May 8th return? You are due to send us a communication on May 8th and we will get some clarity there.

Mr. Hunt: Yes, we will try to address that in terms of where out timeline is for both the reopening and ongoing projects in the Wailua Golf Course, as well as the marketing plan.

Chair Furfaro: Okay. That sounds reasonable. We look for it in the May 8th communication.

Mr. Rapozo: I have a follow up.

Chair Furfaro: Go ahead.

Mr. Rapozo: On the sheet, you are showing four hundred fifty thousand two hundred twenty-five dollars (\$450,225) to KEDB and two hundred ten thousand dollars (\$210,000) to KPAA. That leaves a balance of fifteen thousand dollars (\$15,000).

Mr. Suga: Councilmember Rapozo, the information you are referring to on the sheet, I think that was the—at the time this was put together, it was the latest information I had from George, but he had since recently provide the worksheet. I apologize for that information not adding up to four hundred fifty thousand dollars (\$450,000), but if you refer to his presentation, it does.

Mr. Rapozo: Has some of these studies not been completed already?

Mr. Costa: They are in the works right now.

Mr. Rapozo: None of them have been completed?

Mr. Costa: No, June 30th is when they are scheduled to be completed.

Mr. Rapozo: So these moneys will be spent this Fiscal Year?

Mr. Costa: Yes, this Fiscal Year. Most of them are being spent as we speak.

Mr. Rapozo: Okay. We still have that four hundred fifty thousand dollars (\$450,000) available? Nothing has been expended?

Mr. Costa: Quite a about bit of it has.

Mr. Rapozo: Okay. That is my question.

Ms. Yukimura: On the Wailua Golf Course you say a user survey will be done. One (1) of my concerns is that the users are the only people consulted often times, and that this golf course is not just for the present golfers, but it is for future golfers. One (1) of the questions is the long term sustainability of the golf course. It also impacts all the taxpayers of this island because we are subsidizing it a million dollars a year, which means that a million dollars that could be used for other purposes is not being used. I am asking how will this study address those bigger questions?

Mr. Costa: It is not the answer to all of the issues at the golf course, but it will help provide a picture or an idea of what the actual users of the facility envision and help us towards the end goal. As you mentioned, it is a facility that is really funded by the public and not everybody plays golf. As Chair Furfaro mentioned, the visitor industry, and I look the hotel because you have “x” number of potential of rounds and what your maximum revenue might be; your revenue strategy. Currently, we may not be maximizing that top revenue because obviously there is the visitor industry that is interested in playing. They may not have the best tee times. I envision the study to provide several scenarios on revenue producing opportunities. Some of them—one (1) scenario is showing the present scenario as you have a lot of local players, local clubs. I am not a golfer, but my understanding is that a lot of those clubs take up some of the primetimes to maximize your revenues and you may have to move them out of the primetime playing time.

Ms. Yukimura: Or share it like the Chair mentioned.

Mr. Costa: Or share it and provide more opportunities for the visitor who is paying a higher rate. There is quite a bit of scenarios.

Ms. Yukimura: Okay. You have outlined a lot of the issues that will come up as you develop a strategic plan. One (1) of my concerns is whether the consultant will have expertise in municipal golf courses because they bring different issues than just a private golf course attached to a hotel. It is an asset to local people here and we want it to continue to be an asset to local golfers. On the other hand, we need it to be

financially viable and there needs to be consideration of the other needs and uses for public County moneys. I am hoping that we are going to have someone who is doing the strategic plan who understands those parameters and can help us sort and balance them. Do you know if it is your intention to find a consultant like that?

Mr. Costa: Yes.

Ms. Yukimura: Is it within KPAA's capacity to do that and oversee that process?

Mr. Costa: We would develop the Scope of Work, and hopefully there is someone or entities out there that can provide that expertise.

Ms. Yukimura: To a certain extent a strategic plan is—it has to be based on a lot of economics. I have been concerned at how economics has been ignored or not fully focused on in some of our important reports. I am asking you how are you going to spend this seventy thousand dollars (\$70,000), so that in the end we really get a workable strategic plan that will guide us to create a very viable Wailua Golf Course? I want to say too that it is not only an asset not only to local golfers, but it is an asset to the island from the publicity and the quality of play and to our visitor industry. It is like so many pieces and we need really good help in putting that together.

Mr. Costa: Understood.

Chair Furfaro: You know what we are looking for and Steve, you understand, the big question gets answered on May 8th when you submit your communication again. We will continue talking about some of the market segmentation when we get to the golf course for today's presentation.

Ms. Nakamura: I just have a question. I know that the Farm Bureau has put forth a Grant-In-Aid request to the State to get some planning funds for the food hub. Do you know how much they requested?

Mr. Costa: Three hundred thousand dollars (\$300,000).

Ms. Nakamura: Do you know the status of that request?

Mr. Costa: No. I have heard from different sources, but not from our State Legislature so I need to find out exactly.

Ms. Nakamura: I guess we will not know until the end of the session.

Mr. Costa: Yes.

Ms. Nakamura: I just wanted to follow up on that because I am worried that we might not get funding for that study. Was it going to be some sort of business plan?

Mr. Costa: Actually business plan and then also coming up with the design scope. Besides the Legislative ask, we are also looking at other funding sources that will help with that. We have talked to a few organizations that think it is a great idea. Verbally they said they would like to help, so we will see on how much.

Ms. Nakamura: Are these federal sources?

Mr. Costa: Some is federal. Some is actually private. I do not know all the legalities of doing that, but we are looking at several sources, not relying on the County.

Ms. Nakamura: I think what is the gap is that we will take the slaughterhouse to at least a business plan stage, take the commercial kitchen to a business plan phase, but then there is the produce processing piece.

Mr. Costa: The retail section, yes.

Ms. Nakamura: The retail section.

Mr. Costa: Right.

Ms. Nakamura: I thought it was the washing and keeping up with the federal standards.

Mr. Costa: Right. The food safety.

Ms. Nakamura: The food safety section. That we really have not looked at the numbers and the financial feasibility of that. If we are looking at it as a hub, then that needs to be done before anything can move forward.

Mr. Costa: Right.

Ms. Nakamura: If the Administration is not willing to do some of these other projects that have been slated or included in our previous Budget, and if there is a gap in State funding, should we look at reprogramming some of these funds for that purpose?

Mr. Costa: I guess it is possible. As part of the follow up or the remaining piece of the Office of Economic Development Budget, I have in there some moneys slated for just that, to look at that final piece of the processing and the retail section.

Ms. Nakamura: Okay.

- Mr. Costa: Which is in, I guess, my piece of the Budget.
- Ms. Nakamura: That we did not get to.
- Mr. Costa: Yes.
- Ms. Nakamura: Okay, thank you.
- Chair Furfaro: You are making us more and more anxious to get to your piece.
- Ms. Yukimura: Regarding the food agriculture cluster, the moneys that are proposed here from the County's Budget would not be contingent on the funding from the Legislature? If the Legislative money does not come through, you can still proceed to do this next phase?
- Mr. Costa: Which next phase?
- Ms. Yukimura: The seventy thousand dollars (\$70,000).
- Mr. Costa: That is happening right now. This is what is in CIP right now and most of it is right now for this Fiscal Year.
- Ms. Yukimura: Okay. This sheet is not proposed uses of money?
- Mr. Costa: No, actually proposed—if you look at the CEDS, the four hundred fifty thousand dollars (\$450,000), that is now. What is proposed or carried over to the next Fiscal Year would be the eight hundred forty-nine thousand dollars (\$849,000) of the Alternative Energy and the Kīlauea Ag Park. The other projects are happening right now.
- Ms. Yukimura: On page 3 of the CIP, which says four hundred fifty thousand dollars (\$450,000), which will be in the next CIP that we are looking at; Fiscal Year 2014. Of this list, of the two hundred twenty-five thousand dollars (\$225,000), two hundred ten thousand dollars (\$210,000); I do not know what you are proposing the four hundred fifty thousand dollars (\$450,000) for?
- Mr. Costa: Okay, maybe I have this wrong, but I am reporting on what is in the CIP right now.
- Ms. Yukimura: It is going to be carried forward because you have not encumbered it?
- Mr. Costa: No, we have.
- Chair Furfaro: Hold on, JoAnn. Would you yield the floor for a moment for a point of clarification?

Ms. Yukimura: Sure.

Ms. Nakamura: I think the concern here is on the sheet on page 3, the data in here is not quite accurate. Under the section "Appropriation Balance," I think some of this has been appropriated to KEDB and I know part of it to KPAA after March 8, 2013. I think to clarify the issue for Councilmembers, it would be good to put in what has already been encumbered into that spot so that we actually know what is the balance today.

Mr. Costa: Okay.

Ms. Nakamura: I think that is the issue.

Mr. Costa: Okay.

Chair Furfaro: You are following that discussion so that you can send us some type of an amendment.

Mr. Suga: Chair, could we request a quick recess?

Chair Furfaro: Sure. We will take a five (5) minute recess.

Mr. Suga: Thank you.

There being no objections, the departmental budget call-back recessed at 12:02 p.m.

The departmental budget call-back reconvened at 12:09 p.m., and proceeded as follows:

Chair Furfaro: We are back in session. George, let me offer a couple of suggestions, okay?

Mr. Costa: Okay.

Chair Furfaro: We do need some clarity to understand what might currently be in your operating plan, followed by what these balances are in the CIP. I think you need to reconcile it. At the same time, what portion of those improvements might actually be coming from bond money? You have to get those pieces really clear for me. I am thinking for right now, we are going to continue with your office until we get to lunch.

Mr. Costa: Okay.

Chair Furfaro: I am going ask that we move the Department of Finance Credit Collections and Merchant Services as it relates to the Wailua Golf Course, to tomorrow at 1:30 p.m., followed by a continuation of this portion of the CIP reconciliation.

Mr. Costa: Okay.

Chair Furfaro: That puts you to about 2:30 p.m. tomorrow.

Mr. Costa: All right.

Chair Furfaro: I think there seems to be a lot of confusion as to current year and committed and next year and reconciling the balances. We are okay with that. We have got to get it right though. We are not going to do in the next ten (10) minutes. Let us leave it at that point.

Mr. Costa: All right.

Chair Furfaro: Mr. Hooser wanted the floor.

Mr. Hooser: Just to add to because it I think you said it already, but I want to restate it. We are also asking for clear decision or definition between what is bond funded and what is otherwise funded.

Chair Furfaro: Yes.

Mr. Hooser: Okay. Thank you.

Chair Furfaro: I did say that. Thank you. That is a very important piece. We have to have consultation with our bond counsel on that.

Mr. Hooser: For all areas, not just Economic Development.

Chair Furfaro: Yes.

Mr. Hooser: Thank you, Chair.

Ms. Nakamura: On page 2 of your handout, the second bullet related to the "Arts and Culture" project cluster. I wanted to clarify that we are not pursuing a facility feasibility study at this time based on feedback from the initial focus groups. That is really not where the group is at.

Mr. Costa: That is correct.

Ms. Nakamura: I think it might be good to rename that, maybe to "Collaboration and Capacity Building," because I think that is the direction that the cluster wanted to move in. I understand that that number is not seventy-two thousand dollars (\$72,000), but twenty-five thousand dollars (\$25,000). If we can just clarify what the contracted amount is for based on the changes. That was a good part about our process is that we brought all of the different stakeholders together throughout the idea and got the feedback that they were not really ready to move in that direction. Scale it back and do not put the resources, and readjust it to what the needs of that cluster really are.

Mr. Costa: Okay.

Ms. Yukimura: I have a concern about that because I do not believe that the conclusion that this group came to reflected a really thorough survey, in terms of the need for a—well, what I see as a performing arts/sports covered facility. I think it might be worthwhile to begin the discussions on that. I really feel like the group that was surveyed was a very limited group. My sense in the community is that we do need to start planning for a large facility that is covered, gathers people, and can be used for sporting and cultural activities. I do not see it happening tomorrow but the planning can and should be done. I am not sure that KPAA is the proper group to do it. I do not know if the Administration will put it forth as a beginning from this year. You may say next year or another year. I hope that the Administration is not concluding that we should not look at planning for something. It is something for the Administration to look at but my sense out in the community is that people feel we should—that there is some real support for that idea. It would be good to begin to bring it together and talk about what it would be. It is a huge project and has to be done so well. If you go back to look at Maui's Performing Arts Center, which was not huge arena so that was different. The closest one you can get to is the Merrie Monarch facility.

Mr. Costa: Right. Edith Kanaka'ole Stadium.

Ms. Yukimura: Yes. Even the Maui Performing Arts took some real leadership...what do you call that?

Ms. Nakamura: Vision and champions.

Ms. Yukimura: Yes, champions. (Inaudible) was one (1) of them there. Yes, so visionary champions, but then a whole collective action of community to do it. I am not sure how we would even begin, but I have a sense that we need to begin. Thank you.

Ms. Nakamura: I would agree when we first talked about sports and recreation cluster, the multi use facility rose to the top as something that was very important. Pretty much, the group felt that the Convention Hall is maxed out and we are ready to move on to something bigger that will serve multiple needs. I think the focus of the feasibility study done by KPAA did involve the arts group, but may not have involved the sports and recreational group. That was the focus. It was an arts and culture focus. It might be a broader group of stakeholders that need to be involved, but that is a huge undertaking and a huge commitment of resources that we need to consider.

Chair Furfaro: Okay. George, I am going to give you the last fifteen (15) minutes to talk a little bit about your department for all intents and purposes, we are going to defer the rest of this CIP discussion until tomorrow.

Mr. Costa: Okay.

Chair Furfaro: It is important that you have something that reconciles what is committed either CIP from the General Fund or Bond, or what your improvements are going forward. Also, please make sure that we weeded out of their moneys that might have been in the Operational Budget and not CIP because we have got some crossing of narrative over here. That will be at 2:30 p.m. We are going to also defer the Office of Finance but I see that Steve is not here, but you will tell him. We are going to move the Credit Collections on Merchant Services for the golf course from 1:30 p.m. to 2:30 p.m. tomorrow. After you had some time to reconcile it, we will do the continuation of the CIP for 2:30 p.m. Today, I do want to get a late start on our afternoon meeting, which is Department is of Personnel Services. We will start that regularly at 1:30 p.m. George, I am giving you the floor for the next ten (10) minutes to cover anything that you want in Economic Development and your office? Do not feel I am rude. I am going step out at twenty-five (25) after the hour to take care of an appointment I already had, and then I will be back at 1:30 p.m. I will let you take it from here, Mr. Rapozo.

