

DEPARTMENT OF FINANCE

Finance Administration

Annual Report

FY JULY 1, 2012 – JUNE 30, 2013

Administration

Steven A. Hunt, Director of Finance
Sally Motta, Deputy Director of Finance
Laurie Kelekoma, Private Secretary

Budgeting

Ernest Barreira, Budget and Purchasing Director
Ann Wooton, Budget Analyst
Ken Shimonishi, Budget Analyst

I. MISSION STATEMENT

To provide effective and efficient financial services to the people of Kauai and to all that we serve by establishing and maintaining a financial system that can properly account for its activities.

II. DEPARTMENT/DIVISION GOALS

A. Department Duties/Functions

Administration

Under the authority of Section 10.04 of the County Charter, the Director of Finance or the Deputy Director of Finance in the absence of the Director of Finance shall be the chief accounting, fiscal and budget officer of the county.

B. Department Goals

Budgeting and Grants Management

1. To prepare operating budget ordinances and capital budget ordinances.
2. To administer the budget functions of the County in accordance with all applicable laws and regulations.
3. To administer and oversee the various activities surrounding federal and state grant program.
4. To continuously monitor grant program activities and provide fiscal oversight for the various departments and agencies.
5. To provide training and presentations to various departments and agencies as needed.
6. To prepare adjusting budget, expenditure, and revenue entries to the general ledger.
7. To provide guidance for new grants and create new projects in the financial accounting system as needed.

8. To assist the independent auditor in providing documentation and information during the audit process.
9. To prepare and issue the annual “Single Audit” report that is audited by an independent and qualified Certified Public Accounting firm.
10. To prepare and submit a consolidated corrective action plan for all audit findings and recommendations.
11. Provide outside agencies and the community a single point of contact for all questions surrounding grant needs by the County of Kaua’i, if department to contact is not known.

III. Program Description

Budget includes the grants management function and provides oversight and assistance to all County of Kaua’i departments in the management of their budgets and grant awards. Provides assistance in grant seeking for new or special projects to include grant writing. The Budget Analysts concurrently serve as grant program managers and administers the Project Accounting Module of the GMBA Accounting system.

a. Objectives

To ensure all funds received by the County of Kaua’i are managed in accordance to the special conditions of the appropriation/award of the funds.

IV. Budget

Description	2013 Budget	2013 Actual
Salaries	669,801	564,584
Employees Benefits	326,252	284,403
Other Services	553	553
Special Projects	975,000	826,100
Travel	26,878	11,278
Supplies	7,000	4,384

County-Wide Costs	2013 Budget	2013 Actual
Telephone – Utilities	150,000	137,821
Liability Insurance	628,000	570,834
Property Insurance	445,000	336,530
Excess WC Liability Insurance	371,215	215,806
Auto – Claims and Judgments	100,000	26,021
General Liability	1,564,194	1,288,452

*Amount includes encumbrances \$69,880.00

DEPARTMENT OF FINANCE

Risk Management Services
Annual Report
FY JULY 1, 2012 – JUNE 30, 2013

Gerald Estenzo, Risk Management Coordinator

I. MISSION STATEMENT

To protect the County's assets (human, physical, financial) through a comprehensive and cost effective insurance and risk management programs.

Risk Management is an integral part of good management practices. Efficient risk management is essential to the successful overall management of the County.

II. GOALS AND OBJECTIVES

- Minimize potential risk relative to property, liability, and human resources.
- Promote risk management as a component of strategic planning and as a major budget item.
- Ensure a unified focus on cost reduction by all departments.
- Educate departments on risk management and gain support for risk management programs.
- Determine and evaluate Total Cost of Risk (TCOR)

Functions of Risk Management Services:

- Purchase and administer excess liability (general, automobile and law enforcement liability, public officials professional liability, and employee benefits administration liability) property, government crime, aircraft, and excess workers' compensation insurance policies.
- Reconcile the insurance fund and the departments' workers' comp funds with the general ledger and prepare financial reports to the external auditors at end of the fiscal year.
- Provide internal consulting services for departments and agencies operations on loss control, liability exposures and policy development.
- Review contracts for insurance requirements and indemnification agreements.
- Periodically update property and automobile schedules for insurance coverage.
- Coordinate with the Office of the County Attorney on reporting liability claims to insurance carriers and third-party administrators.
- Serve as the county's liaison to brokers, TPA, and governmental agencies on insurance and risk management services.

The Department of Finance/Risk Management Services shall actively work toward

minimizing the loss exposures of the County by incorporating sound risk management practices in the everyday functions and operations within the departments and decision-making process. This can be accomplished through effective management of the County’s property and liability insurance programs.

The County shall employ the following risk management techniques:

- **Risk Identification:** Determine the County’s exposure to unexpected losses.
- **Risk Analysis:** Evaluate impact of potential loss financially, or an ability of County to provide services.
- **Risk Control:** Select techniques; develop policies and procedures to minimize frequency and severity of potential losses.
- **Risk Transfer:** Contractually transfer risk to other parties.
- **Risk Financing:** Determine County’s ability to finance losses and purchase insurance.

Insurance Program:

- The insurance program continues to follow a dual strategy of self-insuring the “normal” operating recurring claims from third-parties and its employees, while purchasing excess insurance layers to protect the County from catastrophic losses.
- The various insurance policies purchased by the County have emphasized purchasing adequate limits to cover potential loss exposure(s) while employing a “risk vs. reward” analysis to determine the various programs premium outlay are an effective use of County assets.
- The public entity insurance marketplace has been trending upwards with underwriters demanding and receiving premium increases as demonstrated by the following chart.
- The forecast for premium increases are based upon our broker experience with this class of business and the significant amount of public entity business placed in the United States.

**Insurance Program Last Two Fiscal Years
Actual Expenditures**

Insurance Premiums and Other Fees:	FY2012	FY2013	\$ Change	%Change
Excess Workers’ Compensation	\$111,360	\$129,731	\$18,371	16.5%
Excess WC – Additional after payroll audit	\$6,351	\$3,430	(\$2,921)	-46.0%
Excess General Liability	\$597,650	\$589,348	(\$8,302)	-1.4%
Property	\$408,752	\$378,000	(\$30,752)	-7.5%
Government Crime	\$12,423	\$13,235	\$812	6.5%
Aviation (Aircraft)	\$42,375	\$29,734	(\$12,641)	-29.8%
Total Insurance Expenditures	\$1,178,911	\$1,143,478.40	(\$35,433)	-3.0%

Insurance Chart for Policy Year: 11/1/2012-11/1/2013

INSURANCE	INSURER	POLICY #	LIMITS	COVERAGE	DEDUCTIBLE/S IR
Property	DTRIC Insurance	FA33201518	\$25M	Per Occurrence including Equipment Breakdown Earthquake and Flood	\$100K AOP 2% per unit with \$100K mini for named storm, earthquake, and flood.
			\$5M	Loss of Business Income	
Excess Liability	Starr Surplus Lines Insurance	SLSCPEL112	\$20M	Products/Completed Operations; Errors and Omission for Public Officials and Law Enforcement; Employment Benefits Liability, Bodily Injury (BI) and Property Damage (PD) Employment Practices, Wrongful Acts Aggregate	\$500K per Occurrence \$750K per Occurrence
Government Crime	National Union Fire Insurance Co. of Pittsburgh	01-354-7277	\$5M	Employee Theft-Per Loss, Forgery Alteration, Inside Premises – Theft of Money and Securities, Inside Premises- Robbery or Safe Burglary of other property; Outside Premises; Computer Fraud, Funds Transfer Fraud, Money Order & Counterfeit; Credit, Debit or Charge Card; Forgery; Faithful Performance of Duty for Government Employees	\$25K per single loss
Excess WC/Employ ers Liability	Safety National Casualty	SP4047326	\$25M (WC) \$2M (EL)	Per Occurrence Per Occurrence or for disease, Per Employee and Policy Limit.	SIR: \$500K each accident; \$500K each employee for disease
Aircraft Hull and Liability	QBE Insurance Co.	QAV000356	\$2.2M \$25M \$10M	Insured Value on Hull Single Limit BI including passengers and PD; Airport Premises Liability; Non-Owned Aircraft Liability Non-Owned Aircraft Physical Damage.	Hull: 2% per occurrence, except \$1K Not in Motion

Property Insurance Policy is \$25 million per occurrence with DTRIC Insurance Company, Ltd. Coverage includes All-Risk Direct Physical Loss or Damage, including Earthquake, Flood, and Equipment Breakdown. The deductibles are as follows: \$100,000 AOP (All Other Perils), 2% per unit for Catastrophic Perils; and \$100,000 for Boiler and Machinery.

