COMMITTEE OF THE WHOLE
FISCAL YEAR 2021-2022 DEPARTMENTAL BUDGET REVIEWS

MINUTES

The Fiscal Year 2021-2022 Departmental Budget Reviews of the Committee of the Whole of the Council of the County of Kaua'i, was called to order by Arryl Kaneshiro, Chair, at the Council Chambers 4396 Rice Street, Suite 201, Līhu'e, Kaua'i, on Thursday, March 25, 2021 at 9:00 a.m., after which the following Members answered the call of the roll:

Honorable Bernard P. Carvalho, Jr.
Honorable Mason K. Chock
Honorable Felicia Cowden
Honorable Luke A. Evslin (via remote technology)
Honorable Bill DeCosta
Honorable KipuKai Kualii'i
Honorable Arryl Kaneshiro

Committee Chair Kaneshiro: Good morning. Today's meeting will be conducted pursuant to Governor Ige's Supplementary Emergency Proclamations with the most recent relating to the Sunshine Law being his Eighteenth Supplementary Emergency Proclamation dated February 12, 2021.

Committee Chair’s Budgetary Comments

I would like to call to order the Committee of the Whole and the Fiscal Year 2021-2022 Departmental Budget Reviews. Let the record reflect that all Members are present. On the schedule today, I as the Committee of the Whole Chair will go through some ground rules for the budget proceedings. Shortly thereafter, the Mayor and Administration will be given time to present their Fiscal Year 2021-2022 budget submittal, followed by the Departmental Budget Reviews for the Office of the Mayor which also includes the Youth Work Program and the Office of Boards & Commissions. That will be followed by Revenue Forecasting and the Department of Human Resources and Human Resources reports.

You will notice a condensed format for our budget this year and this was set forth based on comments from Councilmembers and the efficiency we experienced a few budget sessions ago. Our days may be a little longer, but we will hopefully be able to review everyone in fewer days total.

Each day during the budget proceedings, we will take public testimony at the beginning (9:00 a.m.). Is there anyone in the public wishing to testify this morning?

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order, and proceeded as follows:
Committee Chair Kaneshiro: We received written testimony on the general budget, yesterday, and we do not have anyone registered to speak today. I have a quick PowerPoint presentation to go over some ground rules and procedures for this year's budget session. The following is a summary of budget procedures. For more details, please refer to your budget expectation memorandum that was sent out December 3, 2020. The Departmental Budget Reviews will follow the written schedule. If a department’s review concludes before its allotted end time, the next scheduled review will begin immediately. We are not going to wait based on the time slots. If a department is scheduled for 1:30 p.m., but we are making good progress, we are going to take it as soon as we get through all the departments, so they may end up at 10:30 a.m. or 11:30 a.m. or earlier. This minimizes scheduling and Budget Call-Backs. Budget Call-Backs happen if we still have further questions for a department and they have already been here to present their presentation. Hopefully, we try to reduce our Budget Call-Backs. In the past, we have not had a Budget Call-Back yet. Prior to each Departmental Budget Review, please review all materials and prepare any questions. Contact Council Budget Staff to send in advance any questions unlikely to be answerable on-the-spot without prior notice. For example, questions that will required research or time to compile. Again, if you do think of that question now on the floor, we can always ask them and have them provide it to us in writing.

Equipping Administration personnel to respond verbally during budget reviews will help limit the number of written follow-up questions, which take time to prepare and may impact regular County operations. For the most part, if we can get our questions answered here on the floor, it is best. I know there have been years where we have sent over to the Administration hundreds of questions and they have had to go back and respond. The more we can get answered here...there are always going to be questions that come up that we are going to send a written response, questions that they could not answer, but for us, our job is to be prepared, ask the questions, if you come up with new ones, we will send a written response, but just know that the written response take a lot of time on their end. They will need to go back and get the answers. We try to minimize that on their part.

All questions must directly relate to the Fiscal Year 2021-2022 Budget proposal. The Administration has been asked to be prepared with key personnel to answer questions. Council questioning will commence after the respective department has finished its presentation. During all budget proceedings, Council Rules will continue to be enforce, including Council Rule No. 6(f) regarding Councilmembers speaking. That will be in effect when we are doing Budget Decision-Making, which is, “No member may speak longer than a total of five (5) minutes on an item and not more than three (3) times on an item.” For the most part, we are going to be able to ask as many questions as we want on the budget, during the next few weeks, but when it comes time for the Budget Decision-Making, this Council Rule is going to be in effect.

Budget Decision-Making is scheduled for Friday, May 14, 2021, with Monday, May 17, 2021 and Tuesday, May 18, if necessary. Council Budget Staff will meet with each Councilmember between April 26 through May 10 to discuss Decision-Making amendments.
At that time, you will talk to staff about any cuts or adds you would like to make. Any proposal to add to the budget should identify the source used to account for the increase, whether it is a budget cut or a revenue source. At Decision-Making, four (4) votes will be required to reduce or remove an item. Five (5) votes to increase or add an item. Decisions will be made Department-by-Department. The Committee will then consider any revenue proposals thereafter, if applicable. The Committee will not revisit items after they have been addressed, unless the Committee deems it absolutely necessary. This is the same procedures that we have gone through throughout the years. Budget is a big time for us.

I thank all the Councilmembers and the Administration in advance for their cooperation and look forward to a very efficient and productive budget again this year. As I always say, this will probably be a very difficult session again, especially with uncertainty regarding all of our revenue sources, including the Transient Accommodations Tax (TAT), General Excise (GE) Tax, et cetera. As a County we have to balance providing the essential services of the County with various other financial considerations, including the ever increasing costs due to collective bargaining and State-mandated retirement contributions, which have been relaxed due to the pandemic and for which the Administration has noted they have a contingency. We must also try to improve upon our services and infrastructure needs moving forward, most importantly addressing the deferred maintenance for our critical assets, which continues to be deferred as many of our efforts through the past few years have been to address the pandemic and natural storm disasters that continue to plague our island.

I have asked the Administration to focus their budget presentations to the Fiscal Year 2021-2022 budget proposal and to include any additional narrative information in their written presentations, which we have all received in advance. It is my hope that this will allow for more efficient budget sessions focused primarily on their budget being presented to us.

Moving on with our schedule, I would like to suspend the rules and call upon the Administration to present their Fiscal Year 2021-2022 budget overview. Members, I ask that you please hold all questions until the end of their presentation.

There being no objections, the rules were suspended.

Administration’s Budget Overview

(Prerecorded video message from Mayor Derek S.K. Kawakami)

DEREK S.K. KAWAKAMI, Mayor (via prerecorded video): Aloha Committee Chair Kaneshiro and Members of the Council. Mahalo for this opportunity to present to you our proposed Operating Budget of $243,000,000 and Capital Improvement Budget of $24,300,000 for the County of Kaua‘i for Fiscal Year (FY) 2022.

As we present our FY 2022 budget, it is clear that our challenges and sacrifices are not yet behind us. We know our fiscal position is fragile in the face of the ongoing pandemic
and other severe weather events, but our island and our people are resilient. As we continue to navigate an uncertain financial future, we are grateful to our past leadership for building an emergency reserve fund that has provided us a safety net and has placed us in a position to help meet upcoming challenges.

We are pleased to forward a budget that keeps our workforce intact without proposing layoffs or furloughs. Additionally, we have not requested any new positions, and many vacant positions have been short-funded or dollar-funded in an effort to do more with less.

Doing more with less is more than a theme with this year's budget—as there are many needs that deserve to be prioritized. However, this year will define our County's fiscal outlook for the years ahead, and we must stay vigilant in our endeavor to rebuild what we have lost. These reasons form the foundation of our FY 2022 budget proposal, which remains focused on addressing sorely needed infrastructure upgrades and deferred maintenance, without raising taxes or fees.

Some of the highlights of this proposed budget include continuing to adhere to the principles of a “structurally balanced budget” and fully-funding our Employee Retirement System (ERS) as well as Other Post-Employment Benefits (OPEB) account.

Our revenue outlook continues to be dynamic. Thankfully, our Real Property Tax revenues and the General Excise Tax revenue for this upcoming year are expected to remain stable. We have included TAT revenues into our budget submittal as these payments are owed to the County by state law. However, it remains unclear how the counties' share of TAT will be impacted as a result of this Legislative Session. TAT revenues of $14,900,000 account for 8.3% of our General Fund revenue picture. While the Governor's suspension of payments is ongoing, we will continue to lobby for our county's share of TAT.

Our team has also worked hard to utilize outside funding to help get the work done. This year, we received an additional $39,000,000 in remaining Act 35 funds with the assistance of Senator Ron D. Kouchi and Representative Nadine K. Nakamura. These moneys will continue to support major infrastructure projects following the historic 2018 flood, and drive capital expenditures activities upward.

The most noticeable impact to this budget proposal was the $8,000,000 from the December Coronavirus Aid, Relief, and Economic Security (CARES) Act support, provided by the Federal Transit Administration. These federal funds will directly support our Transportation Agency and public transportation system, and thus resulting in a combined one-time decrease of $5,895,000 in the County's Transportation Agency's budget.

As previously noted, this budget proposal prioritizes our limited resources on aging infrastructure and addressing a growing backlog of deferred maintenance needs. This includes a heavy focus on road and bridge repairs, as well as improving existing Parks facilities. We are also pumping millions of dollars into our wastewater systems islandwide.
We continue to work through challenges in siting a new landfill at Ma'alo, including ongoing negotiations with the state landowner and the site's close proximity to our airport. However, we remain committed to working with all stakeholders to find a long-term solution to properly manage our solid waste program. While we pursue next steps, we are seeking funding in this year's capital budget to start the process of vertically expanding the Kekaha Landfill, which will add another four (4) years of capacity.

Pre-COVID, we made a commitment to invest in technology and streamline antiquated processes. We have officially begun modernizing our Human Resource Management System (HRMS) for payroll and personnel processing. We continue to make progress on a comprehensive IT Land Information Management System for the County that will create a framework for the integration and sharing of information between our County departments.

We have made strides in our affordable housing initiatives in 2020 with completed projects such as Ke Alaula on Pua Loke, Koa'e Makana Workforce Housing, and Waimea Huaka'i, and we will continue to develop the Lima Ola Affordable Housing project currently in construction, and allocate $2,600,000 of this budget towards our affordable housing and homelessness efforts.

By far the most impactful issue facing our budget—and our lives—has been COVID-19. Out of $28,000,000 of CARES funding last year, $8,000,000 was allocated towards our emergency response initiatives and nearly $20,000,000 of funding was infused directly into our community, supporting residents through food support services, childcare efforts, mental health and domestic violence support, business support grants, agriculture assistance, economic diversification, and our Rise to Work program which connects our struggling business employers with employees seeking job opportunities.

Ultimately, Departments had a wishlist, and every Department did not get everything they wanted in this proposal. Although the budget process is about discerning between competing needs, this year's budget process more heavily relied on asking Departments to be understanding of what is required for the whole County, not just their own desires. Disagreement of what these competing needs are part of this process of internal debate, and now we respect welcome the Council’s role in adding to deliberation as part of this shared governance.

On behalf of our administration, I thank you for your continued partnership and I welcome your review and recommendations. Ultimately, we will continue to navigate this ongoing pandemic and the needs of our County with the best interests of our community at heart. I want to thank each and every one of you for your support of our COVID response here on Kaua'i. It has helped our team stay focused on keeping our residents safe. As we embark on this annual process, we look forward to the open and respectful dialogue together,
seeking solutions and serving our community during these difficult and dynamic times. 

\textit{Aloha.}

Committee Chair Kaneshiro: That was a video from the Mayor with an overview of the budget. We also have Ken Shimonishi, who is going to be presenting the County's budget overview. He has a PowerPoint slide as well.

KEN M. SHIMONISHI, Budget Administrator (via remote technology): \textit{Aloha}, Committee Chair Kaneshiro and Members of the Council. Ken Shimonishi, Budget Administrator. At this time, am I sharing my screen or is Council Staff putting it up there?

Committee Chair Kaneshiro: You have to share your screen.

Mr. Shimonishi: Okay. Can you see my screen now?

Committee Chair Kaneshiro: Yes.

Mr. Shimonishi: Our budget proposal continues to adhere to the elements of the long-term financial planning policies that we have adopted. The structurally balanced budget resolution directs that recurring expenditures should be covered by recurring revenues. Our Reserve Fund and Reserve Fund Policy Resolution of FY ending June 30, 2020 ended with reserves exceeding the 30% target of $51,500,000. However, we need to keep in mind that in FY 2021 the budgetary shortfall of TAT revenue, COVID-19 impacts, and other unforeseen events required us to draw down on that access and will likely result in reserves below the 30% target, coming the FY end June 30, 2021. The FY 2022 budget does not propose any uses of the fund balance, other than to reclassify $400,000 to the Self Insurance Fund. It is basically taking some of the fund balance and just re-categorizing that into a different form of our reserve. One of the provisos we have requires us to keep $1,000,000 in that Reserve Fund, so that is all we have proposed as far as the fund balance goes. On slide 3, we have our overview of revenues at a high level and we will get further into this with the revenue section, but again overall our revenues remain relatively flat. A $923,843 or 0.4% over last year. This is primarily attributable to increases in our real property tax assessments and thus real property tax revenues. There were some downward adjustments made in other funds, such as the Highway Fund, the Liquor Fund...slide 4, is a brief narrative on how we adjusted the revenues. As I mentioned the General Fund, primarily attributable to real property taxes. The Highway Fund decreased by $510,000 or 2.9%. This was due to downward projections in our public franchise tax, primarily driven by our utility company here on Kaua'i. Motor vehicle weight tax, a decrease of $110,000, based on historical data as well as our bus fares of $150,000 decrease. Our G.E. Tax Fund shows a slight increase of $275,000 or a 1.4%, which was based on anticipated partial economy recovery. We had already significantly adjusted the G.E. tax last year. We were initially projecting around a $25,000,000 in revenues coming in prior to COVID-19 and we had adjusted that down 25% or roughly $6,000,000, so this is just a slight bump-up bringing it back. We have also
decreased our liquor fund by $366,000. This is a largest decrease on a percentage basis of any fund and this is driven by downward liquor sales being reported by our licenses.