Mr. Rapozo: Thank you, Chair. If I can, I have both Ben Sullivan and Glenn Sato here. Did you want them to come up and clarify?

Chair Furfaro: It is your time.

Mr. Costa: Maybe they could speak to the photovoltaic energy piece.

Chair Furfaro: I just want to make sure that we understand the balance of the money. That is all I want to understand. Ben come on up. We were talking about the moneys we allocated for photovoltaic, and you also need to know that the Council does reserve the right to move or reallocate money that is identified in CIP if we feel that there a large balance is left or the attention to detail would leave some wiggle room for us. It has been conveyed to us that you folks have other scope that perhaps needs a little bit more definition for us on the—how much is left there, George?

Mr. Costa: Eight hundred thousand dollars (\$800,000).

Chair Furfaro: A little more than eight hundred thousand dollars (\$800,000). If you could brief us on the intent and vision for that money. I will turn it over to Mr. Rapozo.

BEN SULLIVAN, Economic Development Specialist IV - Energy: Thank you. Ben Sullivan, for the record. The Mayor has made it a priority to look at this project next in our workload and that is a photovoltaic (PV) system at the Police facilities. The project has been studied with a reasonable amount of thoroughness and we are ready to proceed and issue an RFP into the next fiscal. The amount in the CIP is eight hundred forty-nine thousand dollars (\$849,000). One (1) of the challenges with getting the numbers exactly right is that we have multiple variables that are impacting the way this project is looked at. One (1) is certainly that the price of photovoltaic panels themselves have been dropping to about ten percent (10%) to fifteen percent (15%) per year for the last three (3) or four (4) years in terms of installed cost. That is good news. Another variable that becomes a trick

is that the overtime amount of photovoltaics on the grid, as well as a given on the on a specific amount on a given circuit subjects any project to review by Kaua'i Island Utility Cooperative (KIUC) that may or may not be favorable to the County. KIUC has limits they have to work within and they communicate to us as best they can but those things are changing in dynamic. This is another variable. In general, the reason that we selected the police facility to proceed with is because it is a major load. It has a significant amount that the usage is concurrent to photovoltaic generation, so basically it has a daytime load curve that is favorable to PV because basically the way we are paid or the way we benefit from photovoltaics on County facilities or in any facility is that the highest value is received if you generate concurrent to you load. Again, the police facility has a daytime peaking load, so that is very favorable. That is versus say a wastewater facility or another facility where the load curve is fairly flat. They may have a big load and still be good candidates but it is not the same curvature and does not align. Just the simple payback on the project would be about seven (7) years so we are talking about a project that at the last time we priced it was a little over one million dollars (\$1,000,000). I do think the price of PV has come down, and I do think that we are going to have to get into the RFP to find out if our assumptions about the additional infrastructure associated with the photovoltaics are going to be accurate. We expect that the eight hundred fifty thousand dollars (\$850,000) will get us most of the way there. We will either reduce the size of the project a little bit to accommodate the Budget, or we will also seek other funding and try to perhaps come back to Council, or look at other sources for funding to make it optimally sized. I think that is the general background on that project. I was also listening actually when you were discussing this earlier, and I think there was a question from Councilmember Yukimura regarding the consideration of efficiency. I can say that the sizing that we have assumed for this project is based on reducing the load ultimately at the police facility by about twenty percent (20%). We anticipate being able to do that. It may not happen before the PV system is put in, but it is certainly on your agenda. The discussion up to now has been to try and use the performance contract method to achieve those savings and that is still being looked at. Basically, we have not moved forward with that one because as you all know, we are still working on the performance contract for Wastewater. We are taking it one (1) at a time. I am certain there are other questions and I would be happy to respond if we can.

Mr. Rapozo: Thank you. We have five (5) minutes left, George. I do not know what you want to do.

Mr. Costa: Tomorrow is fine.

Mr. Rapozo: Okay. Are there any questions?

Ms. Yukimura: Thank you, that answered most of my questions. What you implied is that your performance—what is it called?

Mr. Sullivan: Performance contract.

Ms. Yukimura: The performance contract includes the Police Department so you will be retaining consultants to see how to reduce or reduce usage by increasing efficiency. Is that right?

Mr. Sullivan: That is correct.

Ms. Yukimura: You are sizing the PV based on a twenty percent (20%) load reduction, which you may not achieve right away, but overtime you will?

Mr. Sullivan: Correct.

Ms. Yukimura: That is very, very good. I will wait to get in writing the report back on the Civic Center project to see what the actual performance is. It could likely be something to really brag about in terms of energy saved and moneys saved, but I would like to complete the circuit, so to speak when we fund the project to get back the results of the expenditure of that money.

Mr. Sullivan: Understood.

Ms. Yukimura: We will ask for that and you can do that in writing. Thank you very much.

Mr. Rapozo: Are there any other questions? I have a question. The KIUC issue, the grid capacity, has that been resolved?

Mr. Sullivan: I think the last time we spoke to them they were certainly open to it, but I do not know where they are now. We have not discussed the police facility specifically in the last six (6) months and like I said, there are a lot of things changing quickly on the grid. We have to get back to them and discuss the capacity of the circuit.

Mr. Rapozo: That probably should be done first, right?

Mr. Sullivan: Yes.

Mr. Rapozo: I would suggest we get that squared away with KIUC because at the end of the day, they basically say if we can or cannot. If we do not get a Power Purchase Agreement from them, then...

Mr. Sullivan: It is not a Power Purchase Agreement, but you are right; it is an Interconnect.

Mr. Rapozo: Right, yes, the Interconnect. We need that.

Mr. Sullivan: Yes.

Mr. Rapozo: I would suggest we clear that up because I think that is one (1) of the issues that Kekaha...

Mr. Sullivan: Just to clarify, they do not offer an Interconnect Agreement until you are actually ready to put in. It is a little bit of a chicken and egg. You

test the water with them, they said it look good—you can get all way through and find out it is not going to happen because they have so many projects to manage, they cannot hold a spot for you for two (2) years.

Mr. Rapozo: I understand that. We have not even gotten a looks good yet, right?

Mr. Sullivan: We did a while ago but we have not checked back yet.

Mr. Rapozo: That is my only suggestion. I would hate to go through the process, spend the money and say, “Oops, no Interconnect with KIUC.” It is almost one million dollars (\$1,000,000).

Mr. Sullivan: Yes, fair point.

Mr. Rapozo: Are there any other questions? If not, we will break for lunch and be back at 1:30 p.m.

There being no objections, the department budget call-back was recessed at 12:28 p.m.

The departmental budget call-backs was reconvened on April 22, 2013 at 1:38 p.m., and proceeded as follows:

Personnel Services

Honorable Gary L. Hooser
Honorable Ross Kagawa (*Present at 2:22 p.m.*)
Honorable Nadine K. Nakamura
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro

Excused: Honorable Tim Bynum

Chair Furfaro: Welcome and good afternoon everyone from the Department of Personnel Services. Tell me, are you going to make a PowerPoint presentation?

THOMAS TAKATSUKI, Human Resources Manager II: Yes.

Chair Furfaro: Okay. Why do I not go ahead and let you begin with that. Is it covered in this handout?

Mr. Takatsuki: Good afternoon Chair Furfaro, Vice Chair Nakamura and Councilmembers. For the record, Thomas Takatsuki. I am the Human Resources (HR) Manager. With me I have Janine Rapozo, Human Resources Manager, Crystal Fujikawa, Human Resources Manager, and on the end is Pua, our Secretary. As you have received the Budget presentation, I would like to do a PowerPoint presentation to highlight some of the information contained in our written presentation. First and foremost our mission, Department of Personnel Services or DPS, shall serve all County departments and agencies with the full range of human resource function based upon merit, principles, and devoid of any bias or prejudice, including recruitment and exam, classification and pay, labor relations, benefits coordination, employee development and training, employee relations, and the health and safety for the successful achievement of Countywide goals. Our organizational chart show ours structure. There is a Civil Service Commission of which two (2) of our commissioners are here; our Chair Kenny Adams and Commissioner Roy Morita. Aside from the Personnel Director, the department is made up of sixteen (16) employees and four (4) divisions. Our Administrative Services Division is made up of a Personnel Management Specialist in charge of benefit and a Private Secretary with three (3) HR Clerks. The recruitment and examination division is made up of an HR Manager and two (2) HR Specialists.

The labor relation and classification and pay division is made up of an HR Manager and three (3) HR Specialists, of which one (1) position is dollar funded in the Fiscal Year 14 Budget, as highlighted in yellow. This division also manages the Personnel Manager Specialist in charge of transactions. The Employee Development and Health Services Division are made up of an HR Manager, one (1) Equipment Operator and Trainer. Our

primary goal is to continue to transition the various Human Resource functions from the County departments to DPS. We are currently making some strides in the standardizing and centralization of some functions, but there are many more that must be transitioned to DPS. Our specific goals are listed in our presentation on pages 1 and 2. In the development of objectives, we looked to ensure there were, by division, quantifiable and broken down into subcategories.

The next section is our successes and achievement. Our majority achievement this past year has been the restructuring of the department. Aside from having additional resources, the restructuring has made the department stronger in having the ability to utilize the knowledge that came with the three (3) staff that transferred from the three departments who are now available to serve the entire County. Other achievements include the centralization of the following functions; all employee personnel files are now with our department. There is a new-hire process now being done at our office in conjunction with the new hire orientation program. We will be processing all of the former enrich program workers. We have also taken and assumed the responsibility due to all of the seasonal spring enrichment programs. We will be processing all of the summer enrichment program workers. We continue to do the exit interviews. The temporary Disability Insurance program was transferred from the Finance Department and handled by DPS. Previously done at the departments is that the medical insurance enrollment has been centralized at DPS. Individuals interested in working during the summer can now complete an online application that will be processed by DPS.

The driver and equipment training has now been extend to other departments, not only Public Works. The Worker's Compensation Claim process is now being centralized at DPS. Safety Evaluation and Assessments for liability and Worker's Compensation Claims have been started and the completion of required annual OSHA report forms has been handled at DPS. There are other functions that must be centralized so there is still a long way to go.

These systematic changes are noted without challenges. We have five (5) of new staff coming on board in October. There was and still is a learning curve that delayed the implementation of some of the functions. I think the problem was that we had new employees, but they were all at a different level. They were not at the level that we had indicated that we wanted to hire. The other challenge is that although we have reduced the backlog of work, the backlog still exists and has hampered the speed of the transition to HR. One (1) of the bigger concerns that we have is that departments have shown some resistance to the moment of duties and the functions and as a result, DPS has slowly transferring items while at the same time, working with the departments to transfer the institutional knowledge. Data collection methods have been pragmatic and inefficient due to limited use and/or understanding of the current system in place. Of course, our recent change in leadership. That is why I am here.

We would like to address some of the challenges that are specific concerns that were brought up by some of the departments previous to us. First, we have recruitment in the Finance Department. I think we created a table to show the various steps that were needed in order for the department to fill a vacancy. Currently, some of the steps are handled by

DPS, and some are handled by the department. The particular situation that is before you—we have the timeline of what occurred. On May, 2012, a vacancy occurred for the Vehicle Title and Registration Technician. Forty-four (44) days later, the department requested to fill the vacancy. We posted the job for two (2) weeks. A test was administered and a certified list of eligible applicants was provided to the Finance Department. We took approximately fifty-seven (57) days to process. The Finance Department scheduled the interviews and eventually hired an in house applicant who started in the position forty-five (45) days after the list was certified. Basically, in order to fill this vacancy, DPS took fifty-seven (57) days and their department took eighty-nine (89) days for a total of one hundred fifty-six (156) days to fill the vacancy. I think the issue was not really this position, but the position of—there were three (3) issues or three (3) situations that took place. The hiring of the in house applicant had then created another vacancy. The Department of Finance did not request to fill the vacancy until seventy-two (72) days after the vacancy occurred because this may have occurred due to the department conducting an assessment of the position and deciding whether to go with the intro, inter, or open recruitment and other various factors. A request to fill a vacancy was received and then DPS posted the job internally and certified the list. The certified list was provided to the department after thirty-seven (37) days. The department then hired an in house applicant fourteen (14) days after the certified list was provided to the department. In this case, in order to fill the second vacancy that occurred, DPS took thirty-seven (37) days and the department took eighty-six (86) days, totaling one hundred eighty-three (183) days to fill the second vacancy. The hiring of this in house applicant then created another vacancy. The Finance Department requested to fill a vacancy after fourteen (14) days. The testing of this position occurred on April 17th and a certified list was sent to the department on the same day. As you can see, both the department and DPS was involved with the recruitment to fill a vacancy. The timeframes on this one (1) example shows that the process can definitely be improved. Therefore, DPS will be, and in some cases, are already offering additional systems to the department throughout the various phases of the recruitment process. DPS intends to proactively monitor vacancies and contact departments on their intentions of whether there will be no changes to vacant position, or if a reposition of the position description is needed due to changes or departmental needs, or if a re-description is needed to downgrade the position to an entry level position; provide support and review and amending the position description with the interview process and with the hiring process, which is already occurring with most departments. It is a little time consuming process we have gone through. We are looking at it and trying to streamline that process.

Another concern that came up with the Police Department was that the departments transferred a Personnel Clerk position. Early on, a meeting was held with the Kaua'i Police Department regarding say transfer of position. KPD requested that the Personnel Clerk position that was transferred from KPD is to be exclusively assigned to their department. In our meeting with the KPD, they were informed that the Personnel Clerk was now an HR Clerk and would be, along with other HR Clerks, servicing all departments including KPD. That one (1) position was not only going to be serving the Police Department, but serving the Police Department, as well as every other department within the County. This was never intended to mean that we would not serve KPD, nor would we not take over the functions. Unfortunately with the departure of the former Personnel Clerk, it was necessary to hire a new Clerk, and the functions of the KPD

Personnel Clerk has never been transferred as of this date. Therefore, DPS plans to meet with KPD to discuss the dealings that were previously assigned to the KPD Personnel Clerk and began to transfer those duties to DPS. We are basically going to ask them to let us know what is needed to be done and we will perform that work.