General Liability. The County is self-insured for **Liability** up to \$500,000 for any one occurrence or wrongful act, and \$750,000 for any one Employment Practices Liability wrongful act. Excess coverage of \$20 million is purchased from Starr Surplus Lines Insurance Company. Coverage includes Public Liability, Automobile Liability, Law Enforcement Liability, Employment Benefits Liability, Public Officials Errors and Omission, and Employment Practices Liability.

Government Crime coverage is purchased from the National Union Fire Insurance Company of Pittsburgh, PA with \$5 million policy limit per occurrence with \$25,000 deductible per occurrence of loss. Coverage includes employee theft, forgery, alteration, money and securities, computer fraud, funds transfer fraud, money orders and counterfeit money, credit/debit/charge card forgery. The \$5M per loss covers faithful performance of duty: treasurer and tax collectors. The \$100,000 policy limit covers for cost and expenses associated to establish employee theft or computer fraud.

The County's Workers Compensation Program is self-insured up to \$500,000. **Excess Workers' Compensation** is \$25,000,000 per occurrence and \$2,000,000 Employers Liability policy limit per occurrence from Safety National Casualty Corporation.

Aircraft Hull and Liability has policy limits as follows: \$2,210,000 for Hull physical damages; \$25,000,000 each occurrence single limit bodily injury and property damage, including passengers liability; \$25 million airport premises liability; \$25 million non-owned aircraft liability each occurrence; and \$10 million non-owned aircraft physical damage. The insurance carrier is QBE Insurance Corporation.

**Self-Insured Workers' Compensation Funds
Expenditures Charged to Departments Budget, (excluding TTD and TPA adjusting fees*)**

Self-Insured Workers' Compensation	FY2012	FY2013	Variance (\$/%)
Total Replenishments to TPA's Trust Fund	\$916,389	\$1,448,653.10	\$532,264.10 (58.1%)

Departmental Charges:

<i>Department</i>	<i>Charged</i>	<i>Department</i>	<i>Charged</i>
Clerk/Council	\$2,615.79	Police	\$234,976.34
Finance	\$8,814.66	Prosecuting Attorney	\$5,852.42
Fire/Water Safety	\$64,908.32	Public Works	\$620,511.79
Housing	\$2,793.92	Transportation	\$22,977.46
Parks and Recreation	\$449,656.31	Water	\$35,546.09
Total Charges			\$1,448,653.10

**TTD (Temporary Total Disability/Wage Replacement) - charged to payroll; TPA adjusting fees - paid by Department of Personnel/HR.*

Activities/Projects:

The Department of Finance/Risk Management Services, in coordination with its insurance broker, Arthur J. Gallagher will be undertaking three strategic initiatives to assist the County in managing risk exposures and cost of insurance:

1. Initiate a preliminary assessment of the **Total Cost of Risk (TCOR)** study. The **TCOR** study would assist the County to manage our exposures, develop strategic initiatives to reduce costs associated with the retentions and settlements not within the insurance program.
2. Conduct training sessions to department managers and supervisor on insurance, risk management strategies, and contractual risk transfer.
3. Assist the County attorney's office with revising County contracts' insurance requirements, and excess liability claims reporting procedures.
4. Assist the departments and agencies in identifying and managing risks by facilitating resources and consultation to appropriate risk control techniques.
5. Coordinate with TPA and insurance broker in establishing yearly reserves for workers' compensation claims.

DEPARTMENT OF FINANCE

Accounting Division

Annual Report

FY JULY 1, 2012 – JUNE 30, 2013

Renee M. Yadao, Accounting Systems Administrator

Sherri Silva, Fiscal Control Analyst

Teresa Caires, Central Accounting Analyst

Donna Gabriel, Accountant III

Nancy Renteria, Accountant III

Doris Agbulos, Fiscal Specialist

Patrise Pancho, Accounting Technician

Melanie Luis, Accounting Technician

Central Payroll Team:

Kenneth Villabrille, Central Payroll Accountant

Carolyn Carveiro, Accountant III

Marisa Sierra, Payroll Specialist

I. MISSION STATEMENT

To provide oversight and maintain the accuracy and integrity of the County's financial system.

II. DEPARTMENT/DIVISION GOALS

- To maintain the general ledger accounting system for 33 County funds.
- To assist the independent auditor in providing documentation and information during the audit process.
- To prepare and issue the annual "Comprehensive Annual Financial Report" as audited by an independent and qualified Certified Public Accounting firm.
- To provide guidance and oversight to the various departments and agencies.
- To provide central payroll services and support to all departments and agencies.
- To provide central accounts payable services to all departments and agencies and process payment requests in a timely manner.
- To maintain County-wide capital asset records, including infrastructure and improvements.
- To maintain adequate internal controls of the general ledger accounting system.
- To implement and revise County-wide financial policies and procedures.
- To prepare and distribute monthly financial reports to all departments and agencies in a timely manner.
- To reconcile all bank statements and investments contained in the County's general ledger.
- To prepare adjusting budget, expenditure, and revenue entries to the general ledger.
- To prepare and submit a consolidated corrective action plan for all audit findings and recommendations, as applicable.

III. PROGRAM DESCRIPTION

The Accounting Division provides the centralized accounting and financial reporting for all County-wide operations. In addition, the Accounting Division administers all accounts payable, fixed assets, and payroll related transactions.

a. Objectives

The Accounting Division's primary objectives are to: 1) Report accurately, all financial related information in a timely manner and 2) Strive to promote transparency, streamline processes to increase efficiencies, effectiveness, and consistency throughout County-wide operations.

b. Highlights

The Accounting Division has continued to streamline and improve processes over the past year to ensure timely payments are processed, financial reports are accurate, and consistently provide departments with their respective Detail Budget Reports in a timely manner.

IV. PROGRAM MEASURES – ACCOMPLISHMENTS / EVALUATION

The Government Finance Officers Association (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the County of Kaua'i for its **Comprehensive Annual Financial Report** (CAFR) for the fiscal year ended June 30, 2012. The County has received this award for the 20th consecutive year. This award signifies that the County's 2012 CAFR has achieved the highest standards in financial reporting in accordance with Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. We believe our current 2013 CAFR will continue to meet the requirements and plan to submit our CAFR in December 2013 to determine its eligibility.

Accounting Division successfully implemented expanding the pCard Program for other commodities, of which, included the development of operational policies and procedures, guidelines and standardized forms. Accounting continues to monitor the performance of pCard cardholders, while seeking to improve and enhance the process.

BUDGET

	FY2013	
	Budget	Actual
Equivalent Personnel		
Full-Time Permanent	11	11
Salaries	632,274	619,330
Employee Benefits	470,485	342,301
Other Services	143,639	109,605
Supplies	12,000	10,578
Equipment	19,000	15,904
Other	25,843	13,944

FINANCE DEPARTMENT

Driver License

Fiscal Year 2012-2013

Vaughn P. Parongao, Chief Licensing Examiner/Inspector
Michael A. Drake, Supervising License Examiner/Inspector
Ivan D. Miller, Motor Vehicle Control Inspector
Randall I. Wilson, Driver License Examiner/Inspector
Taxi Inspector - Vacant
Jason H. Koga, Driver License Examiner
Colette Kawamura, Senior Financial Responsibility Clerk
Carolyn Inouye, Financial Responsibility Clerk
Dena Sumida, Staff Services Assistant
Rena Alao, Driver License Clerk II
Marlene M. Moises, Driver License Clerk II
Priscilla Costa, Driver License Clerk II
Tami L. Compoc, Senior Clerk
Rosielily T. Omo, Senior Clerk

I. MISSION STATEMENT

To provide a user-friendly system for the issuance of a learner's permit or driver's licenses and other services by this department that will be up to standards and be able to give prompt and professional service to the public and other government agencies.