On slide 5, Overall Operating Budget Elements By Category. You can see the salaries and related show a decrease of roughly $7,000,000 and this is primarily attributable to the Transportation Agency’s positions as the Mayor mentioned in his message, of roughly $5,900,000 being funded through one-time federal COVID relief funds for this upcoming year. Other reductions may have been realized through our short funding or dollar-funding of vacancies. Our utilities remain relatively flat, with a minor decrease of $142,000. Operations, again, relatively unchanged. Our Open Space contribution remains in accordance with our Kaua‘i County Code 1987, as amended, at 0.5% of real property tax revenues, a minimum of a half percent, and then our Debt Service with our amortization schedule. We have not factored in any savings that may be realized through the refinancing of the FY 2021 bond issue yet. Slide 6 gives a graphic of prior year...FY 2021 versus FY 2022 budget. I think you can see here because of the savings or one-time offset in the Transportation Agency, that there is a slight decrease in the percentage of the moneys going to salaries and related. 61.2% versus 62% in the prior year and definitely the decrease of $155,000,000 versus $148,500,000 in this year would be the biggest change we see.

Overall, our operating budgets by Department. Our Department of Public Works remains the largest department, consisting of our General Fund, Highway and G.E.T., Solid Waste, Sewer, and Beautification. In FY 2021, they represented 30.3% of the total of all the departments. In FY 2022, that increases slightly to 32.2%, if you look at all of these. And then obviously the next largest department would be our Police, Fire, followed by Parks & Recreation.

Slide 8, focusing in on our General Fund, our largest fund. You can see the largest component of the fund being our salaries, benefits, and collective bargaining. Last year, that represented roughly 81.3%. This year, that ticks slightly up at 82.9%. Obviously, a large piece of the fund is to pay for our staffing. If you took that piece of the pie, the staffing benefits, collective bargaining, and within the General Fund, and looked at it into which departments comprised the funding, Police and Fire are public safety areas, composed a little more than half of the General Fund. In FY 2021, Police and Fire amounted to 56.9% of the General Fund. Salaries, benefits, and collective bargaining and in FY 2022, that goes up to 57.1%. Challenges ahead, as the Mayor mentioned and as you all are aware of. There are recurring difficulties in the State budget and that is obviously something that our TAT is something that is always looked at and various bills continue to be proposed at the Legislature to redefine how the distribution is made or possibly even eliminate the distribution. It is important to keep in mind should that go unfavorably against the County as it has often happened in previous years, how will the County continue to operate if there were significant revenue shortfall of this revenue source. Aging infrastructure will require additional debt service to address many of the larger projects that we have in our Sewer Fund or where have you would require significant dollars outside of the County’s revenue streams. We also must continue to regularly replace heavy duty equipment in order to keep our
operations going. Also the maintenance of our aging facilities continue to present financial and operational challenges for the County.

With that, I want to make sure that the Councilmembers and the public are aware that we have this budget analysis tool on the County’s website for Financial Transparency. By going to this website, you are able to look at our budget (inaudible) since 2020 until the current budget being proposed, as well as a comparison between the two (2) years. One report will be this annual Operating Budget Ordinance and another would be the comparison and it would be between FY 2022, what is being proposed and FY 2021, what was actually approved. The Operating Ordinance that you have in front of you, we have inserted pages into the actual budget worksheets that provide a three-year trend plus the last year and the most current proposed budget. We have also inserted page numbers at the bottom of the Operating Budget Ordinance, because we have inserted these pages in order to keep everyone basically on the same page, so to speak.

The PDF files of these Operating Budget Ordinances also have bookmarks, is what you call them, in order to allow you to jump to each section of the ordinance if you are viewing it online. With that, I will take any questions.

Committee Chair Kaneshiro: Thank you, Ken. Members, we will stick to the presentation, anything the Mayor said in his video; this is the time to ask a little broader questions. If you have more direct questions related to a certain department, I would say we will wait and address that in that particular department. Are there any questions on the Mayor’s presentation or on the budget presentation that Ken just did? Councilmember Kualiʻi and then Councilmember Cowden.

Councilmember Kualiʻi: Hi, Ken. Thank you for being here and thank you for all of your work. Your first slide, where you went over a couple bullets, you talked about the reserves exceeding 30% target or $51,500,000 and that due to FY 2021 shortfalls, the TAT revenue and COVID impacts and other unforeseen events, that will likely result in reserves below the 30% target. Do you have any sense of how much below? Is it too soon to tell? If so, do you know when you will know?

Committee Chair Kaneshiro: Ken, are you pulling up a spreadsheet? Ken, did you get the question?

Mr. Shimonishi: No, I did not. I just heard the audio come on now.

Councilmember Kualiʻi: Let me ask it again. Your first slide talked about the 30% target of $51,500,000 for the reserves, but due to budgetary shortfalls the revenue and COVID-19 impacts and other unforeseen events, it would likely result below. I was asking if you had any sense of how much below that target percent it would result in, and if it was too early to tell, when do you think you will know?
Mr. Shimonishi: Let me share my screen, again, if I may? Hopefully, I am doing this right. You should see an Excel file on your monitors. Are you seeing that?

Committee Chair Kaneshiro: Yes.

Mr. Shimonishi: This is how we calculate the reserve at the end of the year and basically we had available reserves of $62,800,000. The reserve target was $51,500,000 or roughly $11,200,000 over our target at June 30, 2020. Taking the $62,800,000, we know that in this current year, we are already going to draw down on that for the State’s suspension of our TAT—that is $14,900,000. We also put forward $660,000 for a disaster related event for Parks to clear debris along Wailua. There is another $2,000,000 that we drew down for ongoing COVID mitigation efforts in terms of our operations. And then $125,000 is still pending to support the Golf Fund. Just a straightforward reduction of that...and then we also defunded Ho'olako to try to replenish some of that draw down on the Reserve Fund. Just a straightforward subtraction of where we were versus where we will be at $46,400,000 and that would be 27% of the prior year’s revenue. The Government Finance Officers Association (GFOA) recommended 27% to 41%. Our policy states that we should hold at 30%, so that would mean that we would be roughly $5,000,000 short of our target. Again, this is in factoring any actual results of FY 2021, but I think you can see that we would be drawing down on our Fund Balance and just because we may not be at the 30% level does not mean “the house is on fire.” I think we just need to be mindful that we need to preserve as much as the fund balance as we can and ration it, obviously the use, until we can clearly see where the economic recovery occurs. That would be my general sentiment or statement to the Council.

Councilmember Kuali'i: I really appreciate that detail. Maybe you can share the spreadsheet electronically later also. I agree not only is “the house not on fire,” but maybe we have some buckets of water on-hand in case a fire starts up. That is good news in a way and I would like us to obviously continue to work towards getting to our full target, but the fact that we have not lost half of our reserve is a great thing, despite having to go through what we have been going through. I know that it will continue. Along the lines of the State’s suspension of the TAT, can you show a little more detail on that as far as when did we last receive TAT dollars—for what period was it? I know the $14,935,000 is what we have not received because it has been suspended, but when did that suspension start and what period is that covering? When do we find out what, if any of that, are we going to get?

Mr. Shimonishi: I believe the suspension started with that second half payment that ended June 30, 2020. Instead of the full $14,900,000 it received in 2020, we received roughly twelve something. So that was the second half payment that was suspended, and it has been suspended going forward. I see our Director of Finance is on, so if she wants to comment, feel free.
REIKO MATSUYAMA, Director of Finance (via remote technology): This is Reiko Matsuyama. The last payment that we got for TAT was through April 2020, so we did not receive the last two (2) months of FY 2020 and the entire year so far year to date of FY 2021.

Councilmember Kuali’i: Does that total up to this $14,900,000?

Mr. Matsuyama: No. $14,900,000 is one (1) total fiscal year, so that would be the entire FY 2021. The additional two point something million that Ken referenced was for FY 2020, the two (2) months of FY 2020.

Councilmember Kuali’i: Okay. Thank you very much.

Committee Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: My first question is pretty simple, if you go to slide 13, which says, “budget analysis tool financial transparency.” I did not understand it because it is printed too small. One was the actual and one was a projected. Was the one on the left, the smaller set of the bar graph, was that the projected or the actual?

Mr. Shimonishi: That is a comparison between the previous years’ approved budget and the current year’s proposed budget. The slides I have used is just an example of what is there. To get the actual data, you would need to go into the County’s website and click on the Financial Transparency Tool link to get to the data. If you want I could...

Councilmember Cowden: A simple answer would be good. What does green represent and what does rust represent? I cannot read it.

Mr. Shimonishi: The green represents revenues, in this particular slide and the rust represents expenses.

Councilmember Cowden: Okay, perfect. Now it is understood.

Ms. Matsuyama: What is on these slides is FY 2017 and FY 2018. The point of the slide is to show you where to go to get relevant information.

Councilmember Cowden: Okay.

Ms. Matsuyama: It is a full transparency portal so you can look at whatever chart, filter it however you want, and look at the data in whatever way you want to. You and the public have access to it. The point of that slide was to say everything that you have in front of you in nice pie charts and everything graphically on this financial transparency portal.
March 25, 2021

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Councilmember Cowden: Perfect, thank you. I was just confused on that. Councilmember Kuali‘i asked my main question about the excess revenue. Mr. Shimonishi, I think you might have been referencing my metaphor about the house being on fire. I might have not been understood. I am really pleased about the work done on our budget. That is like having the mortgage and the bills paid on our County. The house being on fire was referencing how there is a portion of our population that are being displaced and pushed out. That is not the public’s responsibility. I was saying that I am glad that we got our government finances solid. I am worried about our people and seeing people moving away. That is what I meant by “house on fire.” Not the finances of the County, but the finances of a significant portion of the people. Thank you for remembering.

Committee Chair Kaneshiro: What are we expecting as far as federal money coming in this year? I know I saw an article with an expected amount of how much O‘ahu was getting in the $300,000,000 range. I saw the parameters around it. I do not think I have ever seen or heard about how much Kaua‘i is expected to get.

MICHAEL A. DAHILIG, Managing Director (via remote technology): In response to your question, the American Rescue Plan (ARP) is the most recent tranche of federal moneys that we are aware of with respect to direct support to the County. We are still awaiting guidance and specific details on what that looks like from the Treasury Department in Washington D.C. They have not issued guidance as to our specific amounts. However, in terms of calculations that have been done both by the United States House of Representatives and the United States Senate sides of the bill, we roughly expect around $14,000,000 over two (2) federal fiscal years to be given in two (2) amounts. It would be roughly $7,000,000 per federal fiscal year starting now. That is what we expect. There are restrictions as far as we are aware from the legislation that would prevent the moneys from being used to pay for any tax cuts made after the event of the pandemic when it started last March. There are also restrictions regarding it being used for either replacing lost revenues due to decreased economic activity or direct support for COVID-19 types of things. When we do get this guidance from the Treasury Department, we will go over that and work with our attorneys to get that over to the Council to go over the nuances of that legislation. In terms of specific amounts, it would be $14,000,000 over the next two (2) federal fiscal years.

Committee Chair Kaneshiro: I have a follow-up question from Council Vice Chair Chock.

Councilmember Chock: Mike, I just wanted to clarify...maybe you know how it is they came up with the figure of $14,000,000. There is an emerging misconception that it happens to match what the TAT shortfall will be for us. There are some questions emerging how that was formed. I just want to clarify that this is over two (2) years. We need to take into consideration some of these potential shortfalls from our TAT and maybe they should.
March 25, 2021

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Mr. Dahilig: I wish I could be able to explain the magic of federal calculations work in this situation. There are a lot of inputs related to population and then a floor that is required that each state at least gets a minimum fixed amount. There are different types of allocations based on local governments being required by the legislation to get a certain amount of the money, as compared to the states getting a certain amount of money. I do not know exactly how the inputs into the calculation fold into each other. I just know that it involves population, floors, and proportions that have to go to local governments. In terms of how that would be able to fill the gaps as you are describing, specifically as you mentioned relating to the TAT shortfall, there is a lot more flexibility at least from what we can surmise from this funding than the $28,000,000 that was a pass-through from the State from the summer CARES Act appropriations. We expect that this can be more intertwined with the Council deliberations once we get specific details. Hopefully we get that in-play. We are committed to having that open debate with the Council to figure out whether the moneys are meant for backstopping some of the TAT gaps that are arising, or whether it should be used in more of the summer CARES tradition in direct community services from a social services standpoint.