Another concern that has been the Quarterly Vacancy Report provided to the Council. Staff has found it necessary to rely on compiling various reports manually to get the necessary information. Part of the problem is that we are not maximizing the use of the computerized data collection system to collect the needed information. In addition, the time consuming report that is being generated now may or may not be addressing what the Council desires. In order to address this, we plan to set up a meeting with the Council Chair to ensure that the desired data is included on the vacancy report, and that it is in the desired format. In the short term, DPS will set up an internal committee to revamp the production of the vacancy report to reduce the manual compilation and streamlining the data gathering. In the long term, DPS is working with Finance/Payroll and the Information Technology (IT) division to look into a Human Resources Information System (HRIS) system, to capture the needed data for this, as well as other reports.

Finally we want to go into a short discussion of next year's Budget numbers. DPS's Fiscal Year 14 Budget reflects an eight point three percent (8.3%) decrease from our current Fiscal Year mainly due to the vacant position that has been dollar funded to next year. The department did see an increase of twenty-five thousand dollars (\$25,000) that was transferred from the Finance/Accounting's Budget for the management for the Flexible Spending program. However, even with this increase, there was still a slight decrease in the Operating Budget due to cuts in other areas such as equipment, dues, travel, and office supplies. This completes our presentation. Thank you for the opportunity to present our Budget highlights and now we will open it up to questions regarding our Budget.

Chair Furfaro: Thank you, Tom. Let me ask you right now, where are we at when it comes to developing a critical path line here that says this new department hopes to have an understanding of evaluations, hiring practices, and whatever those scopes are, complete with everybody trained and ready to take on the duties? Is there a critical path that is going to tell us at what point are we in compliance with our own goals of setting up job analysis, hiring practices, the structure *per se* for determining the department's involvement with each division?

Mr. Takatsuki: I can attest to the fact that in this point of time, I do not have a date as to when the total picture will be completed. We have been work on functions and flow charts of the whole process. We have completed our process when it comes to working on issues of classification and pay. We have completed a flow chart in regards to the recruitment and exam process, which at this point is kind of complicated. We are trying to streamline it more to shorten the period and not extending the period. We worked on Workers' Compensation and in the other areas of HR. Whether or not it is going to be done during my term, we cannot guarantee that but we are trying to get to that goal that you are looking at. The big picture is that we would like to see that, but we are still struggling with certain aspects of it. If we can get those areas cleared up and met, then I think we are able to—I am not going to promise to a specific time at this point.

Chair Furfaro: No, I am asking for a critical path. You present something to us that says this is the department's organizational functions and you have already pointed out you have a couple of training issues. I think this should be communicated to us in some kind of a conceptual plan that says, "You will have this to your satisfaction by July." We do not have that. We are in need of having a better understanding of how you are going to get to those goals and the procedure to set that up. What is part of the division's quantifiable goals to make because you have to interact with other divisions and then you have to interact amongst yourself. For example, in the organizational chart, why does the Office of Human Resources have an Equipment Operator Trainer? Tell me why that is not in Engineering? Why would that position be in HR?

Mr. Takatsuki: I think the committee that was involved in conducting the study of HR, I think the push was to have all training centralized within the Department of Personnel Services...

Chair Furfaro: Let me tell you how I know it should work and I have a little bit of experience. You should not necessarily have an Equipment Operator Trainer in your department. What your department should have is a Training Manager and this person does not have to be the person who has all the skills, but the oversight of training in general. "Does everybody know how to fill out a Workers' Comp form?" That should be training that is ongoing. Do people know how to comply with Occupational Safety and Health Administration (OSHA) and safety standards? That should be part of an oversight of somebody. Training in general, I can understand comes under HR with a person like that, but going out in the field, that person is talking to ABC operator, who during the times that is he training or she is training people, the Training Manager is assured that that training is occurring. They are reporting on the progress of that training. This one says we are going to have a person in HR who specifically is an Equipment Operator Trainer. I cannot relate to that. I have never seen it in my thirty-eight (38) years of senior management that if I had someone working in the maintenance shop, there was somebody in HR who was seeing that the training was occurring. They were managing the training that dealt with how to properly pick up boxes to save the wear and tear on your back and so forth. There is somebody out in the field that is the trainer, but there is somebody in HR who is making sure that training is occurring. It is usually produced in a business training plan. "These are the things they are going to do...they are going to relate to reducing our (inaudible) premiums...expediting people to get back to work." Those are HR scopes, but to put an operator in your department, I am wrestling with that. I do not need an answer right now because I will send it over as a question, but if you want to answer that, I have a few more pieces to go.

JANINE RAPOZO, Human Resources Manager II: Chair Furfaro, Janine Rapozo, Human Resources Manager. One (1) of the reasons—you are absolutely right. The overall management of the training program does belong in the HR. The reason for the equipment operator to be in HR right now is because it was previously in Public Works only servicing Public Works. By moving him to a centralized area, we now have him able to train Parks and Recreation, Transportation, the Water Department; all again, on equipment and driving training, which every department did not have that. By bringing

him there right now, we do not need to have a trainer in every department for now. You are absolutely right; the overall management of the program is in HR.

Chair Furfaro: We need somebody who manages the programs through the whole County, not just through Public Works. If we are all learning how to reverse a County trailer that carries Solid Waste from Hanalei because somebody is getting promoted as a driver, there is somebody earmarked for that. Maybe the discussion is that that person becomes a shift trainer, but he trains for all departments on how to operate that kind of equipment. I just wanted to point that out. I am having a problem with having a truck driver or a tractor operator in the HR department for training specifically for that.

Ms. Rapozo: As Tom mentioned as one (1) of our challenges, when you move things to different departments, some other departments are hesitant to release those functions. Just as an example while I was in Transportation, it was very difficult to be able to get someone to come and train our people because the person was in Public Works. I believe that this is actually a better thing, for the entire County so that there are no territorial issues as far as the person being in Public Works.

Chair Furfaro: Janine, that is the whole reason we are supporting a new HR Department.

Ms. Rapozo: Absolutely.

Chair Furfaro: So you are not territorially. If you cannot convey that message to the other departments, first we are all a corporation called the County of Kaua'i. That is what I just wanted to say at this point.

Ms. Rapozo: I am in agreement with that.

Chair Furfaro: Tell me a little bit about new hire orientation and exit interviews. I think it is very important for us that when we hire somebody, we find ourselves being able to retain that person, whether they grow with the County, get expanded training, and so forth. It is very important to find out that when people leave, what was the rationale for their departure? Which one of our HR Managers will be coordinating this piece called under "successful achievements?" How does this happen? I presume it is for all departments now.

Mr. Takatsuki: Correct.

Ms. Rapozo: Technically, it is under administrative services, which was under the Director. It is technically under Tom right now; however, just to let you know, there is a specialist in that position who started a new hire orientation program in October. New employees are now scheduled for four (4) hours of orientation that includes all the new hire forms first. Explanation of benefits, overview of collective bargaining agreements, a meet and greet with the Mayor, introduction of the Count's mission and Holo Holo 2020 projects, the tour of the County facilities, review of countywide

policies and procedures, and providing each employee with a County identification. That started in October. Again, as Tom mentioned, one (1) of the challenges is to get a buy in from all of the departments who were previously doing it. Certain departments were doing a good job and so it is very difficult to try and move it. I believe we have slowly moved all the departments to be on board with this on the new hire side. Some of the information that has come from the supervisors who are now seeing them going on tour during the new hire orientation were saying, "Wow, I wish I had that when I started." We are seeing a very good trend here. The department of course is still responsible for their own specific departmental evaluation.

Chair Furfaro: Let me understand this. When we hire—and I think it is excellent results so far, but when we hire someone new in Planning, someone new in the County Clerk's Office, or someone new in janitorial services and so forth; there is one scheduled orientation where they meet in one melting pot to get the general overview?

Ms. Rapozo: That is correct.

Chair Furfaro: How often is that? If I had a new employee before they got to the interview, are they waiting for a three (3) week cycle or a one (1) month cycle? How often do you see that?

Ms. Rapozo: Actually, it is done the day they are hired. We try to ask all departments to high on the 1st and 16th so we can do it twice a month. There are stragglers and our Personnel Specialist is doing it right now. She is really committed to it, so one (1) day later she is doing one (1) more. She is right outside of my office so I see her sometimes with one (1) person. That is not too efficient, but just to help the department out she is doing that so that the employee does not come in without anything. It is done on the first day of their employment.

Chair Furfaro: I sense some there is some lack of efficiencies that way when we have one (1) person there, kind of on call everyday for an orientation, because they have to report to their department and get an orientation as well. I would think if that cycle is done like twice a month or something, it may be more cost effective for us.

Ms. Rapozo: That is the goal.

Chair Furfaro: That is the goal, okay. What kind of backlog did you talk about as far as challenges here...backlog of work along with people's resistance to change? I understand there is going to be resistance for change, and let me tell you, I have taken Westin Hotels and made them Sheratons and take Sheraton Hotels and made their Holiday Inns, and taking Holiday Inns and made them Marriott; and everybody says, "This is how I learned it, from the other guy." The key there is to make sure we are communicating the reason for the change, the reason for the team needs. Is that part of the backlog? What are we talking about here when you mention "backlog?"

Mr. Takatsuki: I think the backlog depends on which division we are looking into. At this time, I think the majority would have been in classification and pay division because of the time it takes to do an evaluation of the position, and the time it takes to do audit. Sometimes we have requests that come in from the various departments to do reorganization studies. Reorganizational studies take a while. It could take anywhere from two (2) to three (3) months, depending on the number of positions that has to be reviewed. We brought it down to a reasonable number, but the request that comes in continues to come in. We are trying to get it down on one (1) end and the other end is still coming in. With two (2) staff, they are doing a pretty good job in taking care of those issues. I do not think we had that many problems in recruitment and exams. It depends on whether or not we recruit or whether or not we can or we do not get any applicants that will apply. It may take a little longer in those situations. With this, I think Janine has done a good job in trying to get all of the old cases up to where it has to be, and then working with the third party has been going on. Anything else?

Chair Furfaro: I am just going to ask a couple more questions to make sure that I understand it, and then I will go around the table and just conduct the meeting. When we talk about "computerized data collection," is this the new verse of recruitment critical path? Is this going to be computerized now where I can look at a computerized report each month that says what my approved vacancies are?

Mr. Takatsuki: I think the report generated there was just to show a timeline as to how long it took to fill a specific vacancy within the Finance Department, because I think the question that came up was that it took so long to fill that last position, but in order to fill the last position there were two (2) other vacancies that had to be filled. That is the reason why the last one (1) took so long. In regards to the vacancy report, because it is done manually now...

Chair Furfaro: When will it be automated?

Mr. Takatsuki: That is one (1) of the goals that we are looking at, which is to get it automated. We basically wanted to meet with the Chair to get exactly what is being required and in what format? Once we get that done, we can meet with IT to see how we can better electronically generate the report that is requested.

Chair Furfaro: I would encourage you to meet with IT. This has been a sore spot for me for a very long time.

Mr. Takatsuki: I understand that. We have been meeting with IT on the HRIS system to see what can be done.

Chair Furfaro: I have to tell you that when I was the manager for the Sheraton Waikiki, I had eleven hundred (1,100) employees and an eighteen hundred (1,800) room hotel. If I had a vacancy that went seventy-two (72) days, the first thing I would tell HR is that you do not need that position. We are servicing guests everyday and to see something that goes this long really concerns me. I think the way we need to have it identified is that we need quick turnaround on these reports so we can ask, "Is it a skill

problem with this vacancy?" "Is it attitudinal?" "What is the situation there?" I would encourage you to have the conversation with IT early on.

Mr. Takatsuki: We are already meeting with them.

Chair Furfaro: I assume this is what some of this computerized data we have been talking about here. For your CIP plan, you have some requirements for data banking and so forth? Does that show up on this new HR resource information system to capture data and so forth? Is that something on IT's Capital Improvement?

Mr. Takatsuki: Yes.

Chair Furfaro: It has been identified?

Mr. Takatsuki: Yes.

Chair Furfaro: Okay. Your overall Budget decreased eight point three percent (8.3%) according to this, so we never got a list that says, "This is all the current Budget items that we drew all together to be able to justify the eight point three percent (8.3%) decrease. How did you get to knowing it is eight point three percent (8.3%) if we did not have a starting point?

Mr. Takatsuki: We used the current year Fiscal Budget.

Chair Furfaro: But current year Fiscal Budget was a computation of moving those resources. In other words, we never confirmed the costs from 2011-2012 and compared it to the first year we had an HR Department?

Ms. Rapozo: I believe—we presented that last year, but we do have the information.

Chair Furfaro: I will send the question over.

Ms. Rapozo: I have the information.

Chair Furfaro: Do you want to hand it over now? I do not want to discuss it, I just want to compare it.

Ms. Rapozo: We do have where all the moneys came from and what the savings was.

Chair Furfaro: Great. For right now, I just want to say that it has been a long process, but I have to tell you that we are looking for justifications. I have a real problem thinking that we are going to have a heavy Equipment Operator Training in it the HR Department. I am clueless as to where that came from. Those are my general questions and now I will run meeting and start with Mr. Rapozo.

Mr. Rapozo: I have a bunch of questions. Let me just start with the general questions. Where are we on filling the Director's position? Or have we?

Mr. Takatsuki: We are looking into it and I cannot say exactly what day.

Mr. Rapozo: Yes, but where are we in the process? Have we posted the job? Have we solicited?

Ms. Rapozo: Councilmember Rapozo, I think we have to defer to the commission as far as when the Director is going to be hired because it is a commission appointed Director.

Mr. Rapozo: You folks do not have any idea? You folks do not communicate with the commission? We are not going to bring them up now because it is not a commission budget. If you do not know, you do not know.

Ms. Rapozo: I believe they had a couple of meetings that were held in Executive Session to look at filling the position.