II. DEPARTMENT/DIVISION GOALS

To weed out the incompetent and problem drivers, as well as applicants afflicted with mental or physical infirmities or disabilities that would make it unsafe for both the motoring public and the licensee to operate a motor vehicle.

Continue to satisfy the Federal Commercial Motor Vehicle Safety Act of 1986 (Commercial Driver License or CDL).

Satisfy the new federal requirement, National Driver Register-Problem Driver Pointer System (NDR-PDPS), which was implemented on August 25, 1996.

Continue to implement the 2005 AAMVA (American Association of Motor Vehicle Administration) new CDL Testing System Statewide.

Complete the Statewide transition of the Civil Identification (State I.D) to the Driver

License divisions (Act 310, SLH 2012) by January 1, 2013.

Install ADLKTS (Automatic Driver License Knowledge Testing System) to administer tests for driver license types: 1, 2, and 3.

Amend the Administrative Rules and Regulations Chapters: 19-122 (Driver License) and 19-149 (Civil Identification).

Install the required Real I.D. Security Floor Plan that was approved by the Real I.D. Assessment Team (RIDAT).

Fill vacant positions that are vital for normal operations.

A. Duties/Functions

The Division of Driver Licensing is responsible for adherence to the following:

- 1) Administration of Highway Safety, Chapter 286, Hawaii Revised Statutes.
- 2) Administration of Chapter 19-122 of the Hawai'i Administrative Rules.
- 3) Administration of Chapter 19-149 of the Hawai'i Administrative Rules.
- 4) Administration of Motor Vehicle Safety Responsibility Act, Chapter 287, Hawaii Revised Statutes.
- 5) Administration of the FMCSA (Federal Motor Carrier Safety Administration) regulations.
- 6) Continue to verify and establish Legal Presence for all applicants (Section 19-122-304 Hawai'i Administration Rules).
- 7) Examination of the qualifications and fitness of any person desiring to obtain a learner's permit, driver's license, or a commercial driver's license.
- 8) Issuance of permits, furnishing instructions and all forms, supervision and inspection, suspending or revoking permits issued to Official Inspection Stations within the County of Kaua'i.
- 9) Issues written tests, annual taxi vehicle inspections, issues taxi drivers permits & taxi vehicle permits. Administration of the Kauai County Code, Relating to Taxis and the Rules & Regulations of the Director of Finance, Relating to Taxicabs.
- 10) Issuance of placards for parking privileges for disabled persons.
- 11) Administer Chapter 11-219 of the Hawai'i Administration Rules – Parking for

Persons with Disabilities.

- 12) Adhere to the Memorandum of Agreement (MOA) effective October 1, 2010 between the Disability and Communication Access Board (DCAB), and the County of Kaua'i.

III. PROGRAM DESCRIPTION

Driver improvement is still considered the heart of Traffic Safety. Therefore, we are conducting research to develop a good and systematic program with the aid of enforcement agencies, courts, medical advisory board and the general public.

A. Program Objectives

Implement new legislation, procedures and computer system to meet the new requirements for the Real ID Act implemented by Congress.

Implement the Digital Image Access Exchange Program (DIAEP) that allows participating states to access and retrieve an out-of-state applicant's information and photograph. All counties of the State of Hawai'i have a responsibility to ensure that a driver license is only issued to a person whose identity can be confirmed. The DIAEP will help to achieve that.

Continue to implement Act 38, Legal Presence. Signed into law on 4/20/2010 by Governor Lingle. Act 38 requires an applicant for a driver license and instruction permit to submit proof of Legal Presence in the United States, and provides that immigrants and non-immigrants licenses expire no later than the date of their authorized legal stay in the U.S.

Continue to implement the Automatic Commercial Driver License Knowledge Testing System (ACDLKTS) which will meet and fulfill the new 2005 AAMVA CDL testing requirements. The testing system will provide security, eliminate fraudulent activity, flexibility to meet the test applicant's needs, and will provide options to design or alter tests and reports.

B. Program Highlights

The amendments to Chapter 19-122, Hawai'i Administrative rules to address the driver license procedures affecting persons with disabilities that could affect driving was passed and currently in effect.

Kauai's Driver Licensing Division, as well as the other Hawai'i Counties, are in full compliance with the Social Security Administration (SSA) system's security requirements.

Continue to implement Ordinance #899, New Driver Licensing Fees on September 1, 2010.

Legal Presence document requirements took effect on March 5, 2012.

July 2, 2012 amendments to Chapter 11-122 of the Hawai'i Administrative Rules - Parking for Persons with Disabilities took effect.

Continue to issue Civil Identifications (effective 1/1/2013) successfully. July 9, 2012, Governor Abercrombie signed Act 310, SLH 2012 into law - transfer State I.D. to HDOT (Driver License Divisions).

Installation and training for the ACDLKTS was completed on August 24, 2012.

IV. STATISTICS

County of Kaua'i

TOTAL LICENSED DRIVERS **52,184**

2011 Total License Drivers 53,134

2012 Decrease of 501 licensed drivers = 0.94% Decrease

COMMERCIAL DRIVER LICENSE **1,788**

2010 Commercial Driver License 1,934

2012 Decrease of 146 licensed drivers = 7.55% Decrease

MOPED/MOTORSCOOTER/MOTORCYCLES LICENSES **3,458**

2011 Moped/Motor scooter/Motorcycle Licenses 3,412

2012 Increase of 46 licenses = 1.35% Increase

Department of Finance
Division of Purchasing
FY 2012 - 2013 Annual Report

Ernest W. Barreira, M.S., Budget and Purchasing Director
Florence Kakuda, Procurement & Specification Specialist VI
Erwin Wright, Procurement & Specification Specialist VI
Kristi Mahi, Procurement & Specification Specialist I
Wendy Takemoto, Procurement and Specifications Specialist I
Hope Stem, Procurement Technician II
Carrie Moses, Program Support Technician II

I. Mission Statement/Division Functions/Duties

The Division of Purchasing is tasked with the responsibility to assume responsibility for all formal procurement of Construction, Goods and Services for the County of Kaua'i. In addition, the Division is responsible for: Contract for services of independent contractors, purchase materials, supplies and equipment; purchase, lease, rent, or otherwise acquire or secure the use of real or personal property; maintain control of all surplus County equipment and process all inter-office and incoming/out-going mail, and postage.

II. Department Goals

- A. Facilitate the acquisition of goods, services, and construction for the County of Kaua'i in full adherence to the Hawai'i State Procurement Code pursuant to HRS Chapter 103D and applicable Hawai'i Administrative Rules.
- B. Provide guidance, training, and direction to the County administration and all departments, divisions, and agencies with regard to the requirements of procurement.
- C. Maintain an updated registry of all solicitation boilerplates and forms consistent with the changes in laws and rules so as to provide critical guidance and training to all County departments and personnel.
- D. Adopt and maintain an operational philosophy to acquire and implement technological resources available to improve operations, eliminate redundancies, achieve various levels of efficiencies and cost effectiveness, achieve timely processing of all work assigned to the Division, and maintain the highest level of quality in the delivery of services to the public.

III. Program Description

The Division of Purchasing, under the authority of Section 19.19 of the County Charter, is responsible for administering the centralized purchasing of all "materials, supplies,

equipment and services" for the County.

In addition, further authority, duties, and responsibilities are provided by Hawaii Revised Statutes, Section 103D, and the related Hawaii Administrative Rules.

A. ***Program Objectives***

The objective of the Division of Purchasing is to "promote economy, efficiency, and effectiveness" in the timely procurement of goods and services, and the construction of public works for the County of Kaua'i and to ensure maximum competition as intended by the Hawaii State Procurement Code. This involves a commitment of the Purchasing Division to work with the various agencies in reviewing their procurement objectives, special requirements, and specifications; advising them of options and other information resources; and informing them of the requirements of the Public Procurement Code.

The results of this commitment should reduce the number of protests filed and expedite the turn-around time for requisitions. Currently, the Division's goal for processing purchase orders is one (1) to two (2) days.