Councilmember Chock: As we are now underway with our budget, do you have any indication on when the Federal Government will be providing some of those guidelines, so that we can make those determinations about flexibility and direction.

Mr. Dahilig: My understanding is that from the time that President Biden had signed the legislation, the Treasury Department has sixty (60) days to move on it. I do not have a calculator in terms of how many days it has been since the President signed the legislation into law, but my understanding is that there is a sixty-day window when the Treasury Department has to get moving. I checked the Treasury website yesterday and there still remains no guidance that has been posted as of yesterday.

Committee Chair Kaneshiro: Councilmember Kuali‘i.

Councilmember Kuali‘i: Mike, I will send you this information as well. I only just a half an hour ago sent it to the Councilmembers. I received an eighteen-page report from the National Association of Counties (NACo) and the estimate for Kaua‘i that same $14,000,000 and it is for the two (2) years. On the $65,100,000,000 going to counties and the $65,100,000,000 going to states and other non-county municipalities, the $65,100,000,000 is being determined specifically on the county’s Community Development Block Grant (CDBG) receipts and we will receive the larger of the population-based share or the share under a modified CDBG allocation formula. They tell us that it is $14,000,000 estimated, but obviously we have to hear it from the Treasury Department. For the State, cities with populations with at least 50,000—$45,570,000,000 of that $65,100,000,000 will go to direct aid by a modified CDBG formula. It has a lot to do with the CDBG funding we get.

Committee Chair Kaneshiro: Councilmember Cowden.
Councilmember Cowden: Do we have an approximate amount of our CDBG funding? What do we get?

Mr. Dahilig: We can get you a breakdown of what is coming down the pipeline. We still have the previous asks of the Council for receipt and expenditure that are related to the disaster relief CDBG funds that came from the 2018 floods. That is approximately $9,000,000 and there is the normal CDBG funds that are coming in on an annual basis. I can take the lead and ask Adam P. Roversi to get more specific numbers and I can get that over to you.

Councilmember Cowden: Thank you so much.

Committee Chair Kaneshiro: Are there any other questions? Councilmember Evslin.

Councilmember Evslin: Thank you Ken for the presentation. Follow-up question to Councilmember Kuali‘i’s initial question regarding the Reserve. This might be directed to Reiko. Do you have a ballpark figure on what our Reserve should be before it could affect our bond ratings? If there is any further drawdown through this budget process, if that could impact our current bond refinancing efforts.

Ms. Matsuyama: Current bond refinancing is pretty set. We went to market earlier this week. They are all sold basically. It would not affect our current refinancing. That being said, the rating agencies do frown upon hitting the Reserve. This is one of the big ticket items they focus on when they make their determination of rating. As much as possible, we should try not to touch it. In the event that we go out for new money in the future or the near future, it would be in our best interest to try and keep that intact.

Councilmember Evslin: With the ARP moneys coming, do you have any idea if that could be used to refill our Reserve, if we were to proactively spend down some of the Reserve during this budget process and maybe refill it, so that we can as quickly as possible spend some of the money in there to fire up the economy?

Mr. Dahilig: If expenditures can be used to backstop County operations that are currently paid for out of the General Fund, it would naturally flow into backstopping continued pressure on the Reserve. Indirectly, yes, it can directly affect the amount that is there to maintain the threshold that the Director of Finance described. We know that there are a number of competing interests and based on how the moneys from the last tranche of CARES funds were expended, there may be some different policy expectations that we need to air out with the Council. Yes, the answer is that we can definitely look at that as a way to relieve pressure on the Reserve. There are other competing interests, as well. I think that needs to be deliberated with the legislative body.

Committee Chair Kaneshiro: Councilmember Cowden.
Councilmember Cowden: I have a couple of questions for Mike. This is relevant to the deferred maintenance. I appreciated what the Mayor had to say and how difficult it is right now to address some of those funding needs. Are we likely to be expecting any new emergency funding for the 2021 floods?

Mr. Dahilig: At this time we still have not met the threshold statewide in terms of the amount of damage necessary to trigger the public assistance portion of the Federal Emergency Management Agency declaration requirements. On-island, we have met the requirement in terms of our County’s contribution to the statewide declaration. We are still awaiting Maui, Honolulu, and Hawai‘i counties in terms of them being able to meet their collective threshold. Aggregate-wise, the state has to $2,100,000 in damages. We have been able to identify approximately $600,000 on island. To date, we are still doing our investigations. That has well surpassed our contribution to the overall statewide disaster aggregate threshold of approximately $200,000. We will continue to pursue to try and get that declaration signed by the President.

Councilmember Cowden: The reason I am asking is relative to the CIP Budget. I do not believe it is on here. I do not think it has been asked to be on here. Just for your awareness, Kalihiwai Bridge and just above it, there is a lot of community concern just as we have seen at the Hanalei Hill. There is a similar repair along Kalihiwai. That waterfall right there on the east side of the bridge just pumps so hard that the river sometimes is going right across the road. They put a big rock revetment there trying to keep it from washing out the road. There is fear while standing underneath the bridge where you can see the scouring or feel the shaking of the bridge. Maybe that is normal, but it seems like it is getting worse. There is an ask from a number of people to consider looking at the abutments on the old Kalihiwai Bridge down on Kalihiwai Road in seeing if one of those little Acrow bridges could be put across so if something happens that takes out our large bridge, or when we have more of these landslides in that area that cover the road, that that is a consideration. We have started to get letters, but there have been people talking relative to Hanalei where there are old ways down the Hanalei hillside and perhaps a small, potential temporary access across the stream down there to be able to have another pathway out of Hanalei. I would think we would end up needing to have emergency funds for that, but that might be something to consider.

Mr. Dahilig: I acknowledge that Councilmember Cowden. I know that we have a number of ingress and egress discussions regarding influx and whether they are in the State or County jurisdiction. I know that our Department of Public Works has been in contact with the State of Hawai‘i Department of Transportation (HDOT) after the Hanapēpē Bridge construction is completed, whether those temporary bridges could be repurposed for County usage. We will continue to pursue that and maybe that is an opportunity to take advantage of surplus equipment on island that does not have to be shipped back to Honolulu. I will raise the item concerning the old Kalihiwai Bridge to our
CIP team. We can bring that up in the CIP discussion as part of a more comprehensive response.

Councilmember Cowden: Thank you.

Committee Chair Kaneshiro: Councilmember Carvalho.

Councilmember Carvalho: Ken, I just have one quick question. Going back to the Reserve Fund, how does it tie back to the $400,000 for the Self-Insurance Fund? Although the FY 2022 budget does not include the use of the Reserve Fund, I just wanted clarification on the Self-Insurance Fund.

Mr. Shimonishi: That is simply a reclassification of the fund balance into the Self-Insurance portion. We are not actually spending it. We are basically assigning it. It is still within our use as a reserve, but it is a reclassification to meet the proviso that mentions that we maintain $1,000,000 in the Self-Insurance Fund. Keep in mind that with the Self-Insurance Fund, when we have claims or things that we propose to use against it, the Administration has to come before the Council to notify you that we have this issue that we have to take care of. That is how that Fund is drawn down.

Councilmember Carvalho: For the aging infrastructure slide, debt service for the bond issuance and State Revolving Fund, what does that tie into?

Mr. Shimonishi: Typically on those, that would involve our Sewer Fund and also Solid Waste to a certain degree when they have these bigger projects that could qualify for the use of those State Revolving Fund moneys. We definitely try to have them finance their projects in that fashion as opposed to drawing down on our fund balance. Obviously, that is a loan that gets repaid, but it is at a much lower interest rate than any type of outside financing. I believe it is at 1.25% over twenty (20) years. That is another source that we have our departments actively look for to fund those projects that qualify for those funds.

Councilmember Carvalho: Thank you.

Committee Chair Kaneshiro: Any further questions on the presentation? Councilmember Kuali‘i.

Councilmember Kuali‘i: Going back to the beginning when Council Vice Chair Chock started to ask about the potential sources of federal dollars, does the County have a point person who is identifying these potential sources? Besides the potential estimated $14,000,000 that would come just to us, there will be a lot of other pots of moneys that we could go after in addition to some of the federal grants that we have been going after in the past. There will be more funding available in additional grants as a result of this ARP Act.
Mr. Dahilig: The point person that does a lot of the work is our D.C. consultant. Every week we get a ledger of what is being released by the Federal Government, by department, the competitiveness of the grants, how many grants are available, and what about. Polly Phillips from our Office will then take that information from our D.C. consultant and disburse that information to the relevant department based on the subject-matter. A lot of times you will see things go over to the Police Department or things will go to the Fire Department based on what is being offered by Homeland Security. We have a system in-place to mine the grant releases and get that eligibility and potential application interest be pushed to our department heads for their evaluation and potential application.

Councilmember Kuali'i: What I have from NACo, I will share it with you and you can share it with Ken or Polly. The only one I mentioned and I should probably talk to Adam about it, is that the data that I see here for NACo on the Emergency Rental Assistance Program, it talks about a new round of $21,600,000,000 in Emergency Rental Assistance. I am assuming that some of that could come to Kaua'i. When they break it down, they talk about homeless assistance, housing vouchers, rural housing, and then they also talk about this Homeowner Assistance Fund which is getting $10,000,000,000. In the line items of the different things that are constituents or residents could possibly get help with, it lists not only rent, mortgage, and utilities, but it also lists property taxes and property insurance. If there is a way that the County could do it directly...it seems like we are saying, “Here go get this money and pay us,” but there is money that is available to our constituents. I know some who need help paying their property taxes. I am going to try and ask NACo for more information and then share it with you or some nonprofit that can help us with that.

Mr. Dahilig: We appreciate that. Thank you.

Committee Chair Kaneshiro: Are there any further questions on the video presentation? If not, we can move to the individual budgets.

Office of the Mayor (including the Office of Boards & Commissions)

Committee Chair Kaneshiro: Next on the schedule is the Departmental Budget Review for the Office of the Mayor which includes the Youth Work Program and the Office of Boards & Commissions. I will turn the floor over to the Mayor’s Office to give some brief highlights of their budget proposal for these divisions. Following their overview, I would like to take questions from Councilmembers in the order that they are presented in the budget:

1. Office of the Mayor
2. Youth Work Program
3. Office of Boards & Commissions
February 25, 2021
Fiscal Year 2021-2022 Departmental Budget Reviews
Committee Chair’s Budgetary Comments, Administration’s Budget Overview,
Office of the Mayor (including the Office of Boards & Commissions), Revenue Forecasting,
and Department of Human Resources & Human Resources Reports
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Mike, if you wanted to give us a brief overview. We received your budget and operations synopsis.

Councilmember Kuali‘i: Council Chair, before we go on can I say one more thing. Sorry, when Council Chair said something earlier about the estimate that we heard about moneys going to the State, NACo is estimating that it is $481,000,000. I know we are potentially getting our $14,000,000 but hopeful that some of that State money, depending on different programs and what we are doing to help the State help our residents could also come to us as well.

Committee Chair Kaneshiro: Mike, do you want to go over your budget and operations synopsis?

Mr. Dahilig: Mayor Kawakami is in the room here as well. If there are any questions for either of us as we go through the budget, we are available for that inquiry. Our current budget proposal actually has a very slight increase of 1.6%. A large amount of that is actually reflective of the movement of one position from the Liquor Department budget into the Office of Boards & Commissions. We are hopefully doing it only as a one-year stopgap while the decrease in revenues that we are anticipating from the Liquor Commission budget are reenergized by the restart of the economy, particularly with bars and restaurants. When you look at the increase in salaries and benefits, we did this in part to try and relieve pressure on the trickle-down calculations that happen when there are costs associated with the Liquor Department operations that they get passed down to small businesses. We knew already after the last fiscal year that the liquor fees and portions of sales had actually increased the amount of burden on small business and anticipating that they are going to have a very hard roll of it starting up again, we were concerned that the deficit shown by the liquor revenues was actually going to become a trickle down additional expenditure on the small businesses. We have moved that position for hopefully just one year, over to the Office of Boards & Commissions, to have the General Fund indirectly supplement those operations there. Otherwise for operations themselves across-the-board, we have taken a 3% decrease in non-salary-related items. A lot of that, again, was related to trimming menial and incidental, as well as travel-related types of expenses across-the-board. When you are looking at the positions, our positions have relatively remained the same. What has been the biggest challenge, and this is more of a management item across-the-board...now we have the general excise tax (GET) funding that has come and comes in very large tranches on an annual basis, the County has not had to deal with that amount of project management and capital or maintenance expenditure on a rolling basis such as that. It is a good thing. What it has done is that it has placed a large burden on our Office to actually get involved in the day-to-day project management items that we had originally anticipated not to have to handle. We have looked at trying to beef up on the Public Works end, that project management side, but at the same time, we are going to be reducing the amount of salary related to the Program Administrative Officer to reflect the other needs and types of jobs that position would be handling, along with the capital improvement and Public Works-type management. Due to COVID-19, a lot of the Office of Boards &
Commissions operations have been cannibalized as a consequence of supporting the interisland quarantine review system. They estimate that approximately 50% of their hours have been used to manage that program along with the Kaua'i Emergency Management Agency (KEMA). As we anticipate the interisland quarantine requirements winding down in this next fiscal year, we hope that we will be at full capacity with our Boards & Commissions operations. Other than that, when you look specifically at the Office of Boards & Commissions budget, we still maintain funding for contested case hearings, as well as matching funds for the Planning Department to help with transcription services, due to the large amount of contested case hearings that they do have. Again, in that budget, you can see that position, specifically Position Number 2209 that was moved over from Liquor to relieve that cost-center burden on the Liquor Fund. Other than that, pretty much everything remains flat across-the-board if not slightly decreased. I am available for any specific or detailed questions related to our Office.