Chair Furfaro: Excuse me, Mr. Rapozo. I have a second part to that. The second part is if we are advertising? Are we out posting and soliciting the vacancy?

Mr. Rapozo: Would that not come under your department?

Ms. Rapozo: No, the commission would have to direct that.

Mr. Rapozo: Okay.

Chair Furfaro: I see commissioners here. I think it might be appropriate to have them up in case they have some questions as well. They are not needed to come up right now, but they can before you guys leave.

Mr. Rapozo: The real simple question is if we are looking at filling that position as soon as possible? Is this a strategy to...

Mr. Takatsuki: Yes, we are looking into filling the position. I cannot tell you when or how long.

Mr. Rapozo: But as soon as possible? I am asking because I do not know.

Mr. Takatsuki: Yes. For myself, I really do not know but yes, we are going fill the position.

Chair Furfaro: Tom, let us ask the question this way. On July 1st, is the money and benefits identified in this Budget?

Mr. Takatsuki: Yes.

Chair Furfaro: Okay. Why do you not step to the side and we will ask one (1) of the commissioners to come up and help us just for a few minutes. It is in the Budget and planned?

Mr. Takatsuki: Yes.

Chair Furfaro: Okay.

CATHY ADAMS, Chair of the Civil Service Commission: Cathy Adams,
Chairman of the Civil Service Commission.

ROY MORITA, Civil Service Commission: Roy Morita.

Chair Furfaro: Thank you. Commissioner, you have the floor.

Ms. Adams: We have been meeting the last several meetings clarifying the advertisement, the job position, and the responsibilities and to be honest with you, we have spent a great deal of time trying to update that rather dated document. Because of concerns, we wanted to make sure that we also had the County Attorney's Office helping us make sure was done properly. We do not have a date yet for when we are going to start advertising. It is our belief that the personnel, who have been working very hard in this conversion, are doing a good job, and we want to support them in what they are doing and find the right candidate when the time is right.

Mr. Rapozo: I understand that. That is perfectly fine. We, for budgetary reasons, need to know what we are going to budget in that line. If you are not going to hire one (1) in the next six (6) months or eight (8) months, then we need to adjust that salary line accordingly.

Ms. Adams: I understand that and I think realistically speaking, we are looking at least six (6) months out.

Mr. Rapozo: At least six (6) months?

Ms. Adams: Yes.

Mr. Rapozo: That is good to know.

Ms. Adams: We want to get the right candidate in this position.

Mr. Rapozo: We do too. We want you to get the right candidate, but no sense funding a line if we are not going to hire. That is my concern. We will make that adjustment in the Budget. Thank you.

Chair Furfaro: Cathy, based on what you said, we may adjust the Budget to reflect that position not being filled until October 1st.

Mr. Rapozo: That is fine.

Chair Furfaro: Thank you. While the commissioners are up, I will recognize Councilmember Yukimura and anyone else, but let us deal with the commissioners while they are up.

Ms. Yukimura: First of all, thank you for being here. You are an integral part of the Human Resources Department. Thank you for your oversight and assistance in recreating this department because I think it has been long overdue and very essential to the good operations of the County. Regarding the Director position, thank you also for timing the time in the securing of an executive level manager is a critical diction and not something that should be rushed. I support in you taking the time that you need to make the decision. My question is whether you think it might be helpful to have a consulting firm...I guess they are called "head hunting firm" to help? I know the Police Commission did use the help of such a firm when they chose the present Chief. They used them to screen—I think it started with...I do not know how many candidates, but quite a list, and they helped them to do the background research and that kind of thing, which in other executive searches that happened this County, we know did not happen without some dire consequences. Perhaps you do not need the first six (6) months' salary of the Director for the salary, but if you need some moneys for that kind of service, and it will help you do a better search and selection process, then you need to let us know.

Ms. Adams: Thank you. I am sure the commission will find that a helpful suggestion.

Ms. Yukimura: You need to let us know before we make decisions on the Budget.

Mr. Morita: Councilmember Yukimura, our discussions is held in Executive Session, so the point that you brought up was kind of touched upon at one (1) of our meetings. We have been advised by the attorneys so as we move along, it is going to be a timely process because our Chair said, we are changing the duties and responsibilities, and even qualifications of that position. As we update those, we already discussed how we are going to advertise it. It is moving along but I cannot get into detail because of the Executive Session.

Ms. Yukimura: I do not want you to but I appreciate that you are doing a really thorough job because as I remember, that position is so dated to basically just the Civil Service system, and not to a real Human Resources Department. It is excellent that you folks are really starting first with the position description and what you need and

want now in this day and age. Just know that you may in your process have some needs because you are sort of limited into who can staff you too I think, and do some of that work which is often required in an executive search. If you would take that and think about it and let us know if you may have some funding needs.

Ms. Adams: Thank you.

Chair Furfaro: May I just ask, has the County Attorney advised you on how to calculate the professional help by going to a recruiter? What it might cost?

Ms. Adams: No.

Chair Furfaro: Okay. I think the County Attorney in the HR area should know that, and usually you should plan on thirty percent (30%) to forty percent (40%) of the first year's salary as the finder's fee for a professional recruiter.

Ms. Adams: Okay.

Chair Furfaro: You should just have that in mind, okay?

Ms. Adams: Okay.

Chair Furfaro: Vice Chair, you have a question?

Ms. Nakamura: I just wanted to comment that I am so glad that you are taking the time to just go back to the very basic documents that will outline the responsibilities of this new position as you are defining it. To me, it should not be a rushed process. I think your approach sounds like a good one. Thank you very much.

Ms. Adams: Thank you.

Chair Furfaro: Any more questions for the commissioners? On behalf of the entire County Council, first of all, thank you for your volunteerism. Secondly, let me say how much we appreciate your presence today.

Mr. Morita: If I may say too, Mr. Chair, I want to thank Tom. He was on the verge of retirement and he knew how critical it was to have his experience and expertise.

Ms. Adams: He has been an essential element to all of this.

Mr. Morita: To the success so far.

Chair Furfaro: Tom, thank you very much. I guess you know what it are to be the eggs in the bakery. You hold it together. Thank you very much.

Ms. Adams: Thank you.

(Mr. Kagawa noted as present in the meeting at 2:22 p.m.)

Chair Furfaro: Essential ingredient. Okay Tom, your crew can come back up. We are going to get into a routine of going around the table with questions. Mr. Kagawa, thank you very much. Good to see you. We reported your absence this morning, knowing that you would be here in afternoon.

Mr. Hooser: This is a question about the vacancy report that ties to the overall Budget. Does the information that is available tell us what the average funded vacancy amount would be for the County of Kaua'i? Take all the positions we have, funded positions and what percentage of a those that would be at any one time, be vacant—people retiring, quitting, et cetera.

Mr. Takatsuki: I think the current vacancy report is all positions that are currently vacant so that would take into account whatever the funding should be. If I am not mistaken, they include dollar funded positions and whatever positions are vacant. It can be a dollar funded position, not necessarily a position that is fully funded. If you are asking us to whether or not we can determine what the Budget impact on those vacant positions if they were all to be filled?

Mr. Hooser: Basically, yes. The County is saving a certain amount of money every day from vacant positions that are funded.

Mr. Takatsuki: Correct.

Mr. Hooser: That is what I want to know. What is the Budget impact from those vacancies—average?

CRYSTAL FUJIKAWA, Human Resources Manager: Crystal Fujikawa, HR Manager. I believe the vacancy report would have the dollar amounts on it, so we could probably get a figure for you.

Mr. Hooser: Would you be able to give us an average annual figure?

Ms. Fujikawa: We probably could do that.

Mr. Hooser: That would give us approximate savings from those vacancies at in point in time?

Ms. Fujikawa: Yes.

Mr. Hooser: Thank you very much. That was my question.

Chair Furfaro: I just want to get some clarity. If you ran a report that identified from year to year the vacancies for those positions with the salaries next to them on a spreadsheet, you could give us a number each month that indicates what

the savings is in the year, in the month, for the vacancies until it was filled? You could do that? Am I seeing everybody shake their head?

Ms. Rapozo: Yes, and I think those are some of the discussions that Tom wanted to discuss with the Chair as far as the vacancy report going forward.

Chair Furfaro: I know we had this discussion before, but I want to make sure we are all copasetic on this.

Mr. Hooser: Just to follow up to be clear on the information I would like to get. Theoretically, we have one hundred percent (100%) funding of the positions. Let us say five percent (5%), in theory, we could fund ninety-five percent (95%) and not impact any Personnel decisions because there is that five percent (5%) float on an annual basis. Some positions are vacant for a day and some are vacant for a year, but the average, in theory, we could underfund/short the positions equal to the amount of the average vacancy?

Ms. Rapozo: I think part of last year's Budget did a little bit of that where they short funded some of the positions knowing that, that particular vacancy was going to be for a six (6) month period or something like that. What you are saying is just on an overall basis to analyze every vacancy report and look at whether or not, what is the average vacancy amount that we are looking at and whether or not we can fund at that level? I guess that would be more a Finance question, but we can certainly do it on this end for the vacancy report.

Mr. Hooser: If you could provide the estimates to the Council, certainly our Council and our Budget deliberations can look at that also. I realize it may take some work, and I am personally not requesting to the dollar, a realistic estimate of what that figure would be. Thank you very much.

Chair Furfaro: Just so you are clear when you are meeting with me, I do not want the estimates, I want the actuals.

Mr. Takatsuki: I think the meeting what we want with you is to get the specific requirements and what are the reports that you really want, and then we can go back and get what you really need.

Chair Furfaro: I have a payroll spreadsheet I can show you, but I want actuals.

Mr. Rapozo: Thank you. Tom, when we request a vacancy report, how is that done? Can you guys run to the computer and run the report or are you taking a list from the departments and punching them into a spreadsheet? That is what you guys are doing? I understand that is where you want to be, but in essence what Gary is asking for is a spreadsheet with many formulas built in. That is not available today?

Mr. Takatsuki: We have the vacancy report. From that report, if the information that Councilmember Hooser wants can interpolate and take data from that to get a dollar amount that he is looking at, I think that is something that is viable, but as you say, if it was more electronically done that way, it would be much easier.

Mr. Rapozo: I agree with the Chair that I would like to see the actuals. That would require tracing that position back to the day it became vacant, which is on the sheet now. They are showing when the vacancy occurred, but somebody is going to have to calculate in days and in months, put that formula in the spreadsheet and basically say on that day that the spreadsheet was created. It is not a living spreadsheet in other words. Basically, we would get a report that says, "As of this date position a, b, and c has saved the County x amount of dollars." That would have to be manually calculated because there is no way you are going to be able to...the spreadsheet is not that right to calculate how long it has been vacant. That is a lot of work to create that document.

Chair Furfaro: Unless the document is already created, and you can use the creative talents of providing one.

Mr. Rapozo: I am sure it exists because I would assume that most corporations would have that as a budgeting tool. I would definitely—if you could help him Mr. Chair.

Chair Furfaro: We have a meeting set up.

Mr. Rapozo: Thank you.

Chair Furfaro: JoAnn, did you have your hand up?

Ms. Yukimura: Yes, I have questions.

Chair Furfaro: Go right ahead. I am asking one (1) question at a time. We have two (2) hours here.

Ms. Yukimura: I want to say first of all, thank you for an excellent report. I think you have a clear mission and tremendous progress. I was just pulling my files and recognize "Human Resources Restructuring Task Force Presentation" the April 12, 2012 presentation, if you look at the progress that has been made since then is very substantive and shows a lot of work that you all have been doing. Thank you for that. Perhaps the greatest change in the County over this last year, and I just want to just commend and thank the commissioners, the Mayor, and the team that has been doing that. I have some questions about your chart. Who is your name Labor Relations and Classification Manager? Is that you, Tom?

Mr. Takatsuki: Me.

Ms. Yukimura: You are also acting Director?

Mr. Takatsuki: Correct.

Ms. Yukimura: Recruitment and Exams Manager is Crystal. Janine, you are the Employee Development/Health? Okay. You have a vacancy that is the HR Specialist I Labor?

Mr. Takatsuki: Right.

Ms. Yukimura: Okay. I cannot tell you how thrilled I am to see that you folks have embarked, with the help of IT, on the Human Resources Information System. You are all involved in the development of that, so the moneys for that are in the CIP Budget?

Mr. Takatsuki: Yes.

Ms. Yukimura: Okay. That is being managed by whom? Finance? IT?

Mr. Takatsuki: Finance.

Ms. Yukimura: Can we discuss that as a CIP issue related to Human Resources, Chair? Or do we have scheduled another time?

Mr. Hunt: It came before you in Brandon Raines' presentation from IT. There are three hundred ninety-five thousand dollars (\$395,000) that is dedicated to that project, which involves notice just the HR, but also Payroll, Time in Attendance, and larger.

Chair Furfaro: I wanted to make sure you pointed out it because Brandon told us that it would also include Time in Attendance that Planning could use to keep track of billing cycles and so forth.

Ms. Yukimura: It will have all kinds of uses once we put it in place, and I presume one (1) of the real benefits is a standard approach to tracking of employee benefits, pay, retirement, and all of that. That is underway. Do we know what kind of timetable we have for that that?

Mr. Hunt: We have been having those meetings already. There is a task force involved in going through and trying to identify the needs of all the various departments and additional needs that are being brought up as we go through these hearings. We are still developing that Scope of Work. Some of it looks like we will be able to do with the existing software that we have. Other components are going to have to be either brought in as attachments to that or potentially even customized depending on the Scope of Work that gets determined.

Ms. Yukimura: I am just so grateful that it is underway. As I mentioned, it was the subject of our audit and that gives even more urgency, but I think there are so many things that will get better because of it. Thank you.

Ms. Nakamura: I am also looking at last year's presentation, the creation of this new department, and I wanted to ask you; I noticed some changes in what was proposed and what was actually—this new position chart dated March 2013. One (1) of the changes I notice is who is doing the EEO/ADA, and I know when the Mayor did his position the ADA position went back there. Who ends up doing the EEO portion of the work?

Ms. Rapozo: That position was ADA Coordinator/EEO Officer, so that is with the ADA Coordinator position, EEO, working with the Attorney's Office.

Ms. Nakamura: EEO training will be done through the Mayor's Office as well?