B. ***Program Highlights***

During the one (1) year period beginning July 1, 2012 to June 30, 2013, the Division's work accomplishments were as follows:

Completion of all equipment procurement as approved by the Budget Ordinance and Grants. Said procurement totaled **\$2,139,943.02**

Processing of the following top 10 bid solicitation/proposals/agreements/contracts:

1. Wailua Wastewater Treatment Plant Process Disinfection and Electrical Improvements Phase I: **\$2,365,800.00**
2. Wheelchair Lift Accessible Passenger Buses, Item Nos. 1 and 2: **\$1,400,861.00**
3. Wheelchair Lift Accessible Passenger Buses Item No. 3: **\$1,308,861.00**
4. Lihue Civic Center ADA Site Improvements: **\$1,060,000.00**
5. Heavy Equipment Trucks (Lease) Items 2, 3, and 4: **\$873,412.84**
6. Seventeen (17) Police Patrol Vehicles with Audible/Visual Emergency Equipment: **\$725,448.48**
7. Lihue Development Plan Update: **\$700,000.00**

8. Seizure and Impounding of all Unlicensed Dogs: **\$660,000.00**
9. Koloa-Poipu-Kalaheo Development Plan Update: **\$625,000.00**
10. Lima Ola Environmental Assessment and Preliminary Engineering:
\$500,000.00

IV. Program Measures

ITEM	FY 2013		FY 2014	FY 2014
	TRANSACTION QUANTITY	DOLLAR AMOUNT	EST TRANS QUANTITY	EST TRANS QUANTITY
BID DEPOSITS AND REFUND: (Target refund time is twenty (20) days after contracts are fully executed.)				
Bid Deposits & Performance Guarantees, Plans & Specs.	9	\$61,319.10	25	25
Refunds	8	\$57,179.10	15	15
PURCHASE ORDERS PROCESSED:* (Target turn-around time for processing of requisitions is 1 to 2 days.)	5,899	\$9,895,000.00	***4000	***4000
INFORMAL & TELEPHONE BIDS PROCESSED: (Prepare and solicit bids within two (2) weeks after receipt of requisition.)	187	\$1,736,420.44	200	200
ADVERTISED BIDS: (Bids are advertised as soon as possible.)				
Bid/Proposals Advertised	67		75	75
**Awards (construction, consultant, negotiated, price agreement, concessions)	207		225	225
CONTRACTS: (Contracts are processed upon receipt from the Various Agencies.)				
Construction Contracts (exclusive of change orders and amendments)	17	\$12,620,515.99	15	15
Professional Services, Consultant Contracts processed (RFP)	40	\$4,218,779.28	40	40
Grants, Sub-recipient Agreements, etc.	15	\$1,751,392.93	15	15
Equipment Contracts processed	38	\$8,430,527.07	25	25
Miscellaneous Contracts processed	81	\$9,583,193.50	90	90
Open End Contracts	10	NA	10	10
Concession Contracts	6	\$16,814.99	1	1
TOTAL	207			
MAIL: (Mail is processed daily)	86,613	****\$84,192.58	84,000	\$84,000
Estimated Hours Expended	620		620	620

* Totals are inclusive of Contracts, Informal & Telephone Bids awarded by Purchase Order

** Totals are inclusive of awards by purchase orders

*** The reduced projection is based on the continuing increase in the use of pCards for the purchase of goods & services under \$1,500 per transaction.

****Mail expenditures continue to decrease as a result of electronic procurement & other paperless & technological initiatives.

IV. *Budget - Program Funding Resources (General Fund)*

Expense Type	FY 2012 Actual	FY 2013 Appropriation	FY 2014		Total
			Request	Expansion	
Equivalent Personnel (E/P)	8.0	9.0	0	0	9.0
Salaries and Wages	420,180	365,800	*\$370,215	0	*\$370,216
Operations	445,338	510,884	\$396,602	0	\$396,602
Equipment	5800	5800	0	0	0
Program Total	798,912	871,318	766,817	<\$10,450>	766,817

*Note that beginning in FY 12, the Assistant Chief Procurement Officer Position (EM05) was redescribed and temporarily reallocated to Budget and Purchasing Director and reassigned to the Finance Administration Division. This explains the continued reduction in payroll cost for the Division of Purchasing.

V. Accomplishments/Evaluation/Future Program and Holo Holo 2020 Projects and Status

A. Development and Implementation of Technological Resources to Achieve a Higher Level of Efficiency, Cost-Savings, and Effectiveness.

Continued partnership with The Public Group to plan for the acquisition and implementation of the no cost fully integrated E-procurement system (Public Purchase) that has been adopted nationwide by many State and County jurisdictions. The no-cost option is highly favorable to the County based on substantial financial challenges that are being experienced in light of the recessed economy. References acquired nationwide show this application to be highly favorable. Maui and Hawaii Counties are also researching this option.

B. Implementation of the County's P-card System Throughout all Departments and Agencies for General Commodities.

It should be noted that the pCard program is a joint initiative between the Accounting Division, the Division of Purchasing, and the I.T. Division. Procurement training relative to the use of the general commodities pCard has been a challenge in this initiative. The FY2012 audit identified a number of minor errors in the acquisition of goods and services using the pCards. The absence of an automated module to facilitate the pCard approval and use process has also proven challenging. This mandated a manual process to document compliance and seek departmental approval before use of the card. An interim pCard procurement guidance memorandum was issued to all County departments in January 2013 to address these issues. Formal pCard procurement training was

provided in April for department heads, deputies, division chiefs, fiscal personnel, and pCard holders. The pCard Policies and Procedures for General Commodities was issued in May 2013.

One of the intended goals in the implementation of the pCard system was the substantial reduction in the use of purchase orders. Financial analyses conducted by the National Institute for Government Procurement (NIGP) concludes that the comprehensive costs for use of purchase orders amounts to approximately \$97.00 each. The pCard transaction in contrast, amounts to approximately \$17.00 per transaction. The current \$1,500 threshold for pCard purchases represents about 92% of all purchase orders issued in the County. Based on FY 2013 numbers, the total expenditures that could be paid via the use of the pCard amount to approximately \$9 million and the County could realize nearly \$182,000 in credit payments from the credit card sponsored bank. Of course, there are a number of Kauai vendors that do not accept pCards and the program has not yet been fully implemented in all County departments. The information discussed herein is based upon full implementation of the pCard system which will take more time to achieve.

C. Development and Implementation in the Use of Electronic Scanning to Avoid Management of Large Paper Files and the Storage Challenges that are Involved.

Pursuant to the development of new policies and procedures, all procurement activities are now governed by the use of technological resources as opposed to the traditional processing of paper, print advertising, postage, photocopying, etc. The scanning and electronic transmissions of documents are major components of these revised processes. In addition to efficiency enhancements for the DoP and internal and external customers, these technological adaptations have resulted in a substantial reduction in the operating budget of the DoP.

D. Extensive use of the County of Kaua'i SharePoint Portal for the Posting of Division of Purchasing Policies, Boilerplates, Forms and Other Documents.

All procurement-related policies, procedures, boilerplates, general terms and conditions, electronic forms, and access to the electronic contract portal are accessible to all County departments and agencies via the DoP portal. In addition to ease of access for County departmental personnel, use of the portal in place of email and attachments has minimized the volume of stored data on the County's computer systems.

E. Procurement Training

The Division of Purchasing continues to routinely accommodate training requests from departments and agencies in terms of the varying types of procurement methods and strategies. Training sessions have been customized based on the departmental needs and the particular topics of interest. This process will allow

the DoP to respond responsibly to the training needs of the departments and agencies in designing training protocols specific to the areas of greatest need.

F. Final Implementation of the Paperless Contract Execution Process Involving the Electronic Transmission of Contract Transmittals and Contracts to the Division of Purchasing and Creation of the Electronic Contract Portal

In fiscal year 13, the final stage of the paperless contract execution process was implemented - -the Electronic Contract Portal. Authorized departmental and agency personnel can now gain access to the portal where all contracts are electronically stored. The DoP worked in close coordination with the Office of the County Attorney to ensure that the hard copy and electronic files contained requisite information as defined by law. Until further legal changes are made, the hard copy contract with the original signature must continue to be maintained. However, this exercise substantially reduced the size of those files by identifying only the required documents that constitute the legal file.