Committee Chair Kaneshiro: Are there any questions based on the overview? If not, we can just look at the Office of the Mayor budget for now. If you have any questions for the Office of the Mayor, we can go through those. Then we will go to the Youth Work Program and the Office of Boards & Commissions. Councilmember Kuali‘i.

Councilmember Kuali‘i: Just one quick question on page 3. The line is Grant-In-Aid. There was $100,000 last year and the same amount this year. Can you remind me of what this is for? It says that it is for competitive grants for social services. There is a Request for Proposal (RFP) process and if so, where does it happen in the County? What kind of grants are available and the size range of these grants? When are the funds available and when do they need to be expended by? Is it by July 1, 2022? Or is it that funding year and they end in the next year?

Mr. Dahilig: This year's program, we purposely delayed any disbursement of the Grant-In-Aid moneys for FY 2021 specifically because a large bulk of the money was given out as Grant-In-Aid as part of the CARES program earlier that summer. Understanding that the CARES money at the time was going to be lapsing on December 30, 2020, we did not go through the normal Grant-In-Aid process in the fall like we normally do. We delayed it until January of this year for disbursement. Once those moneys are contracted out, they can be used for however is a reasonable period of time to complete the purpose of the grant. There is not necessarily a backend in terms of a hard expenditure deadline once the money is disbursed. Going into the next fiscal year, we are going to looking at timing in terms of how federal moneys are going to be coming into the system and whether we can avoid duplicative effort in a means to have the Grant-In-Aid fill gaps where available. When you look at the Office of Economic Development (OED) budget, the OED budget has the bulk of the Grant-In-Aid programs. We attempt to try to match the RFP process at the same time with the Grant-In-Aid process for the OED. You will see that in their budget presentation, they are making the same request to the Council for the same appropriation as last year, in an amount of roughly $1,000,000. The Grant-In-Aid on the table for the Office of the Mayor is meant to fill-in the gaps between those programs that
OED does not necessarily have as germane to their mission. That is why we pair the two (2) programs together to make sure that we are not duplicating effort and that we are able to provide a more robust spectrum of assistance beyond simply what is considered economic development alone.

Councilmember Kuali‘i: Thank you so much.

Committee Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: In 2019, there was almost $600,000 in Grant-In-Aid. I believe you are saying that because we were able to get these CARES Act funds, we chose to replace some of what we used to get in that arena. Would that be correct? That is a big difference.

Mr. Dahilig: My recollection is that in terms of the 2019 budget, we had moved a large of those moneys to OED to again consolidate it as one singular system. Though the level of effort may have been the same in 2019 as compared to 2018... but I will have to double-check on that for you. The Mayor’s philosophy on Grant-In-Aid has been to make it competitive by application and to have it as centralized as possible in one system so that everyone knows when to apply and everyone’s applications are reviewed contemporaneously. If I could look back to understand it better, I would appreciate it.

Councilmember Cowden: Our staff just let me know that there was a big movement there.

Committee Chair Kaneshiro: Council Vice Chair Chock.

Councilmember Chock: There is $26,400 for cultural protocol. I just want to be clear on what that special project is.

Mr. Dahilig: The cultural protocol item is in the event that we have in our Sister City efforts, the need to actually hire translators or people to assist with how to receive foreign dignitaries. I unfortunately do not speak Japanese, and so it would be one of those situations where if we had to hire an interpreter to assist any County officials in a multi-lateral dialogue, we would have to have someone come on board. It is also for things related to those types of efforts. Since we have those types of relationships internationally with a number of particular countries and cities in those countries, we do need that assistance. It is also meant to pay honoraria in the event that we need to bring in individuals that may need to provide ‘ōli or some type of a blessing for our projects as a means of supporting safe construction or the opening gathering. We also use that to pay honoraria to those individuals within our community that provide those types of assistance.

Councilmember Chock: Okay, thank you.
Committee Chair Kaneshiro: Are there any other questions for the Office of the Mayor budget? If not, we can move on to the Youth Work Program. Mike, could you just give a brief overview of what the Youth Work Program is?

Mr. Dahilig: This is the Summer Work Program that we provide a small $10,000 grant to the Kaua'i Economic Development Board (KEDB) to support those youngsters that are coming back from college or right out of high school that would like a summer job, but also to gain some experience. That goes directly to KEDB as a Grant-In-Aid to support that annual activity.

Committee Chair Kaneshiro: Thank you. Are there any questions on that amount? If not, we can move on to the Office of Boards & Commissions. Councilmember Cowden.

Councilmember Cowden: Our total number of employees is how many?

Mr. Dahilig: There are currently five (5) employees. The proposed budget proposes to move a sixth employee from Liquor over to Boards & Commissions to handle the Liquor Commission activities.

Councilmember Cowden: Do we have sixteen (16) commissions? Do I have that correct? How many do we have?

Councilmember Kuali'i: Seventeen (17).

Mr. Dahilig: I would have to refresh my memory on that.

Councilmember Cowden: We have seventeen (17) commissions. We have six (6) employees and seventeen (17) commissions. That is a lot for six (6) employees. When we look at other counties in the state, they probably have much larger staff. I just wonder if Boards & Commissions is overburdened for as far as they have to stretch.

Mr. Dahilig: I will say that they make it work. Ellen and her team certainly could use more resources, but they make it work somehow. The type of work that each commission does varies. You have things like open space all the way to the Police Commission. That is why Administrator Ching is unable to make the budget hearing this morning, because she is actually in a Police Commission meeting as we speak. A large amount of their work is involved in creating the record, specifically with making sure the minutes are transcribed and the work of servicing each commissioner is handled. They definitely figure out how to make it work within their means. In terms of the additional position, that is specifically meant as a fund burden type of relief for the Liquor Fund. Our anticipation is to try and move that position back to the Department of Liquor Control once that revenue stabilizes and once restaurants and bars are able to come back into full swing.
Councilmember Cowden: When we are looking at if there are any moneys to get shifted around, I am wondering if this area is not underserved. I notice that they really do need help with audiovisual needs. These commission meetings should be more public. They are rarely public. They are at the minimal or sub-minimal level. It is pretty difficult to listen to a Planning Commission meeting. I go to a number of the commission meetings, so I am consistently hearing all kinds of impacts of just trying to handle the technical aspects. I think they are not only trying to run the board meeting, they are struggling over the phone and those other elements. I find that it impacts the performance. That is something I would wonder that if someone from Information Technology (IT) that could provide technical support to them. They probably need technical support in getting live links on their agendas and minutes. Right now some of their stuff are .jpeg scans. When you are looking at one thousand (1,000) pages, it is very difficult to go through it. Minutes are posted late. I think this is a really important function. I think they might be underserved. When I am looking at the other counties, they have a larger population base to fund it, but they do not have that many more boards. I see us lacking right there.

When you say “contested case hearings” or “special counsel,” where is that? Which line item is it?

Committee Chair Kaneshiro: Page 9, Other Services, at the bottom.

Councilmember Cowden: Okay. We have $176,000 and that pays for the contested case hearings officer.

Mr. Dahilig: Yes. If there is a quasi-judicial type of hearing that needs to be conducted that the particular board or commission cannot handle due to the technical nature of that hearing, we will farm that out typically to someone who has the experience of running a quasi-judicial administrative hearing.

Councilmember Cowden: I just want to call attention possibly to training for our commissions. That is another area where I am getting consistent concerns. So many of these items are going out to contested case. The financially less strong party in these contested cases are losing simply for financial reasons more so than for the issue at-hand. This is our only time to talk about this, right? We are underserving our population by pushing so many things to contested case. There are unfavorable outcomes from how often that happens. We need better minutes and packets, and we need at the minimum for the Planning Commission to be able to have a Teams type of presentation the way that the Council does. I think the Planning Commission is almost as important as the Council. I know as the Committee Chair for many of the commissions that I am responsible for, I have to just listen in on the phone. It is a lot harder to do a diligent job on that when there is not the opportunity to contribute. If there is a Teams meeting, I would like to be able to get into that. I do not know if you can speak to any of that. Somehow this Division is probably underfunded. As a Councilmember, I feel underserved by them. I know I get routine deep concerns from constituents before the Planning Commission.
Mr. Dahilig: Thank you for your continued concern regarding public access. We all understand that the Governor's Proclamation is not a carte blanche waiver of Chapter 92. We have to make our best effort to meet the spirit of Chapter 92 as much as possible. In the past, the items that you brought to me regarding the Planning Commission, I have followed-up with Reiko and Del Sherman to try and figure out if there is a better way to get commissioners on our Teams platform. Right now, we have them largely as volunteers unlike the set-up you see here right now, they are not part of our County servers. Del is looking at trying to better integrate them into Teams Live as an option to port in so that there is more robust discussion and public access. We can do better in this area, I agree. The issues that you are highlighting regarding public access hopefully we can sort out too, especially with the Planning Commission. We hope to provide more interactivity than what is currently available right now.

Councilmember Cowden: Thank you so much for that. As a follow-up, even on my way in today, hands free, with my headset on, I had a rather vigorous and frustrated call from a person who is pretty active in public policy. It was a community member. When are we going to reopen allowing the public to come to commission meetings, especially the Planning Commission, if we do not give a more robust possibility for it? Our schools are opening and tourists are coming. I am just bringing that word out that there is deep frustration at being held back from participating, particularly from the business community. When I was talking about the house on fire, it is not just people losing their houses, but people losing their businesses. Those are the people, not the government, whose houses are burning. It is the people losing their businesses. I cannot understate the level of frustration that they feel when they basically are prohibited from fair access to the public process. Maybe beefing up the Office of Boards & Commissions can help that us be better at that. Do you know when we might be thinking about letting the public back into any of these meetings? What will be that threshold?

Mr. Dahilig: I do not want to be morose about some of these discussions, but we need to be considerate of the fact that a lot of our board members and commissioners are actually retirees and these retirees are actually our most vulnerable population when it comes to the pandemic. It is something that I believe that as we are able to get to a level of vaccination with our vulnerable communities and the public at-large, we can have those dialogues in terms of how all public meetings across the County would be welcoming live audiences. It is a part of our process and it needs to be restored at some point, but it needs to be done safely. It is on our priority list in terms of how do we start normal operations with many of these public engagement items. In the meantime, we are going to pursue the health-side of things to make sure our volunteers are safe in being able to engage the public largely because many of them are volunteers and of retirement age.

Councilmember Cowden: Thank you for that public response. It is something that is a burning question for many. Thank you very much.
Committee Chair Kaneshiro: Councilmember Kualiʻi.

Councilmember Kualiʻi: I know you said that Administrator Ellen Ching is not available today and that she is in a Police Commission meeting this morning. With regards to the quality of the meetings, and I appreciated your point about Teams, if I look at the Other Small Equipment budget item, last year it was $2,400 and this new year it is $10,000 for replacing equipment, recorders, foot pedals, microphones, et cetera, so it looks to me just by that budget increase that they are at least going to try and address some of those quality issues of how the commissions are being done virtually. Along those lines about potentially getting more resources to our commissions, in the narrative in the last paragraph of the entire report, when you talk about the operational highlights, they say that of the seventeen (17) boards and commissions, fourteen (14) were trained and transitioned to virtual meetings involving more than eighty (80) volunteers, including the Charter Review Commission. If fourteen (14) of the seventeen (17) were trained, I am curious as to which of the three (3) remaining are going to be trained and transitioned also, and if so, when? They did all that training with only $400 in their Training budget last year. I was wondering if that was enough or if they had to get additional funding from other sources. Is the $400 in this proposed budget enough?

Mr. Dahilig: I can partially answer that. A question sent over in writing would probably be best to get to the details to provide you with a sufficient response. Off the top of my head that one of the commissions that was not trained was the Arborist Advisory Committee. This is a committee that looks at things like unique and special trees for tax purposes. There are some commissions that I know Ellen has in her prioritization of her resources given the decrease and level of effort due to their work supporting the quarantine effort, some of the commissions like that have been put on hiatus. We can get you a list of those remaining three (3) commissions as to what that was. In terms of the actual level of effort that was expended to train those folks, we can provide a more detailed level of explanation and shaping of that effort in a written response, if that is sufficient.

Councilmember Kualiʻi: Yes, thank you.

Committee Chair Kaneshiro: Are there any further questions for Boards & Commissions? Councilmember DeCosta.

Councilmember DeCosta: I just wanted to add some constructive information. Arborists are very difficult to find. We have a really good one with the State. I think his name is Adam. If you have to reach out to him, I think he could provide some training for some of those people who need to be trained. It is very difficult to find them. I just wanted to give you that information.

Mr. Dahilig: Thank you.
Councilmember DeCosta: I can get you his last name too, if you need it.

Committee Chair Kaneshiro: Councilmember Evslin.