Ms. Rapozo: Through that position.

Ms. Nakamura: Through that position?

Ms. Rapozo: What kind of training? If it is training in general for harassment and discrimination, or those kind of things, that would come through our office.

Ms. Nakamura: That is what we see a lot, which lawsuits are not being compliant with EEO, so that is the concern.

Ms. Rapozo: In January, we did have training for all higher-level management with the EEOC Commission. That was part of a conciliation agreement that we had to do. We did that and we are also looking at bringing down some training for Employee Liability for supervisors. That is next one on the horizon.

Ms. Nakamura: If the EEO person is in the Mayor's Office, are they correlating with your department as well?

Ms. Rapozo: There is some coordination with our department, but if you recall, that position was originally supposed to be with HR but the Council moved it to the Mayor's Office last year. It was part of the entire position that moved.

Ms. Nakamura: Okay. We could move it back if we choose to do that?

Ms. Rapozo: Yes, that was part of the package as part of the restructured HR...

Ms. Nakamura: I think the concern was the ADA portion of it, not so much the EEO portion. If it goes hand in hand, there are implications for that. Thank you for clarifying that. Also, under the HR Specialist II in your proposal last year, you had four (4) positions under a Private Secretary—and now you had four (4) positions under an HR Specialist II and now three (3) positions under a Private Secretary. Can you tell us how that came about?

Ms. Rapozo: The intent was to have an Administrative Services Benefits Division. When we went out for recruitment, the level of applications that were received warranted the department to reassess how we would best meet the needs. What we did was have the Clerk's report to the Private Secretary and transactions and benefits were moved separately. As you can see, there are actually lower level positions than what was originally proposed.

Mr. Takatsuki: Just to add on, the long term goal is to get to the way it was originally setup.

Ms. Nakamura: Okay. Tom, I understand that you are the HR Manager II Labor Relations and Classification...

Mr. Takatsuki: Correct.

Ms. Nakamura: And wearing the dual hat of acting Director.

Mr. Takatsuki: Correct.

Ms. Nakamura: Thank you for doing that, but you were going to retire?

Mr. Takatsuki: Last year.

Ms. Nakamura: Thank you for sacrificing your retirement for the County. I wanted to ask, because it seems like a top heavy proposed department, that should you decide to retire, that position still needs to be filled, but it is also filled as one (1) of the three (3) divisions.

Mr. Takatsuki: Correct.

Ms. Nakamura: Is there any way to fill it by combining divisions?

Mr. Takatsuki: I think the original intent was that at one (1) point in time, we were looking at instead of being specialists to be generalists. Through this reorganization, it was determined that it was better to be specialists than generalists so in that individuals could better help or assist the departments in the areas of their expertise. The four (4) different divisions, I think in the recommendations of the committee was necessary to better carry out the duties of the department.

Ms. Nakamura: Okay.

Mr. Takatsuki: In that sense, even based on the number of employees within each of the divisions, the workload is still very high, very great. They have a lot of work that they need to do. I think the way it was set up was for the best to service the entire County.

Ms. Nakamura: The reason why I am asking is because I am looking at Maui's Personnel Services Department and I do not know if I am comparing apples with apples, but they are at one million four hundred sixty thousand dollars (\$1,460,000) and we are at one million eight hundred thousand dollars (\$1,800,000), and I think they have much more employees than we have. I am not sure what we might be doing differently from Maui County and what they might not be including.

Mr. Takatsuki: To answer that, I think Maui is similar to what we were before. They are generalists. They are not specialists. They are employees service the County in regards to all the different functional areas, which is Recruitment and Exam, Classification Pay, Labor Relations—the three (3) major functional areas. They service specific County agencies versus us, where we serve in the specialty area of the entire County. They have a specific trainer, as the Chair was mentioning, who does the coordination of all the different types of training programs.

Ms. Nakamura: Okay. Thank you.

Ms. Rapozo: Just to clarify. When the task force looked at that, Maui has a lot of their Personnel decentralized like how we were. For example, like a position like Crystal's who was in Public Works, would still be in Public Works so you would not see it in the Personnel Budget.

Ms. Nakamura: That is not a true, accurate picture.

Ms. Rapozo: Yes.

Ms. Nakamura: Okay, that is good. Thank you.

Mr. Kagawa: *Aloha* and thank you for your presentation, although I missed most of it. Same thing as a lot of the Councilmembers, and I have a history because I used to work for the Council—even our Staff here, it grew from maybe seven (7) to maybe now fourteen (14) or so. But as a Councilmember, I have gotten to see and compare the level of service that we are getting here, and in my short time of due diligence, I found that our Staff really does a lot more than we used to do when I used to work here. Things are a lot timelier. There are a lot more E-mails coming through and requests, so I can justify the size increase in this Staff. I think that is what we are going through with your Staff and the department of as a whole. One (1) of the concerns that came up during my first audit, from N&K CPAs, Inc., was that in their testing of the vacation and sick leave, out of forty (40) samples or so, they found fifteen (15) or seventeen (17) where the sick leave and vacation was off. I am just wondering if that is the Personnel

or Human Resources Department's job to try and correct that audit findings? Or is it the different department's job? Whose job is that to correct this problem? I think, like Councilmember Yukimura brought up so colorfully, either way it is bad. For the employee if you are short, it is terrible. It is like we are stealing money out of his pay. On the County end, if we are giving the employee too much, we are losing out and our taxpayers are losing out. Who is going to tackle this problem? I think I am scared to go deeper into every single file if we have thirty percent (30%) or so that are off? They say it is both ways off. Some for the employer, some for the employee, and maybe when you balance it out, the materiality to the County might be zero, but then it is still hurting one (1) or the other, right?

Ms. Rapozo: It is still not good for the employees.

Mr. Kagawa: Whose responsibility is it to try to correct that audit finding?

Ms. Rapozo: Right now, the leave balances are at the department and similar to a lot of HR functions, they were all at the department and that is why we are slowly bringing it in. Right now, it is still at the departments. It something that the HR Task Force looked at last time around to see whether payroll needs to be brought over to HR, along with time and attendance, so that may be something that we look at in the future because right now we are just trying to get these parts done. I think it is something that right now is still at the department. If it is an audit finding, I assuming that the departments will need to correct that, along with Finance's payroll to get that Time and Attendance corrected.

Mr. Kagawa: Is there one (1) obvious reason why we were having that discrepancy? Maybe they are not turning in the papers in a timely manner? Or would you rather disclose that in Executive Session? I do not know if we want expose some of our weaknesses internally.

Ms. Rapozo: I do not think we would know one (1) answer. We probably could see that when you have eighteen (18) different departments doing it, you are definitely going to have some discrepancies in how it is managed and how it is being done. I think that might be one (1) of the first problems. Secondly, I think the way it is managed as far as whether you can take some leave without turning in the necessary paperwork; that again varies from department to department. There may be a variety of reasons, which I think that is something definitely every department needs to look at.

Mr. Kagawa: What you are saying is that maybe we need to define a consistent manner of...

Ms. Rapozo: That would be something if we brought it into HR, would be the consistent policy that would go out.

Mr. Kagawa: Very good. Thank you.

Mr. Rapozo: The follow up is in response to something that you—and it was talked about throughout the presentation that some of these functions, like this, what Mr. Kagawa talked about, is still being handled by the departments?

Ms. Rapozo: That is correct.

Mr. Rapozo: Why is that?

Ms. Rapozo: That particular...

Mr. Rapozo: And others?

Ms. Rapozo: As I think Tom mentioned in his presentation, some of the challenges is that the learning curve of the five (5) new Staff, some of the challenges is that some of the departments are actually resistant to the change and they are not...

Ms. Rapozo: Why are they allowed to be resistant, is the question? You all know my position on this HR when it came up. It was, "Let us figure out the plan first and then move in, rather than just drop all the positions in there," and now we have resistance. For me, that is not acceptable. If a department—how can a department be resistant? That I think baffles me. Once HR became HR and once those functions were transferred, they do not have a choice, in my opinion. Help me understand that phenomena, where a department head is going to say, "No, HR, we are keeping it here." We are paying—remember, this is a very expensive department. The justification was that we would take all of this, bring it under HR, and we are going to save money, but in essence what has happened is that we have this well funded department that is doing as many functions as they can but some departments are still resistant, so we are funding events in the individual departments because they are resistant. Well, if they are resistant, somebody needs to send them home without pay, I guess. Correct me if I am wrong, and I heard that several times today. The resistance to change, like the Chair talked about going from a Marriott to a Sheraton. It is really simple. "This is the new policy." Has that occurred? Have the department heads been given the directives that says, "Your function—whatever it is, now belongs to HR?" Has that even been done yet? Is there a director, department head, or a division head out there who is saying, "Sorry, we are not doing that?"

Mr. Takatsuki: Yes.

Mr. Rapozo: Really?

Mr. Takatsuki: Yes.

Mr. Rapozo: Okay. Then I am even more...

Chair Furfaro: You have the answer to that. If they tell you they are resistant to back, go back and ask them, "Would I miss you if you were gone?"

Mr. Rapozo: I guess it is beyond—you folks have your department. What do you do? Let us say...I am not going name a department, but a department says, “No, we are not turning that over. We are not doing it.” What is your recourse? As the newly formed, well funded, all the resources and tools—I see you holding it up, JoAnn but you cited KPD in there. You cited KPD but in order for KPD to do that, he has to have some help from the County to have that Personnel person or whatever?

Mr. Takatsuki: We have been trying to work with the department more to resolve the issue...

Mr. Rapozo: Is that the only department?

Mr. Takatsuki: No.

Mr. Rapozo: That is my point...

Mr. Takatsuki: We are trying to make leeway into this issue. We try to make everything to come to us, but if it comes to the point that I have to go see the Mayor to tell him...

Mr. Rapozo: I am seeing the Mayor right now, and I do not know if he is aware of what is going on, but I will tell you. It is very, very frustrating.

Mr. Takatsuki: Yes, we have been trying to work with the departments. It is not a matter that we have not been doing anything, but as you say, change is slow. They have been slowly coming in.

Mr. Rapozo: This was a mandate from the Charter. This is not something that the Mayor wanted to do or the Council wanted to do. The Charter says you will have an HR Department. When the presentations were made to this Council...

Mr. Takatsuki: It is not by Charter. No changes have been made.

Mr. Rapozo: I am sorry, not the Charter. I apologize. I misspoke because I am buzzing now because I am like, “Hey...” More so, a directive has to go out.

Mr. Takatsuki: Yes.

Mr. Rapozo: We are a multi funding. You are talking about duplication of services. That is what we are doing and we are here in a Budget bind.

Mr. Takatsuki: All of the directors, when the form of directive was here, all went out to the departments and agencies, informing them as to what needed to be done. It has been coming slowly, but there are one (1) or two (2) that is (inaudible). That is the only resistance.

Mr. Rapozo: Can you provide us with a list of—I will call it is the “duplication.” Is that something that we can get to see the duplication in HR? That has to be resolved.

Mr. Takatsuki: Yes.

Mr. Rapozo: Thank you.

Chair Furfaro: I want to do a follow up to this. This is not a new item. This is a year now. This is one (1) year that we have talked about this that we made a conscious decision— and I am really serious, you folks need to have a little bite with the Administration if people are now falling in line. Did the Council fall in line? We sure better have. Also, I sign off on our payroll and balance the payroll every time it is due. I see we have overtime slips attached to overtime hours. I see it is reconciled across the page and reconciled down the page. Department heads should do that, and I am part time. I am part time or at least that is what we classify me as. What I am saying is that everybody needs to be on board a year later and if not, there has to be a serious discussion about the shortcomings. Those shortcomings need to be documented or else we are not going to get there. As Mr. Rapozo pointed out, there is a lot of money that is available to do this right. We need some compliance here. I would like to see that we are going to take a ten (10) minute break. We are going to 4:30 p.m. so I would like to take a break for ten (10) minutes.

There being no objections, the department budget call-back was recessed at 2:58 p.m.

The departmental budget call-back was reconvened at 3:10 p.m., and proceeded as follows:

Chair Furfaro: Okay, we are back from our recess. Before I turn the floor over to Mr. Hooser, I want to remind everybody that we are going to go from now until 4:30 p.m. but for tomorrow, from 9:00 to 11:00 a.m., we have the Department of Public Works, particularly Road Maintenance. At 11:00 a.m. to 12:30 p.m., we have the Humane Society. From 1:30 p.m. to 2:30 p.m., we have the Finance Department, Credit Collections and Merchant Services followed by 2:30 p.m. to 3:30 p.m., with the closing the Office of Economic Development finishing up their Director’s Report and CIP. That is the amended schedule agreed upon today. On that note, Tom we are back on. Mr. Hooser, you have the floor.

Mr. Hooser: I was just going to briefly follow up. I was also surprised to hear that we have departments who are resisting or who are apparently trying to fulfill the responsibilities had their own department, rather than let the Department of Personnel Services do that. I guess what my question is, “What does that look like? What are they doing that they should not be physically doing? What specifically is an example of that?”

Ms. Rapozo: One (1) particular example is in our New Hire Orientation, we wanted to bring that all in and everybody gets the same orientation. We have a couple of departments that have been doing that for many, many years, so understandably it is something difficult for them to just say, "Here, take it." They kind of nurture their employees and feel it is their 'ohana there. We are working with them to be there. Initially, they may be doing that orientation and we are there to make sure that everything is covered, and then next one, we are going to be taking over. It is a transition process with all the departments. Other things are like the Personnel files, bringing them over. I think in general, the department is trying to work with of these departments and make sure we start to show them what this department will be doing for them and how they can benefit with that because now they have capacity do to other things within their department. We have worked with them, sent reminders, spoken to them, and I guess the final result is that it will have to go to their appointing authority, whether it is the Mayor or the Commission to say, "Hey, these things are not happening. Please do something." I think that would be the bottom line on how we are trying to address this problem.

Mr. Hooser: Releasing or transferring Personnel files would be one (1) area of resistance?

Ms. Rapozo: Yes.

Mr. Hooser: I imagine that during the orientation, there is a checklist of whether it is harassment policies, alcohol, or whatever polices that you have that they may or may not be doing the same thing. I would think that would be a potential legal liability if that employee violated a policy and was not briefed properly.