G. P-Card Planning and Development

Development of a P-Card system for the purchase of general commodities for the County of Kaua'i has been an on-going joint partnerships between the Division of Purchasing, Finance Accounting Division, and the I.T. Division. The Finance Accounting Division is charged with moving this initiative forward. To date, a very gradual rollout of the initiative is-ongoing. The P-Card system will substantially reduce the reliance upon the laborious and costly purchase order system by allowing designated employees to charge small purchases under \$1,500 from vendors using the P-Card without having to prepare a purchase order. The most pressing challenge in this initiative is the absence of a module within the AS 400 system that enables departments and agencies to create requisition for goods and services that need to be purchased. This would create a system driven documentation request and approval process that would better enable department heads to verify the existence of funds and control these purchases. The I.T. Division continues to address this issue with Sungard and a resolution is hopeful. Unless an automated solution can be found, it will be very difficult for the larger departments to roll out full implementation of the P-card.

H. Electronic Procurement Initiative

The DoP continues to maximize its use of the electronic procurement system that was developed in FY 12. In FY 13, the system was expanded to the Professional Services procurement-type. In addition to posting the professional services solicitation on line which began in FY 12, for the first time, professional contractors were allowed to transit resumes and letters of intent electronically to cokpurchasing@kauai.gov. This proved to be a valuable source of cost and time savings for our professional contractors who were able to avoid reproduction and

postage costs. The County was the beneficiary of having an electronic system in place to immediately transmit these resumes and letters of intent to County departments and agencies. It also eliminated past inefficient and burdensome processes involving written transmittals and the need for department to physically visit the DoP to acquire these hard copy documents. The ability of the departments to timely transmit these resumes to committee members electronically was also enhanced.

The next critical step in this process is to create an electronic system that not only posts bids electronically, but also allows for the submission of electronic offers. Our current e-procurement system does not allow for the submission of electronic offers. In FY 13, the DoP continued to engage The Public Group in working to adopt and implement its integrated electronic procurement system. Plans to implement in FY 13 were modified due to unanticipated personnel shortages in the DoP. The DoP has entered into a written agreement with Public purchase to address our electronic procurement needs. The intent is to begin an incremental roll out commencing October 2013. This will provide us vital time to facilitate public education about the ne e-procurement system and provide for an orderly and understandable transition. Both Hawaii and Maui Counties will also be implementing this no-cost internet-based system.

Department of Finance

Treasury/Motor Vehicle Registration

Treasury

David F. Spanski, Treasurer

Jean R. Kurosaki, Accountant III

Motor Vehicle Registration

Verna A. Yamase, Treas. Operations Manage.

Callie F. Gandeza, Treasury Clerk II

Robert Roman, Vehicle Titles & Reg. Tech

Natalie Konishi, Vehicle Titles & Reg. Tech

Annette Baptiste, Vehicle Titles & Reg. Tech

Lisa Yamaguchi, Vehicle Titles & Reg. Tech

Dawn D. Costa, Vehicle Titles & Reg. Tech

Lynn Salvador, Vehicle Titles & Reg. Tech

Tracie Sakamoto, Treasury Support Clerk

Vacant, Senior Clerk

I. Mission Statement

To provide prudent financial management and services to the people of Kauai and to the departments and agencies of the County that we serve.

II. Division Goals/Duties

- a.
 - 1) Keeps accounts of receipts and disbursements
 - 2) Collects and accounts for the motor vehicle weight taxes, fees for licensing penalties, dog, bicycle, business license and other revenues associated with these fees.
 - 3) Collects monies and or deposit slips from all county agencies.

III. Program Description

The Treasury function accounts for, receipts, protects, deposits, invests in authorized investments, and disburses upon proper authorization the public's monies due to or receivable by the County and State of an average portfolio of \$190-\$235 million. The Treasury function keeps accounts of receipts, disbursements, cash flow forecasting, issues and/or refinances debt and maintains the County's Long Term General Debt schedules of approximately \$188 million of which \$70 million is reimbursable by the Department of Water.

The Motor Vehicle Registration function registers motor vehicles, trailers, motorcycles, bicycles, dogs and issues license plates, emblems or tags and business licenses. Also, collects and accounts for monies from the public and other County agencies.

a. Program Objectives

1. To insure deposits with financial institutions are fully collateralized.
2. To maintain sufficient liquidity to meet the County's cash requirements.
3. To generate a return on investments at or above the two year U.S. Treasury Bill.
4. To minimize fees associated with borrowing.
5. To provide timely financial reporting to outside agencies, and establish and maintain effective internal controls and processes.
6. To collect and account for motor vehicle weight taxes, fees for licensing, penalties, dogs, bicycle, and business licenses.
7. To issue and collect monies for tipping fee coupons.
8. To issue and collect monies for bus passes
9. To collect payments for sewer, solid waste and sludge, plus commercial refuse.
10. To collect, and account for all monies due to or receivable fairly and uniformly.
11. To input all motor vehicle registration records directly into the State Data System operated by the City and County of Honolulu through Computer Terminals.
12. To provide courteous, effective and efficient service to the public.
13. To implement the process of having the sewer bills bar coded.

b. Program Highlights

The Motor Vehicle Registration function is supplemented with two positions funded by the State Department of Transportation to provide State mandated services to assist in the collection of State funds.

Credit card and E-check services was provided over the internet for Sewer Bill payments beginning April 2006, and for Real Property Tax payments beginning August 2006. The use rate for FY2009 was approximately 14% for sewer and 11.4% for real property tax payments. There

were 3,491 sewer users and 6,805 real property tax users. In February 2009 online services was provided for Motor Vehicle Registration. The use rate for FY2013 was 2.9% for sewer, 5.95% for real property tax payments and 2% for MVR payments. There were 729 sewer users 3,225 real property tax users and 1,602 MVR users. The decline in users from FY2009 to FY2013 for sewer and real property payments is attributed to the County stopping the subsidy of online payment user fees as of December 31, 2009.

In December 2005, the County MVR Office instituted the Fleet Dealer Registration Program. This program is optional to new car dealers and rental car companies, to provide license plates, emblems, and registrations for their new vehicles. It provides the rental car companies with the ability to have their new vehicles available sooner to their customers without the necessity to stand in line at the MVR office. Current participants are Alamo, National, Dollar, Enterprise, Hertz, Avis and Budget rental car companies.

In May 2011 the County MVR Office entered into a “Print on Demand” (POD) program. Whenever a registration is renewed and updated via Data Systems, a current registration and emblem will be printed out through this program. The emblem number printed out will be the license plate number of the vehicle being renewed. This saves time, emblems and discourages theft of emblems on license plates.

On July 07, 2011 the County issued the Series 2011A Bonds of \$26,110,000 (County portion \$20,985,000, DoW \$5,125,000) to current refund/refinance all of the County’s outstanding 2001A Bonds of \$26,695,000 (County \$21,455,000, DoW \$5,240,000). The Series 2011A Bonds were sold at an interest rate of 2.93%. The refunding generated \$4.3 million in PV savings (16.2% of refunded par). On an annual basis the County will save \$270.0K on average through FY2026.

On 7/10/12 the County issued the Series 2012A Bonds of \$26,160,000 (County portion \$23,215,000, Water \$2,745,000) and Series 2012B (AMT) of \$8,215,000, which is allocable to the County’s landfill facility managed by a private contractor. The purpose of these issues was to advance refund a portion of the County’s outstanding Series 2005A Bonds for economic savings. The County was able to sell the Series 2012 Bonds at an interest cost of 2.96%. The refunding generated over \$1.9 million in PV savings (5.88% of refunded par). On an annual basis the County will save over \$155,000 on average through FY2030.

IV. Program Measures

Treasury Administration	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY 13 Actual	Estimate
Return on investment (all funds)	1.5%	1.2%	1.1%	1.0%	5.300%
2 Year Treasury Bill (FY)	.59%	.40%	.24%	.25%	4.850%
Fees as a percentage of bonds issued	.89%	N/A	1.0%	.83%	>1.50%

Motor Vehicle Registration	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	Estimate
Sewer Bill Transactions + e-pmts	24,021	23,809	23,791	24,472	21,649
Motor Vehicle Transactions all types + epmts	87,845	89,816	91,629	90,182	68,302
Bicycle, Dog, Business License Transactions, Tipping fees, T/F deposits, Solid Waste, Sludge, Firecracker	4,365	4,432	4,408	4,087	
(Does not include outside agency deposits, phone inquiries, information requests, reject mail, filing, etc.)					