Councilmember Evslin: This is not specifically a budget question, but I did want to follow up on the training question a little. In the past, I believe the Office of the County Attorney held some training for boards and commissions and even Councilmembers if they wanted to participate. This included informational training meetings on Sunshine Law and Robert’s Rules of Order. Do those still occur, COVID-19 notwithstanding?

Mr. Dahilig: It is actually something that we have been talking with Matt’s office about setting up again with the Office of Information Practices (OIP) at the State level. Typically what they do is they will come down and they will provide trainers on an annual basis. With COVID-19 that stalled things. It has become apparent that we do need to engage them again in some type of virtual training for our broad base of volunteers and our employees, considering that we have had turnover over time on our boards and commissions over the past year and a half. We do have it in the works with the Office of the County Attorney. We will let you know when we have set that up so that you or Council Services can participate in that training as well.

Councilmember Kuali‘i: Not for Boards & Commissions, but I wanted to go back.

Committee Chair Kaneshiro: Mike can answer it easily.

Councilmember Kuali‘i: Going back to the Mayor’s budget, I noticed in the last paragraph on the bottom of page 2, under operational challenges, you talk about the CIP funding and GET leading to seven fold increases in roads and engineering expenditures compared to the prior two (2) fiscal years. At the very end you talk about the long-time staffing leaving or retiring from the Roads Division of the Department of Public Works. The report says, “The approach towards CIP management and operations needs to be reinforced and better optimized.” Can you say anything more about that? What is the plan to do that?

Mr. Dahilig: If you take a look at the Public Works—Administration budget, you will see that we are expanding the CIP management portion of that office. That is where we are looking at some of the vacancies from the Roads Division to backstop that work. It is the same type of work that still needs to be conducted, but in terms of coordination across-the-board, it makes more sense to have that tighter with the Engineering Division and the Office of the Mayor, rather than have it float as an individual division. It is the Mayor’s intent that every year we have to push out all the money in a timely fashion with the best value to our taxpayers. The last issuance of debt about five (5) years ago was only $25,000,000. If you can imagine, we are getting close to that amount of
repaving and bridge construction every year now. That is where we need to look at how we can better get a handle on contract management and that is what that reinforcement and optimization is meant to address. The Roads Division previously under the old budgets used to only have about $2,000,000 in road repaving as compared to what it is now. It was a small portfolio for the Engineer supervising that Division in previous budget iterations. What has become clear is that it is now a very large portfolio given the volume of money coming in. There needs to be a tighter focus on potentially that work, as well as separating out the maintenance and levee maintenance side of the equation, in having more direct access to the County Engineer with that type of work. We will be available for discussion in the Public Works budget. Defining road repair and maintenance contracts from a GET-level versus pothole patching, median cleaning, and street sweeping is a different side of the equation. Those things need to be separated out more clearly given the larger portfolio in the CIP realm.

Councilmember Kuali'i: I think we heard about the $8,000,000 that was going to the Transportation Agency. We heard something today about the $5,900,000 savings to Transportation positions. There is a difference of $2,100,000. I think the Council Chair might have said something in yesterday's meeting about that going to Roads. That is also an amount that is going to show up in the Public Works budget somewhere?

Mr. Dahilig: I have to get specific information on that. The intent of the remainder is actually to make a capital investment in the Transportation facilities out there. We know that they are overcrowded and in terms of their equipment they need more updated equipment. That is where some of that money will be redirected. That can be brought up in the CIP portion of the discussion next week.

Councilmember Kuali'i: Thank you so much. I know that is something that they have needed for a while. Thank you.

Committee Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: The position that we are moving from Roads to support the Engineering in the administrative side, that position was in Roads for how many years?

Mr. Dahilig: I believe it was less than five (5) years. I would have to get the specific information on that. It was definitely not the whole career of that individual.

Councilmember DeCosta: I just want to make sure that we support the Roads Division. It is very important that our roads are maintained and paved. We need to support that Division. We have a Film Commissioner budgeted here and I do not think we did many movies during the pandemic. I do not think we will be doing many movies here in Hawai'i. Will that position be able to support other departments if needed?
Mr. Dahilig: Yes it does. That is one of the positions that is currently cannibalized to support the COVID-19 front. The current Film Commissioner has actually been repurposed to support the interisland quarantine screening. At the same time as we wind that down, we hope that she will be in full swing in competing for film activities on-island.

Councilmember DeCosta: I know that in the Mayor's budget, he asked all of us throughout our County workforce to do a little more with a little less. That is a good message to send to everyone on Kaua'i. We are going to try to do more with less. I was wondering if there was a little more that our Film Commissioner was doing with a little less movies being filmed during the pandemic.

Mr. Dahilig: I can confirm that.

Committee Chair Kaneshiro: Councilmember Carvalho.

Councilmember Carvalho: With Boards & Commissions, I know there is a hired team with Mike and the staff. Numbers-wise there is a large number of volunteers that volunteer under Boards & Commissions in general. I think that is a good point to bring on the table too. Having that present and honoring their health and safety overall is good as to how it is balanced out. Is there a number we can share?

Mr. Dahilig: In terms of the number of commissioners? I would have to look, but it is over one hundred (100) volunteers at least that we service.

Councilmember Carvalho: I just wanted to put that on the table.

Committee Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: When we are looking at the long-time staff from the Roads Division, I am guessing who might have left. Often here at the Council, we do not get told when important positions like that are vacated. I think his wife also retired.

Committee Chair Kaneshiro: We cannot mention names. We can mention position titles or position numbers.

Councilmember Cowden: Okay. We do not typically find out that information. In that position, that is not going to be one that is going to be left vacant, correct? That is a pretty serious position. So you are saying that we are hiring externally for that? Or are we internally bringing up a new leader for that position? I did not know that position was open.

Committee Chair Kaneshiro: Mike, if you have the answer then great, but that might be a question that we could ask the Department of Human Resources (HR) when we
look at the Vacancy Report, or that could be a question we could ask the Department of Public Works. If you want to try and address now...but if it is a vacant position, HR could probably give us an update later today when they go over the Vacancy Report. Mike, it is up to you.

Mr. Dahilig: Rather than go through specifics, I will say that philosophically across-the-board whenever we have a retirement or a vacancy, we go through a process of understanding whether or not that position is suited for the work that is necessary to be handled. We often see work needs evolve over time. We are also bound by collective bargaining and union contracts. Whenever there is a vacancy, it provides us an opportunity to reflect, reevaluate, and see whether or not that position needs to be retooled to meet the current challenges. The work does not go away, but how we address it and who we hire can change. When it comes to these retirements, we go through that process of evaluation before we go out rehire again. That analysis is what is shaping part of this discussion. There are a number of vacant positions across the overall County apparatus that have gone through that evaluation leading to some of them being dollar-funded or short-funded for six (6) months. Janine can go into those details. As it relates to the specific work, it may be best with this specific question to go to the Public Works discussion next week and have that be discussed in the overall context of the Public Works operation.

Councilmember Cowden: Okay, thank you.

Committee Chair Kaneshiro: Are there any further questions from the Member? If not, I am going to suggest that we take our caption break now and move on to revenue forecasting.

There being no objections, the Committee recessed at 10:45 a.m.

The meeting was called back to order at 10:57 a.m., and proceeded as follows:

**Revenue Forecasting (including Real Property Taxes & Other Fees)**

Committee Chair Kaneshiro: We will now proceed with Revenue Forecasting. The Administration has not proposed any revenue enhancements for the upcoming fiscal year and I believe this is the right thing to do considering the recovery everyone is going through from the pandemic and natural weather disasters. During this portion, we usually review the Schedule of Charges and Fees and questions surrounding real property taxes, though that may be minimal given our financial situation and circumstances again this year along with no changes in real property tax rates. With that, Ken, are you doing this presentation?

Mr. Shimonishi: Yes. I shall share my screen. It will be brief. I just wanted to start with an overview of our revenues. Not that any of you have short memories, but just in case anyone else is tuning in now, the budget we are proposing has a $923,000 increase compared to last year. This is only a 0.4% increase primarily attributable to the real property tax assessments. There are no changes in rates or fees across the County for the budget that we have submitted. I will get into the next slides that have tables on our
real property revenue section to be covered by our Director of Finance and Acting Tax Manager. Following that, there are worksheets that are probably viewed as a hardcopy of the various accounts and budgets that make up the revenue in its entirety. With that, I will move on to the slide that is an overview of our real property taxes.

Ms. Matsuyama: I am going to go over the next two (2) slides. I have Mike Hubbard here to help out and answer questions from the Council. This first slide on real property taxes...basically our property tax base remains strong and we are very lucky to have this as our primary revenue driver during the pandemic. It speaks volumes of our appraisal staff who were able to find value even during the pandemic. This will be the ninth consecutive year that our overall assessed valuations have increased. That bodes well for our revenue picture. The total assessed value was $26,500,000,000, which is a modest 2.8% increase over last fiscal year. The total parcel count increased by nearly 200. There were decreases in some areas as expected due to the pandemic. Vacation rentals is one of them. They had a slight decrease in overall value, but 65 properties transferred out of this tax class, as expected due to the pandemic when they were unable to operate. Hotel & Resort lost 8.2% of value year-over-year, but actually gained parcels making the actual property value substantially less from FY 2021. Making up for these losses were residential real estate classes and agriculture. It is not a surprise to any of us that the residential market is increasing. This makes the assessment cap for owner-occupied properties very important for local taxpayers. This is protecting the value of their properties from increasing more than 3% year-over-year. From the County's perspective, it does limit the amount of revenue that we can collect.

On the next slide, slide 4, provides data on the number of appeals that we received that will be heard by the Board of Review. As expected, we experienced a significant increase in the number and value of appeals, particularly in the Hotel & Resort tax classification. This is mostly attributable to timeshare properties. While we received a lot of calls from vacation rental owners, there was a minimal increase in the actual number of appeals and no significant changes in the delinquencies for the cycle 1 payment that was through November 18, 2020. The increase in appeals has obviously increased the appeal holdout that we are required to establish separately from the General Fund.

Slide 5 shows the assessed value of each tax class compared to the tax revenue that we collect from each tax class. You will see that our Vacation Rental and Hotel & Resort tax classes make up a substantially smaller portion of the assessed value pie, but pay a significant share of the revenue. In other words, they subsidize the Homestead tax class, which are owner-occupied residential properties. That tax class has the highest total value, because it has the highest parcel count, but it only pays 10.7% of our overall taxes. You can also see on this graph that it also shows an increase in residential values year-over-year and how the assessment cap is assisting the Homestead tax class. The gap in the Residential and Residential Investor tax class are growing in FY 2022. With that, I will entertain any questions.
Committee Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: I am very interested to know about vacation rentals, there are 65 of them that withdrew their classification. Is that correct?

Ms. Matsuyama: That is correct.

Councilmember DeCosta: It is a no-brainer to all of our local people out there that long-term rentals are very hard to come by. We would really love to help our local long-term rental constituents. With that being said, how easy is it for these 65 to reapply for their vacation rental permit and get right back into the mix of things?

Ms. Matsuyama: I am going to have to defer to Mike, but it depends where they are located. If they are outside of the visitor destination area (VDA), I do not think they can get back in at all.

Councilmember DeCosta: I believe and I think my colleagues here would agree that we need to beef up our long-term rental availability out in our community. I hope we are very stringent on how we reassess their permit application.

Ms. Matsuyama: It is hard to say whether those 65 vacation rentals are just vacant or if they actually converted to a long-term rental.

Councilmember DeCosta: We have the Long-Term Affordable Rental Program in place, correct? I think we have a very good tax rate for landlords who rent out to the local people.

Ms. Matsuyama: Yes, we have the Long-Term Affordable Rental Program. If you rent out at an affordable rate, you can then get dropped all the way down to the Homestead tax rate at $3.05.

Councilmember DeCosta: Thank you for that.

Committee Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: When we see these 65 come out of the Vacation Rental tax class... at another time perhaps we can get a deeper report. My expectation is that very few of them went into the rental market. Probably most of them were sold or people have moved into them from somewhere else. They have come to choose to live there. Multi-million dollar properties very rarely become an affordable rental.

Councilmember Chock: Let us ask Mike, he is there.
Councilmember Cowden: Mike, does anyone know what happened to these sixty-five (65) properties?

MIKE HUBBARD, Acting Tax Manager (via remote technology): It is going to be difficult to decipher the exact 65 properties. There are possible properties that moved into the Vacation Rental tax class and properties moving out of the Vacation Rental tax class. There is a mixture of all types of things that have happened. Kaua‘i was a safe place during the pandemic and we had part of our residential market that created a desirable place to live. We had a lot of off-island owners move to Kaua‘i, which could have been one of the reasons why a former vacation rental is now a Residential or Residential Investor house. There is a multitude of reasons and it is not just 65 properties. It could be influx of a much greater number.

Committee Chair Kaneshiro: Councilmember Evslin.

Councilmember Evslin: As a follow-up to Councilmember Cowden's question, could you show a breakdown of how many Vacation Rental class properties moved to Homestead or how many moved to Residential? Or is that breakdown not possible to do?

Mr. Hubbard: It is not possible to do for this presentation, but I am sure we could get that information at a future requested date.

Councilmember Evslin: Yes, as a follow-up and there is no time constraint on it. I think it would be valuable information to have a better understanding of how these properties are moving around. I think it may be important to know how many were new construction that added to the Homestead class and how many were from moving out of Vacation Rental, et cetera. Whatever further information you can provide would be appreciated. Thank you.