Ms. Rapozo: That is correct. Once the New Hire Orientation was brought into the department, it was evident that every department had a little different version of what was being covered, so by centralizing it, it definitely limits our liability.

Mr. Hooser: Thank you very much.

Ms. Nakamura: Thank you for that description. When is a reasonable time for this transition to take place?

Ms. Rapozo: I would like to say within a year. We have had our challenges with a new leadership. We will probably get new leadership again to see how we are going to be moving forward. With the team in place right now, we have made great strides to get further than where we thought we would be. Some of our goals are getting to those different points. I am hopeful that we can definitely reach most of the goals by next year.

Ms. Nakamura: This time next year is when you would expect full compliance or full cooperation?

Mr. Takatsuki: That or sooner.

Ms. Rapozo: Tom is saying that or sooner, so I will let him take the lead on that.

Ms. Nakamura: Really, is it at the end of the year? Next year? We need so set a goal because it is also a funding issue from our side. If we are saying that we want to have some economies of scale by setting up HR this way, then what are those positions that are continuing to do the Public/Personnel function within the department? We need to look very specifically at those. I guess my next question is, "Besides the Police Department, what are the other departments who are not fully engaged in this new HR process?"

Mr. Takatsuki: Some of the other departments are probably not under the control of the Mayor. We have issues and concerns with the Water Department. We had issues and concerns with the Fire Department but we have resolved all those issues and concerns so we are okay with them. Some of the smaller departments—one is only because of the secretary being out that they are unable to find where the files are. The major departments, as Janine is saying, are that we have been working really closely with them in trying to resolve these issues. Once we can do that, then we should be able to perform the functions that we should be performing as HR. As I say, between now and the end of the year is my goal, but I might not be able to reach that goal. Whoever comes after that, and then we will be work on achieving whatever we need to become an HR Department.

Ms. Nakamura: Thank you very much.

Chair Furfaro: Tom, remember at the beginning of this, I asked for your Key Result Areas (KRA). You showed me your KRAs with critical dates; the Key Result Areas. You need to show us that before you get to the end problem and say, "This is the end." We want to see some critical routes and areas that you plan to have as measuring points.

Mr. Takatsuki: Okay.

Ms. Yukimura: You did say that all of your personnel files are now in your office. Is that not true?

Mr. Takatsuki: All of the files should be in our office, but I have to say most of them are currently in our office because there are a few that have not...

Ms. Yukimura: That is part of the lag at this point. I hope I did not hear right, that some files could not be found. They were not Personnel files?

Mr. Takatsuki: No, what I am saying is that within the Liquor Department, the secretary is not there. She is the one who knows where the files are and the rest do not.

Ms. Yukimura: All right. I have a follow up to the question of “when will you complete your transition?” In the org chart, you do still have the Department of Personnel Services, which is I believe because of the Charter. Do you have any plans to propose a Charter Amendment to complete the transition and to be able to use the modern language to describe the role and function of your department?

Ms. Rapozo: That was something that the HR Task Force did look at as to whether or not we would pursue the Charter Amendment in conjunction with the original consolidation or this restructuring. The task force had felt it would be better to ensure that the department basically restructures to see how it would work, and then pursue the Charter Amendment. Then it would just be a matter of a name change versus debating what the structures were.

Ms. Yukimura: I think that was a good strategy because people would have been resistant to an idea before they know how it could actually happen and what you are doing is showing how it can happen and show that a lot of the fears were not warranted. That is a good strategy, but given that you might reach Tom’s goals by this year and next year is an election year, at which time Charter Amendments will be on the ballot, that might be something with this Fiscal Year’s plan in terms of an objective, right? Especially if you are quite well underway and you are feeling most people having a comfort level with it, then it might be something that you can add to your list of target goals or objectives. I have a new question. That was a follow-up...

Chair Furfaro: She has a new question, too. I will give her the question and then come to you.

Ms. Yukimura: I was doing a follow up.

Chair Furfaro: You are going to do a follow up?

Ms. Yukimura: I was doing a follow up and I have a new question, but I can wait.

Chair Furfaro: Nadine, you have the floor.

Ms. Nakamura: I wanted to talk about employee evaluations, both of directors and all employees. I wanted to find out what kinds of strategies do you have to do that?

Mr. Takatsuki: This is on evaluations for the directors? Department heads?

Ms. Nakamura: Yes, I think I want to start with the directors, but then want to talk about how we incorporate performance evaluations at every level?

Mr. Takatsuki: To regress back, I think our commission was tasked to find a way to do the evaluations for department heads, and those who are

appointed by commissions, as well as department heads appointed by the Mayor. They have completed their task, and I am currently reviewing their recommendation and hopefully within the next—tomorrow is our commission meeting, but hopefully within the next commission meeting to provide them with input and comments in regards to what they have proposed.

Ms. Nakamura: Do you see the departments implementing those recommendations this upcoming Fiscal Year?

Mr. Takatsuki: Hopefully. I will give you a hopeful answer.

Ms. Nakamura: I am wondering because if we are going to pursue it, I do not know if there is anything in the Budget that supports that activity. That is why I am asking.

Mr. Takatsuki: I see what you mean.

Ms. Nakamura: I do not know if it can be done in house or whether you plan to use some outside resources to assist with those evaluations?

Mr. Takatsuki: I think we can do it in house. I think we have completed it so it is just a matter of a director reviewing it and making recommendations, and then if it is all okay, I guess, basically to implement the job performance evaluation report that they have recommended.

Ms. Nakamura: And working closely with the commissions that have that oversight responsibility?

Mr. Takatsuki: Correct.

Ms. Nakamura: Thank you.

Ms. Rapozo: Actually just to add to that, the commissions were directly involved with assisting in providing feedback towards creating the tool.

Chair Furfaro: May I just ask, do you know if the two (2) presentations that I made to the commission are still alive?

Ms. Rapozo: I am not familiar with what you are speaking of.

Chair Furfaro: Then I guess they are dead.

Ms. Rapozo: What are you...

Chair Furfaro: I made two (2) presentations; one (1) with Mr. Mark Hubbard on upward appraisals on performance reviews and 360 feedback. Are they still alive?

Ms. Nakamura: I guess a follow-up and related question that I wanted to explore was the evaluation of employees in general. I really believe that this is a management function, and I do not know how well the County does in actually doing this on an annual basis. I just wanted to throw that out and get your feedback because I also see it as a two (2) way thing, which is evaluating the performance of the employee and the employee evaluating the performance of their manager and the organization that they are working in.

Ms. Rapozo: Right now, it is housed in all of the departments to be watching for job performance reviews that should be done annually on their anniversary date. We are going to be bringing in the monitoring of when someone is due to HR, and we will be notifying the department as far as when the evaluations are done. First of all, to make sure it is done because we do have a problem with that. Definitely in all departments, everyone tends to lag on that, whether it is a probation area, evaluation, or an annual evaluation; especially recently where Hawai'i Government Employees Association (HGEA) are tied into raises and there were no raises. It becomes to the point where people tend to kind of let that go and it should not. It should definitely be at least annually. We are working on creating a spreadsheet to be sure we can get everyone's date when they are due, especially for the new hires in making sure that the six (6) month probationary evaluation is done before the six (6) months are up. Also, to work on the tool because the tool is very old right now, and try to standardize that for all of our employees.

Ms. Nakamura: What I would like to do in future Budget Reviews is to just have that. "How many employees are in this organization or this division? How many of them had annual reviews done?" This is how management should be evaluated as well. Are they doing their job? So heads up to Budget that is going to come across in a future request.

Chair Furfaro: JoAnn, you have the floor.

Ms. Yukimura: Will the Human Resources data system help to track these job performance functions?

Ms. Rapozo: It is something that the task force is looking at, as well as expiration of certifications, drivers' licenses, and all of that so that it is all centralized and we would have one (1) database to be able to do that.

Ms. Yukimura: Theoretically, at the beginning at the month the manager will have time to evaluate that employee and an annual performance review?

Ms. Rapozo: I believe we are already doing that for Public Works. HR is already doing that for Public Works, so now we just have to expand it to the rest of the County.

Ms. Yukimura: Very good, thank you.

Mr. Rapozo: The reason it is only Public Works is because you? Obviously, that does need to go to the other departments. You guys are going to be the custodians of all the personnel files?

Ms. Rapozo: Yes.

Mr. Rapozo: It would make sense that these evaluations have to come back to you at some point, right?

Ms. Rapozo: Yes.

Mr. Rapozo: You expect that to be part of this program as well? Everybody should be up to date?

Mr. Takatsuki: Correct.

Mr. Rapozo: Thank you.

Mr. Hooser: When the reviews come in, does someone in Personnel at your office actually look at them or just file them? It seems like typically they would be "adequate, adequate, adequate," and is there any consultation with the management to say, "Can you do a little bit more in terms of the conversation and the details?" Do you actually look at the reviews?

Ms. Rapozo: Not at this point. I do not think there is anybody reviewing it just to be sure it is complete; however, it is one (1) of the recognized areas that we need training on as far as how to do performance evaluations on so that is something my division is looking at in general to train managers.

Mr. Kagawa: I vividly remember, maybe just a month ago, we had a County employee who takes care of the Waimea Canyon School field, Teddy Perreira. I remember him proudly saying, "Come take a look at my park." From what I hear, everybody says what an amazing job he does at that facility. He is almost implying that if you look at other parks, they will not be as proud to say, "Come take a look at my park." I know these evaluations that we are going through...it kind of relates to what the teachers' reluctance was, "Who is doing the evaluating?" You could have a boss doing the evaluation of an employee like Teddy, who is doing a magnificent job, but if the boss does not like him, how can we rely on that? I guess my question is, "Who is doing the evaluating and how do we know that is accurate?" To me, the easiest way to evaluate is to take some pictures randomly, when the employee is not watching, to show what the condition of the park is. That would be how to evaluate a park employee. I do not know if words are accurate by a manager. What is the process for evaluating a Parks' employee?

Mr. Takatsuki: Normally, the supervisor who oversees the employee at that level is the one who would normally evaluate the worker.

Ms. Yukimura: That supervisor is also evaluated hopefully by the manager. There is some review of supervisor's functioning, right?

Mr. Takatsuki: There is a supervisor above the supervisor; correct.

Ms. Yukimura: Yes.

Mr. Takatsuki: Whoever supervises the employee is the one who would normally evaluate. If the supervisor has a section head or division head above him, who is responsible for that individual would evaluate that supervisor.

Ms. Yukimura: Hopefully the department head or higher level manager would review the job evaluation performance of the lower level supervisors.

Mr. Takatsuki: The department head normally reviews the evaluation for the employee, as well as whoever is under him. It goes up the chain of command. The first line supervisor evaluates the worker.

Ms. Yukimura: Right.

Mr. Takatsuki: If I am not mistaken, then the division head can initial off that he did review it, but the ultimate individual who assigns the job performance evaluation is the departmental head.

Ms. Yukimura: Okay. I see. I wanted to say that I think Council Vice Chair's point about how managers—and I think you were talking about employees evaluating managers. The Chair's point about upward appraisals is tools for some evaluation of how managers are managing. I do not suppose we are at that level now. We do not do upward appraisals at this time do we?

Mr. Takatsuki: Not at this time.

Ms. Yukimura: At some point, is that on your list of things to look at as possibilities in terms of accountability of managers?

Mr. Takatsuki: Yes.

Ms. Nakamura: If that is the case, then I think it should be articulated in your plan or your initiatives for the upcoming year; whatever chunk of it you will be able to handle this upcoming year. I think that would be helpful so we know that the steps are being taken to achieve this larger goal.

Chair Furfaro: I am going to hand to the two (2) commissioners here some of the things had that we do at the Council because we want to be on board with you folks to get to this plan. At this Council, we already do upward appraisals. I made a presentation to the Civil Service Commission and it shows the upward appraisals that are

based on the values that the Council has. The values are posted in our dining facilities and right outside of our meeting room. This is mission, vision, and the values; what we are committed to do, where we are going, and based on what values. That also then leads into what our continuity plan is for us, and that continuity plan also includes 360 feedback. Our Auditor now goes to departments and has the evaluation done because he interacts with them. The upward appraisals are simply from the workforce going up and how they measure the mission, the values, and the goals that we set. I sent a full copy over to the Administration a while back. I will give another copy to the commissioners in the back. We are ready to comply with whatever the team comes up with but in the meantime, we have changed the Clerk. We have changed a Deputy Clerk. We have hired some new people. We have promoted some based on these evaluations and so forth. They are excellent commitments that we need to have from the different department heads. It also ties into, in our particular case, retirement. We have a County Clerk that will be retiring in January of 2015. That is only twenty-two (22) months from now. It identifies by a color coded chart of who is leaving and it is color coded as those who are leaving soon as green colored. Those who are in transition and invested, they are yellow coded. Those that are just new to the organization and time and exposure are colored red. You have an idea of where we are at, but upward appraisals, a 360 from your peers—that is really important, too. We will give you another copy but we are ready to comply whenever you come out with this but that was just to give you an idea of what the Council and Elections are doing right now.

Ms. Yukimura: I was intrigued by your report, Tom, on—I am not sure I remember the exact term, but reorganization analysis. What is the proper terminology?

Mr. Takatsuki: The reorganization studies that we conducted?

Ms. Yukimura: Okay, reorganization studies. Is that when department heads want to change their org chart and reclassify one (1) position to another function and use, and that sort of thing?

Mr. Takatsuki: I think the reorganization is more in line within a specific department. They want to create a new division. We will go in and we will review it to see whether or not it is compatible and whether or not they can or cannot. Here is a case in point. One (1) of the departments wanted to create two (2) new divisions from going from three (3) divisions to five (5). We reviewed it and made the recommendation as to whether or not it is feasible or not?

Ms. Yukimura: Okay.

Mr. Takatsuki: As part of that whole thing, is we needed to classify—review all of the positions that were within that division.

Ms. Yukimura: Right. I have noticed that the really dynamic departments are—because they are looking to do more with less, they are constantly reviewing their positions and the changing times. They are saying, “We need to do more of this when four (4) years ago, we need to do more of that. Now we want to shift positions or

create new divisions.” To me, that is a very positive thing that departments are doing. You said that is quite an involved thing and it takes lengthy time because you have only two (2) positions.