V. Program Resources (General fund; without fringe costs, includes Treasury & MVR)

Expense Type	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Request
Equivalent Personnel	12	12	12	12	12
Salaries & Wages	486,216	466,618	494,862	463,801	499,904
Operations	335,206	238,270	211,837	238,778	246,204
Equipment	0	0	0	0	0
Program Total	821,422	704,888	706,699	702,579	746,108

Department of Finance

Grant Revenue Motor Vehicle Registration

II. Grant Revenue - Program Description

The Motor Vehicle Registration function is supplemented with two positions funded by the State Department of Transportation to provide State mandated services to assist in the collection of State funds.

a. Program Objectives

1. To provide effective and efficient motor vehicle registration.

b. Program Highlights

The State funded Motor Vehicle Registration function, two Vehicles. Titles and Registration Tech. positions also assist the County funded positions in all other Treasury related functions in performance of their program objectives.

V. Program Measures

Grant Revenue	FY 10	FY11	FY12	FY13	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	
Motor Vehicle Transactions	67,544	69,142	69,867	68,174	.
State MV Weight Tax , Registration					
Fee, penalty, EMED collected(\$)	4,329,423	4,365,047	7,677,431	8,924,737	

IV. Program Resources (State Grant Revenue; includes fringe)

Expense Type	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Request
Equivalent Personnel	2	2	2	2	2
Salaries & Wages	140,625	137,165	140,054	119,091	161,493
Operations	0	0	0	0	0
Equipment	0	0	0	0	0
Program Total	140,624	137,165	140,054	119,091	161,493

**DEPARTMENT OF FINANCE
INFORMATION TECHNOLOGY (IT) DIVISION
Fiscal Year 2012/2013**

Brandon Raines, IT Manager (Executive Assistant to the Mayor)
Mabel Antonio, Computer Systems Officer
Eric Inouye, IT Specialist IV
Nyree Norman, IT Specialist IV
Amanda Swanson, IT Specialist IV
Garrett Johnson, Senior GIS Analyst
Maxwell Klutke, IT Specialist II
Kelly Agena, IT Specialist II
Carlos Dela Cruz, IT Specialist I
Jolene Silva-Peralta, IT Computer Support Technician II
David Miyasaki, Public Safety Telecommunications Officer
Robin Otei, Senior Clerk

I. Mission Statement

To provide the Mayor's Office, County Agencies and Council with information technology services which enable them to serve the public in a cost-effective and efficient manner.

II. Department/Division Goals

The primary goal for our IT Division is to provide quality customer service and expert technical services that empower County employees through the availability of accessible and useful information, as well as the use of automated systems that improve their productivity.

III. Program Description

a. Objectives

- i. Provide County employees with easily accessible technical support and timely responses via a centralized Help Desk function.
- ii. Maintain and enhance the County's technical infrastructure to ensure reliable, efficient, and secure operations.
- iii. Assist County Agencies with the procurement and implementation of new systems that will increase operational efficiencies, as well as improve the services available to our citizens.
- iv. Recommend solutions and strategies that will leverage the power of technology to address countywide needs.

b. Highlights

The IT Division is organized into three primary service areas including:

- i. IT Help Desk & Infrastructure - Responsible for managing, procuring, and maintaining hardware/software/networking systems. Provides centralized Help Desk function for all County agencies. Incorporates administrative support for division operations.
- ii. IT Development & Systems Analysis - Responsible for understanding and evaluating County agency system requirements, identifying requisite changes to core systems, and making changes to programs/systems. Includes GIS, Web, ERP (enterprise resource planning), CAMA (computer assisted mass appraisal), public safety CAD/RMS (computer aided dispatch/records management system), as well as other agency systems.
- iii. IT Telecommunications & Radio - Oversees the design, installation, operation and maintenance of the municipal telecommunications systems, primarily the 800 MHz public safety radio system.

c. Activities

- i. Monitored infrastructure performance and implemented key improvements required to maintain reliable operations including workstations, servers, network components, and peripheral devices (e.g. printers, copiers, etc.).
- ii. Resolved incoming support issues from all County agencies based upon assigned type and priority.
- iii. Assisted all County agencies in the procurement of new hardware and software required for ongoing business operations.
- iv. Expanded use of GIS throughout the County, and increased web-based services/information for community members.
- v. Implemented functional upgrades for existing systems as warranted.
- vi. Provided system integration services for existing systems.
- vii. Provided technical consultation and implementation support on new system acquisitions.
- viii. Coordinated required maintenance and upgrade for the 800MHz public safety radio system.

IV. Program Measures - Accomplishments/Evaluation

a. Accomplishments

- i. Provided project management and oversight for successfully completing an upgrade to the core components of the County's 800MHz radio system. Worked with a cross-agency team including IT, Fire, Police, and Civil Defense to help guide the project and ensure appropriate representation from all key stake holders. This project is Phase 1 of a multi-phase project to upgrade our critical public safety communications infrastructure. The upgrade will result in a modern architecture that is compliant with the latest interoperability standards for supporting the County's emergency response operations. Phase 1 is now complete, with Phase 2 to follow in FY14.

- ii. Partnered with the Purchasing Division to implement a centralized Contract Repository that provides all agencies with standardized electronic access to their contract files via the County's SharePoint portal. Created the required security solution to support and control the associated file access, while minimizing the need for ongoing maintenance by leveraging current Purchasing processes for storing and maintaining these files.
- iii. Worked extensively with Finance/Payroll and HR/Personnel to ensure the County's compliance with Act 163. This law required the development of electronic, transaction-based reporting of payroll/personnel data for the State's employee retirement system (ERS). Coordinated with vendor resources, State analysts, and internally assigned staff to specify and develop software customizations needed to support these new requirements. Consulted with affected agencies to assist with the relative data analysis and process changes. Addressed changing requirements from the State within tight deadlines to complete the project on schedule.
- iv. Implemented significant upgrades to the County's Internet bandwidth in order to realize greater staff productivity and to support new, cloud-based initiatives. Renegotiated associated vendor agreements to achieve this with minimal cost increases so that additional upgrades can be pursued later as needed.
- v. Negotiated a new radio site license agreement with State Emergency Medical Services (EMS). The agreement formalizes the ongoing practice of allowing EMS to co-host their public safety equipment at our remote radio sites, and establishes appropriate fees in order to help share in the ongoing cost of maintaining these sites.
- vi. Assisted the County CIP Manager and Public Works in coordinating research and demonstrations to identify automated CIP project/portfolio management solutions that are being used successfully by other jurisdictions across the country. Upon completion of the research phase, provided technical input to assist with the associated RFP development and participated in the selection committee. Provided additional assistance with RFP award process and contracting. Current schedules call for implementation in FY14.
- vii. Worked with affected agencies to implement the newly procured system for Electronic Plan Review. Provided technical support, project management, and contract administration to facilitate various project activities. Leveraged vendor hosting options to implement this application as a cloud-based solution. The production environment is already fully functional, and initial system pilots with the public were completed in late 2012. The full system rollout was completed in May of 2013. This system delivers an on-line repository of plans, allow citizens to submit plans electronically via the Internet, automate internal/external workflows associated with plan review/approval, and provide efficient email communications/notifications between County plan reviewers and citizens.
- viii. Initiated a new infrastructure project to make WiFi available in selected County meeting rooms and facilities. This will provide secure, wireless access to our internal network for approved County employees/devices, as

well as Internet-only access for guests and/or the public in general. The initial project phase was completed in May 2013, and includes 10 locations spread across the Civic Center Complex as well as the Historic County Building. Additional WiFi locations will be considered, prioritized, and implemented in subsequent project phases following successful completion of the pilot.

- ix. Provided extensive technical support for the implementation of our next generation Computer Aided Dispatch (CAD) and Records Management System (RMS) solution from VisionAir. The new VisionAir CAD system provides advanced public safety capabilities for dispatch operations, including mobile communications via laptops in our public safety vehicles. The new VisionAir RMS system provides an extensive records solution, along with complete CAD integration and field-based reporting for officers. The new CAD and RMS systems are now live representing the largest and most complex County system rollout in many years.
- x. Completed recruitment, hiring, and training for the new County Telecommunications Officer position. This position is critical to supporting the radio and communication systems required for public safety operations as well as their use by other County agencies. The selected candidate already has over 20 years of history and knowledge specific to our County systems based upon their long-time role on the vendor side to implement and support the associated infrastructure components. Additionally, completed strategic planning efforts to transition the radio/telecom function from IT to Civil Defense as part of the FY14 budget cycle. Associated responsibilities, staffing, and budget oversight will move to Civil Defense effective July 1, 2013. This will provide enough time to ensure a smooth transition, move this function closer to its primary function of public safety, and help our limited IT resources focus on core responsibilities.

b. Evaluation

The IT Division continues to meet daily operational requirements and achieve solid progress on several fronts. However, the automation needs of the County are great and it will be necessary to rethink the way we have traditionally done business in order to improve services/efficiencies while staying within current resource/budget constraints.