Committee Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: Is the Department of Finance doing any kind of research on general inflation. When I look at buying fish tacos at a taco wagon, two (2) years ago I spent $10. Last year it was $15. Now it is pretty much at $20. I see here that our rates have gone up 4%, 3%, and 2.8%. I am expecting that when we see the median price of a house is said to be $1,000,000 that has gone up substantially. We are probably going to be getting quite a bit more revenue. I am curious if we are taking a look at the inflationary indexes that are out there. I worry that that money is not going to go as far as it once did. Things cost more now. Are you looking at that at all?

Ms. Matsuyama: We focus more on the real estate market. Mike and his team, they track trends nationally, statewide, and here within the county. They are always following escrow transactions, Bureau of Conveyances, et cetera. When you say that
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we are increasing rates, we are actually increasing the assessed value. The rates are not being touched this year.

Councilmember Cowden: Correct.

Ms. Matsuyama: I just want to confirm that.

Councilmember Cowden: Thank you. Our gross revenue might be on the increase. I am thinking on both revenue and expenses right now. It is a good trend to get more revenue. I think with a number of our new residents, they have an easier time paying our lower real property taxes. I am seeing a continuous inflow of new residents. That might be something that actually helps the County's bottom-line stabilize. I should pay closer attention to the overall inflation rates that are going up. I think our costs are going to be going up substantially with the freight prices going up. Everything from recycling to the expenditure-side of the budget is all going up. Congratulations on being able to keep a flat revenue-side. Congratulations to all of our residents who paid their taxes. Thank you so much. It is a win for both the County and the people. I am trying to proactively look at how it is going to pan out as fuel, electric, et cetera increases. Perhaps in the future we can have another discussion on inflationary trends. I am not sure if Ken is looking at that. My mind looks at it with nervousness every time I pay an increased bill, pay more for a meal, or pay more for any other thing. Ken, do you have any thoughts?

Mr. Shimonishi: Sorry, I was side-tracked here. Generally, we are looking at trends obviously, and our historical data as well. As a whole, the priorities of the County can shift rather easily and is rather fluid. We try to make modest assumptions on any types of inflation. Overall, the driving factor is that we can control, to the extent we want to, our expenditures. It can also be very painful. One of the slides I showed earlier was to show how much of our budget is in the cost of our staffing. I have said this under previous administrations...to truly make significant changes, it would involve touching that area. That is something that is difficult to do. I do not want to get in front that administration, but clearly collective bargaining plays a large part of it and the compassionate nature of operating the County also is in play. I think we can manage the inflation side of it. I think the bigger piece is the staffing costs related to running the County.

Councilmember Cowden: Thank you and in gratitude to our staff, I recognize retention is a challenge for many of these positions. When the private sector will pay more, it is important that we are able to retain core staff. I am acknowledging the difficult balance that is in place. I am glad that you are bringing up collective bargaining, which is managed largely by the State, and the County does not get to give significant input. Thank you.

Committee Chair Kaneshiro: Councilmember Evslin.
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Councilmember Evslin: I have one question and one quick answer for Councilmember Cowden. I am sure that you have seen that the Federal Reserve tracks inflation data for Hawai‘i and they have pretty easy-to-navigate graphs showing Consumer Price Index (CPI). You can break it down by different items. I have reviewed it up until 2020, and it shows that it has been relative stable for the last 30 years at 1.7%. My question to Mike or Reiko is... with those 65 TVRs that transferred out of vacation rental usage, they file a Change of Use Survey and so next year if they revert back to vacation rental usage, what is the auditing process for that? How will you know if they end up transitioning back in in the middle of the year?

Mr. Hubbard: As we do every year, we will be auditing for vacation rentals, especially with the Planning Department’s Memorandum of Understanding with Travelocity, VRBO, and Airbnb, we will be getting an actual dedicated list that is tax map key (TMK) specific for anyone advertising on those sites, which will basically be an easy audit to make sure that those specific properties are not in the Homestead or Commercialized Home Use tax class if there is no one living in there. It is through our annual audits that we will be looking for these things. We will not be targeting these 65 properties. It is more or less our whole portfolio, if you will.

Councilmember Evslin: Thank you.

Committee Chair Kaneshiro: A follow-up from Council Vice Chair Chock, then I have Councilmember DeCosta.

Councilmember Chock: I am looking at it in terms of the transient vacation rental (TVR) fee. The annual fee is at $700, is that correct? I cannot remember where we are with that fee. Is that just for the non-conforming? Or is that for every TVR, even for the ones in the VDA?

Ms. Matsuyama: That is a Planning Department question. I think it is $750, but it comes in through the Planning Department. I think it is just for non-conforming.

Councilmember Chock: We have a 25% reduction in that line item of $80,000. It would stand to reason that we have loss some of those non-conforming TVRs.

Committee Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: We had an increase in our Agricultural tax class of 88%. Can you explain that and the increase in our revenue by $12,482,300? Can you explain that line item for us to understand?
Mr. Hubbard: We will have to get back to you on that specific answer. At the moment we were just showing the parcel breakdown by tax class. We can get back to you on that.

Councilmember DeCosta: My follow-up question to that Mark is...

Committee Chair Kaneshiro: Mike. Mark is his dad.

Councilmember DeCosta: Mike, that means you are my friend. It is a "no-brainer" that some of the larger, conglomerate agricultural companies moved away from agricultural development and growing on Kaua‘i. I wanted to know if there are still a lot of those agricultural dedications still in use even though there is no agriculture on the land happening. Do they qualify for the tax break even if now the land is not being used for agriculture? Like the vacation rentals, we should send someone out to make sure they are complying if they are not a TVR, then they are a long-term rental, and if they took themselves out of the classification of TVR, that they do not have some kind of six-month family from the Continental USA living in there as like a TVR so they could get a lower rate. With the so-called agricultural lands, if there is no agriculture going on, how do we check on that?

Mr. Hubbard: It is a two-folded question. One is policy driven. The other one, with our Department and our current staff, we do the best that we can to identify those exact problems that you are talking about managing 10 or 20 programs annually. Changing of ordinance or anything policy-driven that would potentially help our Department solidify some of the requirements in some of the policy drives to shape exactly what you are talking about...

Councilmember DeCosta: Thank you. We all know that food security is a big thing here in Hawai‘i, and especially on Kaua‘i. The pandemic has shown us that. I believe and I hope that my constituents feel the same...in time and the budget reflects the revenue coming in, maybe we can help you out with getting another inspector to go out to keep track of these TVRs or agricultural dedications to make sure they are growing food...or housing long-term versus vacation rentals. Thank you.

Ms. Matsuyama: We are in the process of hiring for a Compliance Specialist in the Real Property Assessment division and we hope to utilize this position to do more enforcement in all aspects and in all tax classifications. There is only one (1) position, but we are pretty confident that they are going to pay for themselves really quickly. We are hopeful that we can do more of what you are saying in enforcing what the law should be.

Councilmember DeCosta: Thank you for that update. Since it is going to generate revenue, I am pretty sure it is going to pay for itself a hundred (100) times over looking at the amount of revenue that comes in. With the technology today, including GPS and drones, I think we can easily see if they are in compliance or not, especially in the agricultural area.
Ms. Matsuyama: Yes, absolutely.

Councilmember DeCosta: I only say this because I have agricultural land, but I do not have an agricultural dedication. I live on a mountain and feasibly I cannot raise livestock on a mountain. I am very compliant and I would like every other agricultural landowner to be compliant. Thank you.

Committee Chair Kaneshiro: Councilmember Kuali'i.

Councilmember Kuali'i: Along the lines of the questions from Councilmembers Cowden and Evslin on the vacation rental in terms of getting more details and a report, as well as from Councilmember DeCosta on agriculture, I am interested in the Hotel & Resort tax class. Reiko, you said that it gained properties. I see that it increased by 154 properties. Of that gain in properties, even though we have a decrease in the assessed value...I see on the next slide a huge increase in the appeals, can you give an example of the 154 added properties. What is an example of a small and large property?

Mr. Hubbard: That is a good question. We will have to follow-up with the exact 154 properties that are referenced.

Councilmember Kuali'i: With the Hotel & Resort class and the appeals, you stated that they are mostly attributable to time share properties. It represents a value of appeals of an additional $44,000,000, I am just curious as to how the appeals even work. Is it for the future year? Or the prior year? Does the number that you show in the value of appeals...is that what we actually approve? Or is that what is being requested?

Mr. Hubbard: The appeals for the Hotel & Resort class is what is shown on the slides. In your other budget section will actually have the Appeal Holdout Fund which is going to be a 50% figure of our total appeals for all tax classes.

Councilmember Kuali'i: What does Appeal Holdout Fund mean?

Ms. Matsuyama: We have to reserve 50% of their payments to a separate trust fund account. We cannot put it in the General Fund until the Board of Review hears it and makes a decision on it.

Councilmember Kuali'i: Is there information that you can provide for a prior year on what that ends up looking like? Of course we are now dealing with a really special situation year, because 2020 was a devastating year. That is what accounts for these huge appeals. Okay. Thank you.

Ms. Matsuyama: As far as the timeline goes, the assessment date is October 1st. All the exemption forms, application, et cetera, are due on September 30th.
October 1 comes and we set the values. Between October 1st and December 1st, Real Property Assessment does their work and calculates what everyone has in terms of the various tax classes and getting the information right. December 1 they mail out the assessment notices. That is when you get the hardcopy in the mail that says “Your assessed value is ‘X’ dollars and you are in the Vacation Rental tax class” or whatever it is. From December 1st to December 31st, that is when Real Property Assessment is flooded with phone calls in changing the use or changing the assessed value. On December 31st, that is the appeal deadline. Between December 1st and December 31st, that is when everyone submits their appeals if they disagree with how Real Property Assessment classified them or valued their property. That December 31st deadline, that is the numbers that we are showing you here. For December 31, 2020, that is going to show up in the FY 2022 revenue. There is a lag.

Councilmember Kuali‘i: Thank you.

Committee Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: Thank you for doing such an excellent job on this report here. I really like how you displayed on page 5, that we can see the percentage difference between the taxes that they pay...so as you said...how much all the other tax classes subsidizes the Homestead tax class. It is important for all of us to be aware of that. For Hotel & Resort, thank you Councilmember Kuali‘i for the questions that you asked. We saw the change in management, but I think the building is owned by the same company, in Lihue here...when we are looking to the future, if we end up having to hold these hotels largely empty for another year...in what way are we giving them tax reprieve? Did you say that already? Are they getting any kind of tax break for this last year for largely no or low occupancy? Did we give them any tax cut?

Ms. Matsuyama: The only thing that we can do by law is to extend the deadline for the payment of taxes. For cycle 1, we extended the deadline for as long as we could, which is ninety (90) days. The deadline went from August 2020 to November 2020. The Administration thought that between November and the next cycle 2 deadline, which would have been February 2021, was too short of a timeline. What we did was that we extended it another sixty (60) days. The payment which would have been due in February 2021 is now due in April 2021. We are kind in the middle of a payment cycle right now. I can tell you that our top ten (10) taxpayers are all hotels and resorts. Over half of them have made their cycle 2 payments, which is due in April. We do not have cashflow problems because we are still seeing the payments come in. That is the extent of what we can do to help any kind of tax relief.

Councilmember Cowden: Yes. We talked about this last year. It takes an act of the Council and it is not an easy one to be dexterous on. We do not want to make a change that ends up being permanent. It is hard to know what is going to happen. For example last year, it would have been hard to know what would have happened. I am hoping
that we are pulling out of the COVID-19 challenge. We do not know yet, right? What I do not want to have is a bunch of empty hotels on the hillsides. We do not want them to go out of business. I want to at least acknowledge that we can only push this so far before not only are we concerned about not getting the significant contribution to our tax base, but we need to keep that group viable. Do you speak directly with the visitor industry? Or is that the Office of the Mayor?

Ms. Matsuyama: It is more the Office of the Mayor. Mike Hubbard and his team talk very frequently with all of the big taxpayers and basically everyone that calls from any tax classification. In the December timeframe when they receive their assessment notices, Real Property Assessment gets flooded with phone calls.

Councilmember Cowden: I bet. Thank you for the hard work that you do. I was looking at the Solid Waste area. That is a really important part of our whole budget and our responsibility. I am not seeing any red flags even though we are down quite a bit of tonnage. Lack of tourists is what is bringing the tonnage down. When we have less tonnage of rubbish, is our overall cost substantially reduced? A lot of that is paying for our equipment overtime and our staff. When we are down that much tonnage, I would expect us to be having more of an imbalance. It does not look bad. Can you speak to that at all? Or should I be asking that more of the Solid Waste Division and the Department of Public Works?

Ms. Matsuyama: They can speak to that better than I can. I believe that a lot of the costs are fixed costs and that they do not fluctuate with quantity. I know some of their contracts do, but that would be a Solid Waste Division question.

Councilmember Cowden: Okay, they have fixed costs, but we get paid by the tonnage. I had expected it to look worse. I just want to acknowledge having looked at that.

Committee Chair Kaneshiro: It looks like they held a lot of the commercial refuse fees constant at the same number and increased the residential refuse fees. It looks like there are a lot more units that are going to get charged fees. It looks like that number went up by $35,000 out of a $9,500,000 budget.