Mr. Takatsuki: Correct.

Ms. Yukimura: In my mind, if it is a positive thing that departments always want to respond to changing conditions with existing bodies and positions, we—you would want to facilitate that kind of changes within the department. Your capacity to support that becomes important. Does that make sense?

Mr. Takatsuki: Yes

Ms. Yukimura: I do not know if it is for this year’s Budget, but I guess I would like to ask if you could look at how you could increase or improve that capacity so we could better serve our departments in making the kind of changes that they want to make. That would be helpful input to me.

Ms. Rapozo: Just in response to that, there are two (2) things happening in that classification section that is Tom’s branch, so he is now wearing two (2) hats. That has diminished the capacity for classification.

Ms. Yukimura: Right.

Ms. Rapozo: The other thing is that there were one (1) more specialists that were not filled that is now dollar funded. The capacity was placed in there, but we just do not have it filled right now.

Ms. Yukimura: I see. Are the dollar funded position reflected on the chart?

Ms. Rapozo: Yes, it is highlighted in yellow.

Ms. Yukimura: Okay. That is the one that is a vacancy but it is earmarked as “Labor” rather than “Classification.”

Ms. Rapozo: Yes. Within the three (3) specialists, right now the other two (2) have to double up because of that.

Ms. Yukimura: I do recognize that in small divisions with few Personnel that you have to multi task or have multiple skills in order to do this. Thank you very much.

Mr. Kagawa: This question is maybe a tough one, but it has been brought to me because of a lot of the heat that we are taking for some of the things that have gone on in Planning. These questions kind of came up with from a person who applied for a Planner job and had a Planning degree but did not get it. It caused him to ask

some questions about the history and I guess he was told that in past—and I do not know any factual information is basing these comments, but in the past, a lot of our planners had minimum Planning degrees. He said that in recent years, it was his understanding that out of twelve (12), we had three (3) with Planning degrees. I do not know how accurate that statement is. I am just wondering, is the reason that we have a lot of people without the Planning degrees in the Planner positions is because we do not have enough applicants with the Planning degrees, or have we taken that out of the minimum requirements? I do not know if you are ready to answer that today. I appreciate an answer because for me, I am an accountant. I would think that getting an Accounting degree counts for something, if you have an accounting position. You would not hire a soccer coach for a baseball team, right? I was wondering what is the reason why we had so many Planner positions filled with people without Planning degrees, including Public Works. I do not know if you could answer that now.

Ms. Fujikawa: Including Public Works?

Mr. Kagawa: A Planner position. I would think the priority would be maybe given to somebody with a Planning degree.

Ms. Fujikawa: Ideally, you would want Planners. It is possible to be able to substitute either experience or some other degree for these positions. Then everybody is interviewed in that respect. They are probably evaluated on training and experience. They are either given points maybe more for a Planning degree, or maybe less for a more general degree, but then they become all eligible for the position. They are sent to the department for interviews. That possibly could be the reason. Without knowing specifically what the situation is, it is hard. We would need to review your specific situation.

Mr. Kagawa: I do not have the information you folks have. It was just brought to me by a person who did not get the job and he was a little frustrated because he had to Planning degree and come to find out after asking around, he heard that has been a trend. When I heard that, back when I used to work for the County about twenty (20) years or so, they said most of the Planners have Planning degrees. I was wondering if that was a trend that maybe we should try and get away from if we are having issues in our Planning Department. That might help to get the Planning Director and people who actually have that expertise in that area doing the job.

Ms. Fujikawa: Okay.

Mr. Hooser: I just have a quick follow up. Is the Planning Department one (1) of the departments that is resisting complying?

Ms. Rapozo: There was not a position that was moved from Planning, so I do not believe we have had any resistance from them

Ms. Yukimura: I am glad to see on page 6 of your successes and achievements that you are doing consistent exit interviews. How long have you been doing that?

Mr. Takatsuki: We have been doing exit interviews, I would say, over fifteen (15) years but the problem that we always had with exit interviews is that the person is already gone before we were notified as to the termination date. It is always after the fact so we cannot get in touch with that individual. Now, because we are handling all of the paperwork, we know exactly when the person is going to be leaving. The Specialist is able to get a hold of the person and do the exit interview. I am hoping from the exit interviews that the information we get will assist us in what kinds of problems or issues that may be out there.

Ms. Yukimura: That is my next question. Are you getting good information that helps us shape our policies and our procedures by which we deal with our employees?

Mr. Takatsuki: We have had some pretty good comments. They enjoyed working where they have been working so the comments have been good. A lot of them are individuals who are retiring versus people who have been terminated or otherwise.

Ms. Yukimura: Yes.

Mr. Takatsuki: The comments have been good, but as we go along we hopefully can use the information that they provide to better provide services and maybe correct issues or concerns that this individual has with the department by at least letting the department know these are some of the concerns that was voiced.

Ms. Yukimura: Having positive input is just as good as having negative input because it is still feedback of a sort and you want your employees to be happy and satisfied in doing their work, which then leads me to another follow up question. There has been a lot of emphasis in the private sector. Now with the best places to work, evaluations that are being done, companies are applying for that status and then are evaluated. Have you considered participating in this program as a way to increase our ability to hire qualified people and also as a way to get feedback on how we are treating and dealing with our employees?

Ms. Rapozo: We have not considered that, but it is definitely something we should be looking at.

Ms. Yukimura: I do not know of any governmental entities that have participated, but there are a lot of non profits that are participating. It appears to be becoming a way of looking at for a corporation to reflect on how it deals with its employees. Thank you.

Chair Furfaro: As we are talking about accretion through retirement and so forth, one (1) of the things that always concerned me in government is that we anticipate—and this goes back to the continuity plan, but we anticipate certain key employees retiring, but we never have a situation where there is an expectation that the employee who is replacing the departing employee has maybe two (2) weeks of cross training with that employee. I am not sure how we put it in the Budget going forward, but it is something I would certainly like you to consider. You have institutional knowledge there who is it leaving our ranks. I think we want through that in last few years, going through Planning. We had Keith Nitta folks retiring and so forth, yet there was not any bridge to have Keith's replacement spend any real, quality of time with Keith. It is something that for some reason we do not put in the Budget. Keith leaves and the starting date of his replacement is usually the next day. There is no time to kind of have these guys exchange information and history, especially in Planning. I think it is something that we need to look at. Perhaps as we build going forward, we create a line that says, "Okay, we have four (4) key departures through retirement, so we have to put in a contingency of sixteen (16) weeks of pay to cover that time. I just would like us to put that somewhere on the radar screen for continuity that we need something like that. We just went through almost the same thing with some key people in Budget and Finance who have retired. We identified their replacement with not having the time that they could exchange information. "What foundation is there?" Especially in places like Finance and Planning. It is something that we have to consider. Are there any additional comments?

Ms. Yukimura: On the Personnel commission's line items, they are zeroed out. Is it put in another part of your Budget?

Mr. Takatsuki: It is with the Boards and Commissions.

Ms. Yukimura: Okay. You have a line item in Boards and Commissions.

Ms. Rapozo: The entire Budget was moved to Boards and Commissions because the function was moved to Boards and Commissions.

Ms. Yukimura: Really? Are they zeroed out in every department where there is a Boards and Commissions?

Ms. Rapozo: I believe Police and Fire is still within the department, but that is something they are looking at. I believe in Liquor, they still have a Commission Secretary there. That was done with the retirement of our former Personnel Services Commission Secretary.

Ms. Yukimura: Okay. The line item on "Consultants"—please refresh my memory. The "Third Party Administrator and Other Services," what was that for?

Ms. Rapozo: That is for our Workers' Compensation Claims. Brandvold Ku Inc.

Ms. Yukimura: Okay. Good. Thank you.

Ms. Nakamura: I am looking at the org chart and I wanted to find out, with the proposed expenditure to put together this new software system that tracks time; and I am assuming vacation, sick leave, and so forth. Who in the org chart will be responsible for that piece? I know you are coordinating with Finance.

Ms. Rapozo: That particular function should be under the Administrative Services and Benefits Division. Right now, that is the division that was kind of broken up based on the qualifications. Eventually as Tom had mentioned, we do want to get back to having that division head with the staffing under it.

Ms. Nakamura: That would be the Personnel Management Specialist I?

Ms. Rapozo: Yes.

Ms. Nakamura: That would be benefits and a computer system.

Ms. Rapozo: There is actually a Benefits Specialist, Transaction Specialist, and the three (3) Clerks.

Ms. Nakamura: That you have under the Private Secretary now?

Ms. Rapozo: Right. That particular division was restructured.

Ms. Nakamura: You want the three (3) Clerks to go under them?

Ms. Rapozo: The three (3) Clerks with the two (2) Specialists are actually the Administrative Services branch that was restructured.

Ms. Nakamura: Okay. The reason why I am asking is that I really think it is important as we begin this process to really involve this person in the initial discussions and implementation of it, if this is the person who is going to be responsible for it.

Ms. Rapozo: Absolutely, we have two (2) employees that sit on the task force. I believe the two (2) will be coming from that division now, right?

Ms. Takatsuki: Yes.

Ms. Nakamura: Okay, great.

Ms. Rapozo: The two (2) Specialists.

Ms. Nakamura: Thank you.

Mr. Kagawa: I hope I am not the only one asking all of the tough questions today. We are in times where we just have to look at cutting everything down. One (1) of the things that was brought up, and I scratched my head on that one, was an employee who talked to me about the labor wagon. Are you familiar with that? That is a case where, say, a worker might be at the Kapa'a Base Yard and he might live in Hanapēpē, he might be able to take his truck home. I guess he would drive that truck to work every day, and he gets paid from the time he leaves home. Is that agreed upon with Human Resources or is that agreed upon with the boss?

Ms. Rapozo: It is actually in the Collective Bargaining Agreement to have labor wagons on Kaua'i.

Mr. Kagawa: What is the benefit to the County of having the employee drive from Hanapēpē to his work site at Kapa'a?

Ms. Rapozo: Are you talking about in a County owned vehicle?

Mr. Kagawa: In a County vehicle. What is the benefit to the County?

Ms. Rapozo: I think the original intent of the labor wagon was to make it efficient for everyone to get to their worksite similar to the plantation days where you had those (inaudible) trucks and everyone would go to the worksite.

Mr. Kagawa: The benefit is to get them to come to work?

Ms. Rapozo: Well, just to be efficient where they would centralize at one (1) base and then all go to the worksite. I think that was the original intent of the labor wagon.

Mr. Kagawa: Do you think that needs to be fixed?

Ms. Rapozo: We have been working with the Union for many, many years.

Mr. Kagawa: With the price of gas at almost five dollars (\$5) or so a gallon, I find it important that we try and end those types of agreements, where we are basically throwing away money. I hope that the United Public Workers (UPW) is watching because that is something that I find to be quite ridiculous, where we have certain privileged—a lot of our County employees work in Līhu'e, work in Kapa'a, and they drive to work. Then you have a few that are allowed to drive the County vehicle, without any benefit. I could see if they are picking up rubbish on the way home but if they are just driving to work, then I think that is something—I do not know how much labor wagon deals there are but if they provide, like I said, no benefit to the County then I think we should look at ending those agreements as soon as possible.

Ms. Rapozo: I think we agree with you on that.

Ms. Fujikawa: Yes, we agree with you.

Mr. Kagawa: Thank you. *Mahalo*.

Mr. Rapozo: That is something that we choose to do, right? If we stop that practice, that is not a mandate, right?

Mr. Takatsuki: It is a Collective Bargaining issue. It is part of the Unit 1 Collective Bargaining Agreement, so unless we can...

Mr. Rapozo: It is hazard pay, but not everybody gets it.

Mr. Takatsuki: Hazard pay is a determination made based on whether or not there is a hazard or not

Mr. Rapozo: Right.

Mr. Takatsuki: For us, this issue has been ongoing for many, many years. We have been trying to get it out. We even did a subcommittee to meet with the union to try to resolve this and get this thing out but nothing happened.

Mr. Rapozo: What does the agreement say?

Mr. Takatsuki: There is specifically a section—what is the title?
Crystal knows.

Mr. Fujikawa: Transportation.

Mr. Rapozo: Transportation—I am sorry?

Mr. Takatsuki: Transportation to be provided to the work site. It is part of the agreement. In order to get it out of the agreement, we have to negotiate it with UPW to have that section deleted. We have been trying to have for many, many years but we have not.

Mr. Rapozo: How many of these wagons do we have?

Ms. Fujikawa: I believe we have about five (5).

Mr. Rapozo: Five (5) routes and is this is just for Public Works?

Ms. Fujikawa: Yes.

Mr. Rapozo: How do you get to be on a labor wagon?

Ms. Fujikawa: If you are on the route, then you are able to use
it.

Mr. Rapozo: Which route? Who establishes the route?

Ms. Fujikawa: It was established a long time ago before we
started.

Mr. Rapozo: Okay, but does the contract specify the route?

Ms. Fujikawa: No, it does not. It says, "Existing practices shall
continue."

Mr. Rapozo: So they get a car and take the truck home?

Ms. Fujikawa: They have a vehicle. Yes, they do. Of course the
vehicle is also used at the base yard.

Mr. Rapozo: I understand. Are there certain requirements for
these drivers? Do you have to pick up "x" amount of workers and take them to work?

Ms. Fujikawa: It is based on the capacity of the vehicle.

Mr. Rapozo: Okay. I do not know what this guy is driving.

Ms. Fujikawa: Usually about six (6) at the most.

Mr. Rapozo: Okay. Is this person required to fill up the truck
with six (6) people?

Ms. Fujikawa: No, the employees choose if they want to go on it
or not. A lot of them have their own things to do after work so not all of them do...

Mr. Rapozo: The guy get paid from when he leaves the house?

Ms. Fujikawa: The driver is.

Mr. Rapozo: I am sorry?

Ms. Fujikawa: The driver is paid.

Mr. Rapozo: The driver?

Ms. Fujikawa: Yes.

Mr. Rapozo: Is that overtime?

Ms. Fujikawa: It is.

Mr. Rapozo: You have got to be kidding.