- i. Our staff-to-work ratio makes it difficult to provide quality customer service, while concurrently maintaining infrastructure and pursuing critical new projects. This is an issue that we will continue to face along with our other County agencies. In the face of this reality, we are working closely with Personnel to re-describe our open positions and thereby ensure that we hire the most appropriate staff to move County projects and priorities forward.
- ii. The County has many aging systems and paper-intensive processes that need to be addressed, but resource constraints will limit our ability to act quickly. We cannot expect to change things overnight, but proper planning and prioritization will allow us to realize short-term gains while we continue to strive toward mid and long-term goals. Focus will be placed on implementing

significant efficiency in County operations while ensuring return on investment for our investments.

- iii. Current infrastructure and systems are resource-intensive requiring a transition to alternative solutions that leverage non-County assets. We will evaluate our current environment from top-to-bottom, and implement strategies that allow us to do more with less. This will require closer relationships with our existing technology partners, as well as the adoption of new partners. Strong consideration will be given to the adoption of “cloud-based” services which utilize third-party infrastructure and expertise to deliver key application functions without requiring internal hardware/software, maintenance and monitoring.

V. Budget

Expense Type	FY 2012-2013 Budget	FY 2012-2013 Actual	Variance	Percentage
Equivalent Personnel	14	12	-2	86%
Salaries & Wages	\$ 958,310	\$ 843,849	\$ (114,461)	88%
Employee Benefits	\$ 627,882	\$ 418,213	\$ (209,669)	67%
Operations & Equipment	\$ 1,611,765	\$ 1,034,024	\$ (577,741)	64%
Expense Totals	\$ 3,197,957	\$ 2,296,087	\$ (901,870)	72%

VI. Holo Holo 2020 Projects & Status (Citizen Technology Survey Initiative)

As part of the Mayor’s Holo Holo 2020 vision, the IT Division implemented a community outreach initiative to gather public input on the technology-based services that are most important to our residents. The guiding premise is that we should ask our community what they want in terms of technology improvements rather than assume that we know what is best. This includes daily interactions with our County government, as well as other opportunities to serve the community at large.

In early August 2013, we published a detailed survey to gather specific data points while also providing an opportunity to provide general comments or requests regarding the County’s technology-based services. Results will be collected over 2-3 months, and will be published along with projects addressing key items identified by the survey.

The survey was made available as an on-line form accessible via the County website, and also in hard-copy for pickup/delivery on County premises. Rather than spending lots of money on research, consultants, mailings, etc. we leveraged existing resources to minimize overhead costs.

Our goal is to hear back from as many citizens as possible, consider what they have to say, and make a plan to put that feedback into action starting in 2014.

DEPARTMENT OF FINANCE

Real Property Assessment
Annual Report
FY July 1, 2012 – June 30, 2013

Kim Hester, Supervising Appraiser VI
Domie Bucasas, Appraisal Support Services Administrator
John Herring, Real Property Appraisal Consultant
Curtis Bedwell, Appraiser V
Danielle Teter, Appraiser IV
Damien Ventura, Agricultural Appraiser Specialist
Nelson Salvador, Appraiser IV
Sandy Howatt, Appraiser IV
Mike Hubbard, Contract Position – Senior Condominium Specialist
Howard Uohara, Contract Position – Real Property Project Manager
Lita Mamaclay, Tax Clerk Supervisor
Leilani I-Lovell, Tax Relief Services Technician
Karl Hoffmeyer, Tax Clerk
Megan Shimamoto, Tax Clerk
Laurena Silva, Abstracting Assistant III
John A. P. Kruse, Drafting Tech II

I. MISSION STATEMENT

Pursuant to Section 5A of the Kauai County Code, the purpose of the Real Property Assessment Division is to assess all real property within the County of Kaua'i, to produce and provide fair, accurate and uniform ad valorem tax assessments; maintain and update owner information; create and revise tax maps; administer current tax relief programs and provide educated and courteous customer service on an annual basis.

II. DEPARTMENT/DIVISION GOALS

A. Department Duties and Functions

The Real Property Assessment Division is responsible for: (1) providing Fair Market Value ad valorem tax assessments throughout the County of Kaua'i jurisdiction; (2) defending market assessed valuations before the Board of Review and/or State Tax Appeals Court; (3) maintaining accurate records pertaining to the transfer of title to real property; (4) creating and updating tax maps, in hard copy form as well as for satellite mapping parcel layer; (5) administering special tax relief programs, individual or multiple applications, including but not limited to home exemptions, agricultural dedications, permanent home use tax caps, long term affordable rental tax caps, kuleana exemptions, charitable/non-profit exemption, disabled veteran and disability exemptions, Department of Hawaiian Homelands exemptions, Additional Income exemptions, and exemptions for all government leases; (6) coordinating accurate billing information with the Real Property Collections Division; (7) providing real property information to the general public at their request as well as electronically, through RPA website : kuaipropertytax.com

B. Division Goals

- 1.** Continue to develop and build a strong, educated Real Property team by providing staff training; by streamlining and enhancing the abstracting & mapping process; by developing policies and strategies that will encourage cross-departmental efficiencies; and by continually updating and redefining our employees' duties and responsibilities as work processes evolve.
- 2.** Incorporate new technologies, such as Pictometry and ChangeFinder, satellite maps, ArcGIS online, and other visual aids that can assist both our employees and the public alike. Leverage mobile technology, such as the possible introduction of field tablets and online servers (the Cloud) to get real time data collection into our assessment software without redundant data entry. The current IAS assessment software, which is housed on local servers, is budgeted for a "web-hosted IASWorld" upgrade, enhanced by Marshall & Swift "Hawaii Specific" Construction Cost Table Software, as the existing "legacy" version is well past its "expectant life" and is vulnerable to losing support and maintenance. The total cost reflects the commitment from other Hawaii counties to upgrade in parallel time and product to County of Kauai.
- 3.** Vigilantly monitor the number of open permits, so no improvement is omitted for more than 1 year after its date of completion. The recent valuation staff vacancies have been re-defined to allow for "entry-level" hires, one civil service and one contract staff who are now fully trained as to field inspections and focus solely on permit backlogs. The implementation and training on the Building Division's "E-plans" software, along with hardware upgrades, allow for "real time" review of new permits as well as monitoring of inspections on existing construction. The new software is not exclusively used by applicants and the process of picking up paper plans, monthly, and monitoring the status of older permit inspections continues. The Information Technology department obtained a new server and will allow our "Changefinder" enhancement to Pictometry to locate new additions and/or structures by overlaying prior aerial imagery.
- 4.** Explore cost effectively ways to monitor ongoing compliance issues, such as primary residency, multiple home exemptions, death notifications, and actual property uses, by, first a pending "Memorandum of Agreement: with the State Department of Taxation, as well as ongoing parcel research through our LexisNexis "Accurint" account.
- 5.** Maintain and annually update all Computer Assisted Land Pricing (CALP) models and develop new CALPs to reflect changes in market areas, land divisions and types of ownership, as well as new and pending legislative changes to entitlements effecting Market Prices for Real Property. Utilize technological tools, such as Pictometry and GIS to visualize land changes, such as erosion or to help verify agricultural dedication use. Pictometry also helps to provide better views of topography, floodways, pali and other neighborhood characteristics as well as helps to identify Market Listing statements as to view planes or view obstructions, which can then be verified in the field.