Councilmember Cowden: Did we raise our rate?

Committee Chair Kaneshiro: We did not raise our rates, but if we get more houses that come online that get built, they are going to need residential refuse service. We get a little additional money from that for each month.

Councilmember Cowden: I had anticipated a bigger challenge. Thank you.

Committee Chair Kaneshiro: Councilmember Carvalho, then Councilmember DeCosta.
Councilmember Carvalho: You mentioned earlier about the assessed valuation tax revenue...the Vacation Rental and Hotel & Resort numbers in that graph...I just wanted clarification again as you mentioned the Homestead class as well. How does that all tie in together?

Ms. Matsuyama: Can you repeat the question?

Councilmember Carvalho: On the slide, “Assessed Valuation Percent vs. Tax Revenue,” you mentioned Vacation Rental earlier and the Hotel & Resort class at 14.4% and 9.4% in relation to the others...can you clarify again what you said?

Ms. Matsuyama: The blue bar is the assessed valuation. You will see how much of the pie that each tax class contributes. The red dot is the actual revenue that we collect from each tax class. You will see for Vacation Rental and Hotel & Resort, the red dot is way above the blue bar graph. That basically indicates that they have a small assessed value, because they have small parcel counts, but those parcels pay a big chunk of our revenue. On the contrary, for the Homestead class, the blue bar is really tall, because their assessed values are really high in comparison to everyone else. The red dot is in the middle of the blue bar as the amount that they actually pay is substantially less. It is because their rate is way lower, they have the exemption off the top, they have the assessment cap, and when you are in that class, you get all of these other exemptions for age, income, et cetera. All of those things bring that red dot even lower.

Councilmember Carvalho: Thank you.

Committee Chair Kaneshiro: Councilmember Kuali‘i.

Councilmember Kuali‘i: When you said, “The amount that they pay us,” you meant that the percentage share of the total amount that they represent, is that correct?

Ms. Matsuyama: Total revenue, correct.

Councilmember Kuali‘i: It is not necessarily what they pay us, but their share of the total value and their share of the total revenue.

Ms. Matsuyama: Exactly.

Councilmember Kuali‘i: Okay, thank you.

Committee Chair Kaneshiro: Councilmember DeCosta.

Councilmember DeCosta: There is a category called Conservation. I noticed there are zeros across-the-board with zero percentage. Does that mean we draw no revenue
for Conservation pieces of land? Or does the County not have jurisdiction in the Conservation areas and that is more of a State issue?

Committee Chair Kaneshiro: That slide shows that there were zero tax appeals. Page 3 has the assessed values. The one you were looking at were the tax appeals.

Councilmember DeCosta: Okay.

Ms. Matsuyama: Conservation are vacant properties zoned with a Conservation State or County land use. They still pay taxes. We just did not get any appeals in either year for that tax classification.

Councilmember DeCosta: You did not show any revenue that we gained from those pieces of property, correct?

Ms. Matsuyama: On the previous slide...

Committee Chair Kaneshiro: It would be page 3.

Councilmember DeCosta: I am seeing it right now. I got it. Thank you.

Councilmember Kuali'i: When I asked about appeals for Hotel & Resort on slide 4 and that significant increase representing a value increase of $44,000,000...the number of appeals under Commercial is relatively low, but the value is $45,000,000. I would like the same follow-up information. You just said that for the Hotel & Resort class, the top ten taxpayers are Hotel & Resort. I am curious as to what our top Commercial taxpayers fit into that.

Ms. Matsuyama: We can follow up for you. The $45,000,000 is the change in the value, not the total appeal value.

Councilmember Kuali'i: The change in the value of the appeal.

Ms. Matsuyama: The change from FY 2021 to FY 2022. We saw a lot more Commercial properties appealing this year.

Councilmember Kuali'i: Yes, twenty-four (24) more. Okay. I will just look forward to what you will send. Thank you.

Committee Chair Kaneshiro: Are there any other questions on revenues? If not, we can move on to the Department of Human Resources. We will take a five (5) minute restroom break and finish up with the Department of Human Resources.
There being no objections, the Committee recessed at 11:41 a.m.

The meeting was called back to order at 11:48 a.m., and proceeded as follows:

Department of Human Resources and Human Resources Reports

Committee Chair Kaneshiro: Welcome back. Lastly, we have the Department of Human Resources and questions regarding the Vacancy Reports. I would like to call upon Human Resources Director Annette Anderson and her team to take us through the Department of Human Resources budget. Once they go through their budget presentation, we will ask questions on that, then we will end with questions about their Vacancy Reports that they sent over. Annette, you have the floor.

ANNETTE L. ANDERSON, Director of Human Resources (via remote technology):
Briefly, I will go over a summary of the Human Resources budget. The numbers amount to an overall 2.2% increase, primarily due to the salary and wages increase plus acquiring one new position. When you look at the overall reductions and you add it up, it is a 44.6% reduction that was in the area of utilities and operations. The new position that we have acquired, we are very much appreciative of that, and when I move into our next area of operational challenges, that is where that new position can help. I have identified in the challenge area two (2) areas. We have investigations and then we have manual processes that we have to do in personnel transactions for the time being. To briefly discuss investigations, they are very timely and they take a lot resources depending upon the type of investigation that we are doing. Not only did we have HR staff conducting investigations, but we also provide a lot of guidance and support to departments when they must do their own investigations. This new position that we are acquiring, we expect that to be able to assist in all areas with respect to investigations. With the manual processes that we have to go through for personnel transactions that we know historically over the years have unfortunately caused errors in having to do amendments and going through and making corrections, that will continue for a period of time through the rest of this calendar year until we are up and running with the new Human Resources Management System (HRMS). That leads me to our operational highlights. That is our new HRMS system. We are very close to finalizing the contracts with the top vendors. We hope to have that completed very soon. Then we will start the long process of working towards getting that system up and running with the goal of implementation date of January 2022. I want to give a shoutout to not only the Council and this Administration, but to the past Administration and Council for supporting the HRMS system. We are appreciative of that. The second highlight that I wanted to share is everything related to COVID-19. When this pandemic shutdown everything in March of last year and continuing into the present, it is always one new item that has come up and that HR needs to assist with. We have the teleworking that had to occur when there was the immediate shut down. We had to change work schedules. There was the mask-wearing, the social distancing, sanitizing equipment, halting business travel, we put a hiring freeze in place and in general, our employees' work environments were profoundly changed. Through each of those experiences, HR has attempted to help in
communicating and analyzing how we can accomplish these things. I am very proud of the HR team that has been working with the COVID-19 crisis that we have had. The last item of our operational highlight is continuing what has been done over the past number of years with the goal of having one hundred percent (100%) centralized payroll. As you probably know, we have taken over a number of different departments' payrolls to do that in a centralized fashion. We have more to come. We are changing ways that we do the recruiting process whether it be virtual, we are doing trainings of different departments and assessing their needs, and trying to help in any way that we can. Compared to many years ago when there was no centralized payroll, we are very close to getting there. We have a little bit more to do, but hopefully the other departments and offices are appreciative of what HR is doing. A big mahalo to everyone in HR. That concludes my summary of the budget and where we are at right now. I am certainly willing to entertain any questions. Thank you.

Committee Chair Kaneshiro: Thank you for that summary. I have a question from Council Vice Chair Chock.

Councilmember Chock: Annette, I just wanted to thank you for taking the leadership position for this important department in our County. I do not need an in-depth answer right now, as I do not want to distract from the focus on the budget. I am interested in your HRMS system that is forthcoming. In particular, if you do not mind providing in the future, the highlights of efficiency that we intend to accomplish and in cost savings that it might allow for implementation of this $2,000,000 system.

Ms. Anderson: We are bringing it on in phases. Initially, we will have the more modernized, electronic payroll and personnel transactions that will allow for fewer mistakes and a greater efficiency. Right now, the old-fashioned paper process is just so time-consuming for everyone, not just in HR, but outside of HR. We are looking towards having a component that is unique and specialized to time and attendance, specifically for all employees, but that will also address specifically police and fire. As you know that is a very complicated time and attendance method of compensating those first responders. We are very hopeful that that too will increase efficiency and avoid error. It will also allow for better analysis, report running, et cetera. Overtime is a great concern and we are hoping that eventually that will result in less overtime in areas where we can identify those improvements. That in general that will be a cost-savings matter. There will also be a training module or an addition to the training module, one where the performance evaluations can be electronic and be tracked. For grievances and internal complaints, being able to identify trends and gathering data to analyze going forward will be important. We are very hopeful that this system will really pay for itself in the long run.

Councilmember Chock: Very good. Thank you.

Committee Chair Kaneshiro: Are there any further questions on the summary from HR? If not, do we have any questions on the actual budget for HR. Councilmember DeCosta.
Councilmember DeCosta: I do not think we have formally met. I have met Janine in another meeting. I have not met you.

Ms. Anderson: Nice to meet you.

Councilmember DeCosta: With our focus and philosophy of doing more with less, this new position that you are asking for, do you have a title for this position, and would it be an SR- or EM-type position? Currently, who is doing the investigations and personnel transactions now? How are those responsibilities being divvied up? How are those responsibilities going to be moved under this new position? Thank you.

Ms. Anderson: To address your first question, currently we are anticipating that the new position would be a Human Resources Specialist III, and that would be an excluded-managerial position. We are hopeful that that position can assist current staff in HR who are oftentimes working in investigations. We have an HR Manager that does a lot of the investigations. We have the Equal Employment Opportunity (EEO) Coordinator who can assist with investigations. We also have another staff member that has been trained and can do some types of investigations that are not as significant as some of the investigations that come through our doors. We have a group of people, but the process...and once one has done an investigation, it is quite a time-consuming process in order to make sure that you do it right and get all of the necessary information. This new position will help with the investigations and similarly, we are looking to be able to help when we implement the HRMS system. I do not have the specifics on how this position would work exactly. We are looking to tap that position for that duty too. It will be a challenge when we get to the point of actually implementing an HRMS system. They are complicated.

Councilmember DeCosta: How many years have you been operating with these investigations and transactions going on, prior to bringing on this new person? I know everyone has a wish list. We have to deal with many departments with wish lists. I am a little worried that there may be a better time to implement this position. Or is that now? With the short revenues because of COVID-19 and the cuts that every department had to face, is that time now?

Ms. Anderson: I am sorry, I did not hear the first part of your question. Someone was writing me a note in answer to your other question.

Councilmember DeCosta: I guess you have been doing this for the length of the Department of Human Resources...the investigation and the transactions?

Ms. Anderson: My understanding, and of course I have been here for one (1) year and one (1) month, is that HR has been working on investigations since it became more of a centralized HR Department. Prior to that it was probably up to each individual department to handle. I would have to refer that question to Janine for the date.
It was in the early 2000s and Janine, please correct me if I wrong, when we came together as a centralized HR Department.

JANINE M.Z. RAPOZO, HR Manager II (via remote technology): We actually became the Department of Human Resources in 2013. Prior to that, every department kind of worked in silos as far as taking care of investigations. It has been something that the Council and Administrations have been looking at due to the settlements that we have had to go through because of particular complaints that have not been fully investigated properly or we made errors along the way. This has been something that we have been looking at for a while. That is the reason why the Administration looked at it saying...I think similarly to what the Real Property Assessment Division said about their position will pay for itself, I think that holds true for this particular position as well.

Councilmember DeCosta: Thank you for that explanation. The position would not bring in revenue, but it would save us in some kind of lawsuits. Is that what you are saying?

Ms. Rapozo: Correct.

Councilmember Cowden: Thank you for the time that we spent individually together and for answering my overall summary questions. I am looking at an almost doubling of Office Supplies and Unemployment Compensation. Do you know why those numbers increased so much? When it said negative $29,000, I cannot believe that it was really negative. Before that, it was $14,000 going up to $50,000 for Unemployment Compensation.

Ms. Anderson: I am going to defer to Janine on that one.

Ms. Rapozo: On the Unemployment line item, that is a holding place number that we pay for unemployment. When the claims come in, we basically reimburse the funding from the various departments that are affected. We need to pay that out to the Unemployment Division first, then it just basically funds itself back.

Councilmember Cowden: Okay, that makes sense. Then for Office Supplies, $40,000 up from $23,000. What are we buying in that account?

Ms. Rapozo: One of the bigger expenses that we have invested in recently is on the testing for police officers and for fire fighters. Instead of writing our own test, we have been using standardized testing for both the promotions as well as the entry-level types of positions. That increased our budget there.
Councilmember Cowden: Okay, that makes sense. With our collective bargaining units, we were just talking about that in the overall summary of how expensive that is. Annette, are you going to be participating in the collective bargaining?

Ms. Anderson: Yes I am.

Councilmember Cowden: Is that coming up, or did we just finish that?

Ms. Anderson: We are just beginning the negotiations with the various bargaining units for a new contract that will begin July 1, 2021.

Councilmember Cowden: What are you anticipating? Are you anticipating for them to be asking for more? I know that a lot of people were looking at furloughs. The State was looking at furloughs. This blends in with the State, right? Are we expecting a flat request? Are they looking for more?