Ms. Fujikawa: No, we are not.

Mr. Rapozo: Well, we are definitely have to look at that. I do not know if the attorneys have to look at that or what, but I just do not see—that is ridiculous. I never knew about that until right now.

Mr. Takatsuki: We will welcome your help.

Mr. Rapozo: It says “existing practice,” but I have to believe that when that was put in it, it was the group truck; the work truck that everybody jumped in the bed of the truck and they drove to the site. Over the years, evolution jus—they do not do it anymore and take their own car or catch a bus. There has got to be a way—I think and I am not sure if it is the attorney but we could have the discussion with them. I would ask that we see the language and if you could provide us the language of that contract.

Chair Furfaro: It might actually be a Charter violation.

Mr. Rapozo: I think so. It might be.

Chair Furfaro: It might actually be a Charter violation, so send us the verbiage.

Mr. Rapozo: It is almost like if you are going to be driving that truck then maybe your hours—I do not know how do you it. This guy gets paid overtime every single day? He has a free truck and free gas? Okay. Thank you.

Chair Furfaro: Please understand me, I want the exact language in the policy that you have so I can send it to the County Attorney for the proper interpretation as it is aligned with the Charter.

Ms. Yukimura: Is this happening in other Counties as well?

Mr. Takatsuki: It is only us and with language for the State. None of the other Counties have that language.

Ms. Yukimura: Why does Kaua‘i County have it?

Mr. Takatsuki: If I am not mistaken, that is the reason why the Chair said in a lot of the history on what happened and why it was introduced, all the people are gone. For me, when I look at it to get intent language on, I cannot tell you what the intent of the language was going back to 1975 or whatever it was.

Ms. Yukimura: Was it part of your bargaining position this year to remove it?

Mr. Takatsuki: Yes.

Ms. Yukimura: It was?

Mr. Takatsuki: It was dropped.

Ms. Yukimura: I think the Mayor has been trying to get that out of the agreement for some time now and working with the Union. We have not come to any particular agreement.

Ms. Yukimura: Does it even benefit most of the Union members?

Ms. Rapozo: No.

Ms. Yukimura: It is very special interest.

Mr. Rapozo: Five (5) people. Can we have that, Mr. Chair?

Chair Furfaro: Tom, I want to reconfirm what I heard. You said that condition only exists on Kaua'i?

Mr. Takatsuki: Kaua'i and the State; the language that is currently in there.

Chair Furfaro: If we are looking at that to get clarification and remove that on these bargaining unit pieces, you have to remember that we only have one (1) vote, but I think there is a way to approach it if that policy is not consistent with all Counties. Maui and Hawai'i island should not be voting on a condition in our Labor Agreement that does not apply to them. Give us the policy and we will surface it with the County Attorney.

Mr. Takatsuki: Okay.

Ms. Yukimura: Have you talked to the State about joining forces on this issue? How complicated is it from the State side?

Mr. Takatsuki: I cannot remember the issue with the State line by line, but the State's language and our language is slightly different. I think it is best if we can send you the language and you guys can look at the language and you can have the attorneys review the language, because there is a slight difference in the language.

Ms. Yukimura: Okay. Thank you.

Mr. Rapozo: I guess, if you can find out for us with the State. You have a counterpart in the State that you can chat with, that you have a relationship with? I do not, otherwise I would but if you do, find out if that entitlement comes with a policy where if we are going to give you the truck and the gas, and the overtime, then you have got to pick up people. You have got to bring people to work. Then I do not think it is a really bad thing and I could stomach that a lot better if I knew the truck was full every day and you are actually saving five (5) families from having to drive. I could probably stomach that, but if it is just one (1) guy with a free truck, then I am just curious if the State puts parameters on that program. In other words, you volunteer for the program—what do you call that; carpool? “We give you the car but you have to fill it up, and if you do not then you lose that privilege and give it to somebody else.” Anyway, if you could check with the State, Tom, I would appreciate that, if you have someone to check with that. Thank you.

Chair Furfaro: Obviously, we would like to see how that also ties to our gas. Are there any more questions on this item? Tom, I want to share something with you. I have been on the Council twelve (12) years and the first six (6) years I was Finance Chair. This was addressing the continuity issue that I talked about. It is in our Proviso in Section 3, when we have key positions that are retiring, we need to have some handoff from the new to the old. It says this, “Successor positions for which there is an existing or anticipated vacancy for which hiring and replacing is critical to the continuity of the operation. You may hire an overlap, provided that funds are available.”

Mr. Takatsuki: I think the departments have been utilizing that provision.

Chair Furfaro: I just remembered the discussion because we had so many key people retire, but it is in the Proviso.

Mr. Takatsuki: Yes, I think that was the reason why.

Chair Furfaro: There is not money set aside for it, but if we have payroll savings, just so HR knows, it can be done.

Mr. Takatsuki: Yes, thank you.

Ms. Nakamura: I wanted to ask the question relating to your training budget, seventy-two thousand dollars (\$72,000). I know that a lot of the other departments got cut on training and so it good to see some moneys in here. The biggest complaint I hear from friends who work for the County is that there are managers who have come up through the ranks and know their job, but may not necessarily know how to manage people. I wanted to find out—and the other thing is that I was happy to see within the Budget presentations of Elderly Affairs, Recreation Division, and Procurement; there was some talk about team building, morale building, kind of working as a unit, and how you motivate your employees. What are we doing to get those mid managers to learn how to be a good manager?

Ms. Rapozo: That is certainly something that we recognize where the supervisors need to have some training because a lot of them are coming up the ranks. The first thing we are looking at doing is we are going to train them on liabilities issues, on being a supervisor as far as their responsibility, and whether they do or do not do things. For that one, we are trying to get here in the next month or two (2) for them. Other than that, we have been concentrating more on those types of issues first, which is your harassment, and what you do when you have complaints on different things like that. Secondary to that is going to be disciplining your employees and what is the County's policy of how to go about on doing that because that is defiantly lacking too. That would be the secondary module after the liability. We are working on different types of modules to get to that level. It has just been a little bit of a challenge to get proper training or trainers for that, but we are still working towards getting that.

Ms. Nakamura: Do you see yourselves getting to the point where you are bringing in modules on team building and morale boosting?

Ms. Rapozo: We have done some of those but it has been more specific when departments are requesting it. We have brought in various people to do those types of things for specific divisions, but as a whole for the whole County it is something that we need to look at in general.

Ms. Nakamura: Yes. I would like to see somewhat more of proactive measures because other stuff is dealing with what not to do and how to handle these difficult situations, but to work on other proactive side...

Ms. Rapozo: Absolutely.

Chair Furfaro: I wanted to have a follow up. I wanted to make sure that we understand that it is leadership that makes a good manager. It is not about how to be a good manager. It is about how to be a good leader. I think your two (2) points on understanding exposure and liability, whether it is property liability or an HR exposure for the way we discipline and so forth, and then discipline of course. A good leader should have progressive discipline that is consistent with the rest of the County.

Ms. Yukimura: I appreciate Council Vice Chair raising the question. I know that like she said, people may be good at their jobs but when they are elevated to a supervisory position, they have a hard time distinguishing that position from the employee. They still feel like they are part of the gang and want to be friends yet, and have a hard time disciplining. The question is—and this comes into place on the performance evaluations. Even I find it difficult to do performance evaluations, especially if you have to deliver it face to face. It is hard. I think it is hard at any level. How do we support them in being able to deliver some difficult things that may come across as criticism or negative, yet be able to deliver it because it is important for that to be conveyed to the employee? To me, if we can do some training in that, that would be really helpful because there is a lot this; I think especially in Public Works but maybe everywhere, where you are one (1) of the guys or one (1) of the gang, and it is hard to make the distinction of being a manager/supervisor.

Ms. Rapozo: I think one (1) of the things that we have been looking at—and I will be working with the Specialist that does the New Hire Orientation for new employees is a New Hire Orientation when they become a supervisor so that they get the very basics to begin with at that point, and then moving forward they would just get refresher training. That is something that we are looking at doing.

Ms. Yukimura: That would be really excellent. Thank you.

Ms. Nakamura: Again as a follow up because you brought up this leadership training, I saw there was a line item in the Mayor's Budget for five thousand dollars (\$5,000) for Leadership Kaua'i. Are you guys aware of that line item?

Chair Furfaro: I can answer that. The County, since the founding of Leadership Kaua'i, and I was the founding Executive Director, has always sent two (2) members to training every year. We have some of our fire chiefs that have gone through it and others. You were one of those. I wanted to say to you, much of that Posner training material; it fits in all the things that you are talking about.

Ms. Nakamura: My thought is if we can identify those middle managers and work with Leadership Kaua'i to design something that the County needs. It may not be a full blown, yearlong process, but something that caters to the needs of the County of Kaua'i. They have the tools and resources to assist and we have some training funding. Is there any way to bring the two (2) together to bolster this great resource that we have in this community? I just wanted to throw that out and see if we can find some way to partner.

Ms. Rapozo: Definitely something to look at.

Ms. Nakamura: Thank you.

Chair Furfaro: JoAnn, go right ahead.

Ms. Yukimura: This computerized training which has modules, which I think the Council actually has members and I include myself as being negligent in doing—where is that in the Budget? How much does it cost? Have you evaluated its effectiveness?

Ms. Rapozo: It is actually in that training line item.

Ms. Yukimura: Okay.

Ms. Rapozo: We actually pay per user. It is fifty dollars (\$55) per online user for up to eight (8) trainings and twenty-five dollars (\$25) per offline user. When you do the math on that, we are actually paying six dollars and eighty-eight cent (\$6.88) per training or three dollars and thirteen cents (\$3.13) per trainings for those who do not have a computer, and annually it runs to about fifty thousand dollars (\$50,000).

Ms. Yukimura: Have you evaluated whether it is helping you achieve your goals in training?

Ms. Rapozo: When we needed to make cuts, I looked at whether or not it was something that we would do away with. I got a lot of feedback that said, "No. The employees enjoyed that training, so please leave it on." What happens is that they do it initially. I do get some feedback initially from some of the employees saying, questioning, or thank you for this or some supervisors who want to be able to access it later as refresher training. I have not done an actual analysis, but just more anecdotal kind of information that I have.

Ms. Yukimura: I am not sure the word "enjoy" would tell us whether the training is useful.

Ms. Rapozo: Right.

Ms. Yukimura: It is good because you want to keep them going on it. It has to be somewhat of a positive experience, but whether they are getting the concepts or whatever, you will be doing it more substantive evaluation over time?

Ms. Rapozo: Yes.

Ms. Yukimura: Okay. Thank you.

Chair Furfaro: Can I give you some feedback?

Ms. Rapozo: Sure.

Chair Furfaro: The first four (4) modules that I participated in, I scored one hundred (100) on each one.

Ms. Yukimura: Great.

Chair Furfaro: The next four (4)—I no longer found value in it at my level. I had no problem doing my part. I think you are aware that I completed all of them but now to me, it is very time consuming at this time, and it is also somewhat repetitive for me. You might want to check the different levels.

Ms. Rapozo: We do have it separated by executive managers as well as supervisory management, and there is the option by the department heads to say, "Mark me as complete because I looked through it or whatever." I think it was more awareness for to us make sure that the executive managers are aware of what is going on for their Staff.

Chair Furfaro: I appreciate you doing that but for so long, I just find it repetitive now.

Ms. Rapozo:

Got it.

Mr. Kagawa: Thank you. I just want to thank the three (3) of you and the rest of the Staff. I think as we head in the future with the tight budgets and think “how are we going to improve the island?” I think the power rests with our employees and for that reason, I do not mind that we are trying to build our Human Resources Staff. One (1) of the things that stick out and again, it is going to be another tough question. Historically, Tom, we both have been there a long time and historically we promote based on user service. I am just wondering now that we are heading into these performance reviews, if that will allow us to not only credit the years of service, but I think more importantly, if we can credit the good performance as a even higher value. Tom, the Unions probably do not want to hear that but in reality, when you talk to our employees—and it is not all the time, but quite a bit of the time, they say, “Wow. The hopeless guy got promoted.” When the perception is that no matter how hard you work at that lower level, the guy with the years of service is going to get it. I think that creates automatic lack of effort. I do not know—with our new department, looking forward if we are trying to change the way we do it. I do not know if we can do it here from Kaua‘i, but why not try? I think if it will improve government, it would improve our facilities and everything, then that is a direction I think we should maybe try and move it. Do you have any comments on that, Tom? Crystal?

Mr. Takatsuki: I think you are correct in the sense that based on the contract language, they always say the senior person normally gets promoted. For me, I am of the opinion that the best qualified person should be promoted, but we have an ongoing issue with the Unions. They always say, “Unless all things equal, seniority prevails.” That is how it has been operating all this time. The Union is kind of strong at it because basically almost all of the Unions work together; unless, you can break that old adage about seniority being the issue when it comes to promotion. In certain cases, that is not the situation. The best qualified may be promoted because a lot of them go through the interview process, then you rate the individuals based on what they provide at the interview, and the department head can make their selection as to who they felt was the best qualified. There are certain bargaining units require that being seniority normally gets the nudge.

Mr. Kagawa: At least now that we are going through those performance evaluations, at least we will have I guess a process that we are beginning.

Mr. Takatsuki:

That can be a beginning process to look at.

Mr. Kagawa:
Thank you. I appreciate it.

That can document the value of the employees.

Chair Furfaro: Members, we are coming up on 4:30 p.m. and we are coming to a point where we need to close this for HR. Tom, I want to let you know, that Cathy Adams, one (1) of your commissioners was present at my first presentation on “Continuity, Upward Appraisals, and 360 Feedback.” When she left, I gave her another copy of our working piece here, and she has that. I also want to tell you that in chatting

with her outside, what great comments she gave us about your willingness to stay on and your willingness to help us through this organization. As a commissioner, she conveyed to me how much your work and your efforts are being appreciated by the commission. I just wanted to share that with you as she shared it with me. Thank you very much. Let us see if anybody has anything around the table. It looks like we do not. On that note, ladies and gentlemen, thank you very, very much. We are in recess until 9:00 a.m. tomorrow.

There being no objections, the departmental budget call-back was recessed at 4:25 p.m.