Ms. Anderson: I have to be careful of what I say because the negotiations are a confidential matter. We have exchanged proposals and we are talking to the bargaining units. I believe the State has its own issues and finance issues. As you may have read in the press, the Governor has indicated that there will not be a need for furloughs in the immediate future because of the federal moneys that are coming in. The counties are looking at their own individual financial situations. Even if the State, and I am not saying they would do this, but even if the State were to have to furlough, it would be up to the individual counties to determine whether we need to furlough or not. That is part of what is going to be reviewed in the upcoming months as the financial condition of all the jurisdictions in light of the federal stimulus moneys are revealed.

Councilmember Cowden: My understanding is in most of our bargaining units, the State and counties get mixed in together. I was just not sure in what direction we were looking at. I am hearing that you cannot say that. I like what Council Vice Chair Chock asked regarding an analysis, not right now...have you done an analysis of the cost impacts of holding vacancies? When we get to the Vacancy Report, I know that some have been long-standing, but some of these areas really need to be filled. Was there any analysis on the cost impacts of holding the vacancies?

Ms. Anderson: Yes, when it becomes time to look at the Vacancy Reports, I will certainly turn it over to Janine. I want to give a big mahalo to Janine and Jill Niitani, the other HR Manager, as well as staff, who have put together the Vacancy Reports. They do this every year. I think this year the attachment was expanded to address areas that the Council has asked questions about in the past. We are hopeful that this Report will address a lot of the questions that you may have had. Yes, there is an analysis that is done. Janine is part of the Budget Team with the Mayor and the others and I am sure they can speak more to the type of analysis that they have done when looking at the Vacancy Reports.
Councilmember Cowden: Thank you. I will hold my questions.

Committee Chair Kaneshiro: Before we move on to the Vacancy Reports, do we have any final questions regarding HR’s budget? If not, we will move on to the Vacancy Reports. Thank you for them. Adding in the comments and all of the information added to the spreadsheet has really helped answer a lot of the questions we used to ask in the past. Are there any questions on the Vacancy Reports? We may end up having questions about the positions when it comes up in the individual Departmental Budget Reviews regarding a specific vacancy and its effect on the department. If you are not able to answer that question you can say we should ask it when that department comes up. A lot of our questions now may focus on where we are at in terms of hiring and the process of certain positions. Councilmember Cowden.

Councilmember Cowden: It says, “See attached,” but I do not see anything attached.

Committee Chair Kaneshiro: There are two (2) reports that came together.

Councilmember Cowden: This is the other one?

Committee Chair Kaneshiro: Yes. That one has comments on the side for each individual vacancy.

Councilmember Cowden: Right now is not the time to ask about some of the choices that are being made? The time is when we are talking to the individual departments.

Committee Chair Kaneshiro: If you have a specific question on a vacancy, you can try to ask them about it. Perhaps it could be questions regarding when they anticipate it being filled. They even put some of those dates on here. It depends on your question. If it is a question about the need for that position in that department, then it would probably be best for that department. Councilmember Kuali‘i.

Councilmember Kuali‘i: Thank you, Janine. This secondary report on the recruitment status that has been added to the budget ordinance is exactly what I have been asking for. It is very helpful. The final column that gives the comments on what the recruitment status is, is great. I see all of the dollar-funded positions in FY 2022 that the Mayor talked about and I also see the positions that are short-funded in FY 2022. All those questions that I would have asked to the departments have been answered. I do not need to hear it from them. Thank you so much. There are a few positions...the easiest way would be to go through the recruitment status report, because that last column is the piece of information that ties back to the Vacancy Report. On page 1 on the recruitment status report, there is a position number 745 for Fire, Ocean Safety Officer II, vacancy date November, so not very long, but it says “No Activity.” Does that mean from the date it went vacant, there just has not been any activity, so there is no decision to move forward with recruitment?
Ms. Rapozo: This report is a snapshot in time. When it was developed with the date of March 15th, things have already changed. We have actually put out for that position already. It is being recruited for. The report gets dated really quickly because we have hired people, people have left, or recruitment has started. For that particular position, the Fire Department has already put that one out. I think it is already in the process of being posted. I am not sure if an eligible list has been started already. The reason I think there was a delay in starting that up, is that there may have been a collective bargaining issue as far as a possible grievance. They left the position vacant for a little while, before they could actually attempt to fill it.

Councilmember Kuali'i: There are only a few examples, so it is still valuable that the report eliminates all of those others and narrows it down to just these few positions. As things change over this process of going through the budget, it may be in the next report as well. We can get updated. The other position on page 2 is 809, Parks & Recreation, Recreation Pool Guard. Vacancy date of July 1, 2020. The comment on recruitment status is “Continuously recruited with no eligible applicants.” The prior year in 04/24/2019, there was an eligible list established. Is there a new eligible list established? Or are there no eligible applicants? I know we are only in late March. You said that the earliest hire date is July 1st. My question would be on the likelihood that there are no eligible applicants. In your recruitment efforts, are you going to be able to, between now and July 1st go through the entire recruitment process, have the person hired, and starting on July 1st? Is it possible?

Ms. Rapozo: That is a good question. Our recruitment has taken on a little different light since COVID-19. We are actually getting a lot more applicants. That is a good thing. One of the good effects that COVID-19 has had...the County has seen applicants increase. It is hard to tell. This is a really difficult-to-fill position. The earlier two (2) applicants we actually hired very recently. Maybe the department might be able to answer it better. I have not looked back on that list currently to see if we had anyone apply for the position. That is my optimistic date of July 1. We have many more applicants for a lot of our entry-level positions, which is a good sign for us. Hopefully we can keep them employed with us.

Councilmember Kuali'i: Thank you. On page 3, there are two (2) positions near the bottom of the top half. Position 23, Police, Deputy Chief of Police, vacant from 07/01/2019, and 446, Police, Police Captain, vacant from 08/01/2020. They both had the same comment status of “Continuous review for promotional consideration.” Does that mean the positions are vacant and being left vacant because somebody else in the Department could be promoted up into that position?

Ms. Rapozo: For the Deputy Chief of Police, that one is appointed by the Chief of Police, and therefore it might be something you can ask him as far his plans. I think he has been continuously been looking for a Deputy, but at the same time,
I think he is also assessing his organizational structure right now. I think that is why the Captain has possibly been left vacant right now. I think it would be better for that one that you ask the Chief of Police. He is going through...we just finished testing for all of the other supervisory positions like Sergeants and Lieutenants, and with that will come some movement. We will then see where the remaining vacancies will be at. The higher-level ones will create more vacancies. Those two (2) particular positions, one is appointed and one is an excluded-managerial so they go through a slightly different process than we would for regular bargaining-level Lieutenant and Sergeant positions. The Chief of Police will be better able to answer your questions as far as where he is with that.

Councilmember Kuali'i: Position Number 23, Deputy Chief of Police, is the one you say is an appointed position, appointed by the Chief of Police. Position 446, Police Captain, is excluded-managerial? Should it not have an EM- in front of the position number?

Ms. Rapozo: Not necessarily. The E-positions are usually the appointed positions. The EM-positions are just numbers.

Councilmember Kuali'i: Okay. I looked at the rest of the report and it looks like that is it. The comment, “Continuous review for promotional consideration,” that is the status from what prior date? I see that for the Deputy Chief of Police, it was vacant from 07/01/2019. For the other one it was vacant since 08/01/2020. Has it remained in continuous review for promotional consideration and why has it taken so long for them to promote somebody?

Ms. Rapozo: For the Deputy, I think there was a plan and he came to the Council with the Salary Resolution. He did have a plan in-place. I am not sure exactly what happened with that. I am not sure if he is reassessing the situation. As far as the Captain, similar to the Ocean Safety Officer position, I am not sure if there is any potential reason for keeping it vacant because of possible grievance actions. Sometimes we have to wait on certain things until everything plays out. I do not have all the details. The Chief of Police will be able to answer you better on that question.

Councilmember Kuali'i: Thank you and thank you again for this report.

Ms. Rapozo: You are welcome.

Committee Chair Kaneshiro: Councilmember DeCosta, then Councilmember Cowden.

Councilmember DeCosta: Position 916, Public Works and Roads Maintenance Worker I. It says dollar-funded, so we are probably not going to get that position...what I wanted to ask was whether this position was in the hiring process before COVID-19 hit? If I look at the vacancy date, it says 05/01/2019. Am I correct?
Ms. Rapozo: Was that 916? That was the Bridge Maintenance Worker?

Councilmember DeCosta: That position was going to be hired before COVID-19, correct?

Ms. Rapozo: My understanding regarding that position is that there was some recruitment being done pre-COVID-19...I cannot remember, but I do not think there were eligible applicants or the Department was not happy with the one (1) or two (2) who were a part of that list.

Councilmember DeCosta: That position, was that always a position within the Roads Division? Or is that a new position that was created a few years ago?

Ms. Rapozo: Yes. It has not been there for thirty (30) years, but the Bridge Maintenance Crew is part of the Logistics Crew that was created ten (10) to fifteen (15) years ago. It is not like, say, the District Overseer at the baseyards. Just to give you an update from this report, this particular position was just released to be recruited for. Probably in the May submittal, this will probably get funded.

Councilmember DeCosta: Very good. Thank you for that. Position number 9033, KEMA, Disaster Assistance Fiscal Clerk. It is not applicable all the way across. It says it is under continuous recruitment and hope to have the position hired soon.

Ms. Rapozo: That particular position is exempt from civil service. It is in our Emergency Management Agency. Oftentimes, they will be selecting someone or hiring someone on an 89-day contract hire for that type of position. We do not recruit for it. The department would will just let us know who they would like to hire.

Councilmember DeCosta: Thank you for being so knowledgeable, Janine.

Ms. Rapozo: You are welcome.

Committee Chair Kaneshiro: Councilmember Cowden.

Councilmember Cowden: I was looking at the Roads Division in Public Works. It seems like a whole team is short-funded. Short-funded again means that we may wait six (6) months to hire them? It is like we are going to hire them in the second-half of the year, is that what short-funding really means?

Ms. Rapozo: For this particular budget, we did do short-funding at six (6) months. Basically, instead of having a full year of funding beginning on July 1, they will have six (6) months of funding beginning on January 1, 2022.
Councilmember Cowden: When we have said that fixing the roads is a priority and then we are not funding their positions, it kind of surprised me.

Ms. Rapozo: That would probably be best answered by the Department of Public Works.

Councilmember Cowden: This is a pretty fluid list of numbers. When we look at our estimated salary savings being $3,400,000, this number is just to give us a loose idea, correct? We could be hiring at any point or these people could be moved up unless they are dollar-funded or short-funded?

Ms. Rapozo: I am sorry, could you repeat that?

Councilmember Cowden: Are these totals just an approximation? Unless they are dollar-funded or short-funded, they could be filled at any point, correct? This is in regards to the summary on the Vacancy Report.

Ms. Rapozo: That is correct.

Councilmember Cowden: If there are any that I disagree with regarding the dollar-funding, should I bring that up with that department?

Ms. Rapozo: That is correct.

Committee Chair Kaneshiro: Councilmember Carvalho.

Councilmember Carvalho: In wrapping up my thoughts about the HRMS program and how everything was in silos...the whole system will function under HR, completely?

Ms. Rapozo: Correct.

Councilmember Carvalho: It is going to be launched in January 2022. Are there any other resources being needed throughout the next few months? Do you think we will need anything else?

Ms. Rapozo: Annette, did you want to take that question?

Ms. Anderson: My response would be no, we have our current system and we are trying not to engage with them for any additional costs for upgrades or customizations unless it is absolutely necessary. I do not foresee any additional costs. Again, Janine is a part of the HRMS implementation team, as well as Jill. If I am mistaken, Janine, please go head and correct me.
Ms. Rapozo: The only thing that we have to consider is once we do have this in place, there will be the ongoing subscription cost for the software. That is something that you will be seeing in the upcoming HR operational budgets as we move forward. Right now we are using all of the funding via the CIP budget. Eventually there will be a subscription cost to maintain the service.

Councilmember Carvalho: This system to me is very important for efficiency and I would like to see it continue to move forward.

Committee Chair Kaneshiro: Councilmember Kuali'i.

Councilmember Kuali'i: One more position occurred to me. Position number 9154, Prosecuting Attorney, Prevention Services Specialist...under comments, it says “No activity” for recruitment. On December 12, 2020 it went vacant. That was about ninety (90) days ago. Is this similar in that the recruitment has not started yet, but you anticipate that starting soon? It shows $0 for budgeted amount, but the funding source is federal funds. Is that possible because they are waiting to hear on a grant?

Ms. Rapozo: That particular position helps to support the Life's Choices Program. It is grant-funded. The budgeted amount column is General Fund moneys. It will say $0 if the operating budget sheets shows zero as well. That does not mean they do not have funding. It just means that the General Fund is not contributing to that particular position. It is a grant-funded position. It is exempt from civil service. Recruitment may not be happening with HR, but they, again, could select a particular person to fill that position, and it could be done right away. That would be a question for the Prosecuting Attorney to answer.

Councilmember Kuali'i: Okay. Thank you so much.

Committee Chair Kaneshiro: Are there any further questions from the Members? Thank you everyone for a very productive day. At this time, I would like to recess the Departmental Budget Reviews. We will reconvene at 9:00 a.m. on Monday, March 29th where we will hear from the Department of Public Works on their Operating and CIP budgets.

There being no objections, the Committee recessed at 12:30 p.m.