6. Maintain, review, and annually adjust all “Market Models” to account for market trends. Market Models have been re-configured from the traditional “ahupua’a” boundaries, by Zone, to more concentric shapes that reflect actual Market Areas. Models have been re-assigned to different appraisers, in order to get a fresh pair of eyes on these properties as well as a renewed motivation for learning new “market areas”, thereby ensuring better uniformity of assessments. Technological tools such as Pictometry and GIS enhance visualization of market areas and help the appraisers to identify and “map” parcels placed in neighborhood groups, consolidate those that share similar characteristics, and identify outliers.
7. Incorporate and utilize new technology, such as HP Mapper/Plotter, Pictometry Changefinder, ArcGIS and “Tapestry” applications, to streamline processes and increase efficiency and production levels. Continued goals include exploring online applications for exemptions, tax appeals and ag dedications; email option for assessment notices and taxpayer correspondence delivery, and improved website offering greater access to public data. Contract processing is underway for the current “legacy” version of the Tyler IAS Software to be upgraded to a web-hosted “IASWorld” product, allowing for more efficient integration with field tablets, GIS mapping and Pictometry Changefinder, eliminating steps required in picking up taxable improvements. The assessment software upgrade will also be enhanced by Marshall & Swift “Hawaii specific” Construction Cost tables imbedded in the IASWorld software. Kauai County’s software upgrade costs are benefitted by parallel upgrades procured by both Hawaii and Maui Counties.
8. The proposed improvements and alterations for better utilization of space within the Real Property Assessment office has been placed on hold, due to budgetary restrictions. The need continues to be paramount, for improved security for both our staff and for historical records to be secure and taxpayer information to be stored properly. A PID for the reconfiguration of the front of the office, fire safety protection of historic records, scanning of all paper documents, and security for staff was developed by Project Management Program Coordinator, Joe Blevins, back in 2009. Going forward, new printer/scanners recently acquired will be utilized for the initiation of a policy where all pertinent documents and tax relief intake will be scanned and paper files subsequently shredded, once secure memory storage is obtained, due to private information required.
9. Information sources have become outdated as to receipt of records or documentation from other Governmental entities. As other County and State Departments, vital to the process of annual valuation and record keeping, transition to their own technological upgrades, the RPA department is subject to issues, caused by these transitions, for instance not all transfer documents currently received by the State Bureau of Conveyances include the Conveyance Tax Certificate, which is required to record the actual compensation paid. The update of the General Plan, indicating newly defined types of agriculturally zoned lands, as well as recent restrictive “open zoning” legislation and the revocation of “Additional Dwelling Unit” entitlements is cause for a “codification” of the

zoning layer over the current “parcel layer” maps, to ensure the most current entitlement and restriction information for the valuation team, as many of the recent newly developed properties may be affected, as to market value.

III. PROGRAM DESCRIPTION

A. Program Objectives

The program’s primary objectives are to accurately, fairly, and uniformly assess all taxable real property within the County of Kaua’i jurisdiction on an annual basis. Additionally, the division strives to generate timely tax information upon request; and to ensure that every taxpayer is provided with an equitable and punctual system for tax appeal.

B. Program Highlights

Real Property Assessment continues to refine and modify the annual valuation process, through the Cost and Market Approaches, derived from the IAS Legacy assessment software, provided by Tyler Technologies, to meet our statutory requirements as described by Chapter 5A of the Kaua’i County Code. Under newly amended Chapter 5A, K.C.C. legislation, commencing on a new October 1, 2012 assessment date, for the 2013 Year, appeal deadlines moved to December 1 through December 31 of each calendar year; the appeal window for valuation differences moved down from “within 20% of market value” to “within 15% of market value,” and an additional reason for appeal as to ‘tax classification’ was added. Tax classification is now assigned to parcels at “highest and best” actual use on “improved parcels” and remains as to underlying zoning on “vacant” and “partially improved parcels.” Taxes and appeals are on ‘total value,’ based upon a “single tax rate,” per class. In 2013, all qualified ‘Long Term Affordable Rental’ parcels were ‘rolled into’ the “Homestead” Tax Class. In FY 2013, there were just 15 Long-Term Affordable applicants that benefitted from the CPI-U tax cap @ 2.4%, as most of the remaining qualified parcels had lower taxes – due to the “Homestead” tax rate applied. A total of 9,691 parcels benefitted from 2013 CPI-U 2.4% “Permanent Home Use” Cap credits, totaling roughly \$3.82 million in reduced taxes. Real Property Assessment processed and/or monitored 17,947 exemptions, including 3 new “Commercial Alternative Energy” exemptions, with an aggregate value of approximately \$3.585 billion. The implementation of ‘Tax on Use’ classification was pre-empted by a mass mailing of 26,000 survey forms to all improved parcels, in March of 2012. Each returned survey was reviewed by both the clerical and assessment divisions, in addition to the current workload. The administration of these Surveys becomes ongoing, as properties are transferred and uses change each year. Many of the current income-related exemptions require annual renewal applications and Real Property is working toward a more efficient and user-friendly intake process, in an effort to reduce processing and verification time, as the additional survey processes add to the workload of the entire staff.

Real Property incorporated all legislated changes, described in prior year's annual report and continues to refine and define declared goals towards simplified and increased fairness in taxation through additional legislation, to include:

Removal of the Permanent Home Use Cap - in parallel with

Increased Basic Home Exemption to \$160,000;

Age Over 60 Exemption to \$180,000;

Age Over 70 Exemption to \$200,000

Implementation of a 'Home Preservation Limit' on Taxes to qualified "outliers" whose value increases place an undue burden, based on 3% of gross income

Increased Minimum Tax structure, over two years

Credit Union minimum tax structure re-defined

Tax Classification on "multi-use" parcels defined

Department of Hawaiian Homelands pay \$0 property tax, only Solid Waste fees

Low to Moderate income exemptions extended through term of lease, rather than requiring annual re-filing

Long term Affordable Rentals, clarification on qualification as to "Homestead Tax Class"

DEPARTMENT OF FINANCE

REAL PROPERTY COLLECTIONS

Annual Report

FY JULY 01, 2012 – JUNE 30, 2013

Michelle Lizama, Tax Collection Supervisor
Karen Samiano, Tax Collection Assistant
Ester Brown, Senior Account Clerk
Joanne Brun, Senior Account Clerk
Kayla Manini, Senior Clerk
Emma Iloreta, Real Property Tax Clerk (89 Day Contract)

I. Mission Statement

To bill, collect and account for all real property taxes for the County of Kaua‘i.

II. Department/Division Goals

- a. Reduce the real property tax delinquency.
- b. Provide public with superb customer service.

III. Program Descriptions

a. Program Objectives:

- i. Pursue delinquent accounts and enforce penalties in the collections of delinquent payments.
- ii. Maintain monthly trial balances on current and delinquent accounts.

b. Program Highlights

- i. Beginning FY2011-12 started the billing and collection for RRCA (Residential Refuse Collections Assessment). For FY2012-13 Beginning Tax Roll of \$2,746,488.00
- ii. Beginning FY2011-12 started the billing and collection for KKUCFD (Kukukuila Community Facilities District). For FY2012-13 Beginning Tax Roll of \$782,643.20
- iii. **Lock Box Vendor** processed (15,805) bills in Cycle 1 in the amount of \$21,394,050.32
- iv. **Lock Box Vendor** processed (7,030) bills in Cycle 2 in the amount of \$11,019,663.95
- v. **Lock Box Vendor** Interim Months processed (September and March Only).

	COUNT	AMOUNT
SEP	345	359,840.71
MAR	231	260,809.13
TOTAL:	576	\$620,649.84

- vi. For a Total of (23,411) bills for the entire FY2012-13 for a Grand Total of **\$33,034,364.11** collected by Lock Box.
- vii. **The Agency Billing Program** collected (12,593) accounts in Cycle 1 in the amount of \$12,677,917.06
- viii. **The Agency Billing Program** collected (12,436) accounts in Cycle 2 in the amount of \$12,406,296.99
- ix. For a Total of (25,029) accounts for the two installment periods with a grand total of **\$25,084,214.05** collected by Agency Billing Program.
- x. **The Online Payment Program** utilizes HIC (Hawai'i Information Consortium) as a portal to allow taxpayers to pay their County of Kaua'i Real Property Taxes via Credit Card and ACH (Automated Clearing House aka e-check). Online Program launched in August 2006. The activity of users and amount collected via online are as follows:

	ACH	AMOUNT	CC	AMOUNT	TOTAL USERS	TOTAL AMOUNT
July	232	780,687.90	268	382,119.11	500	1,162,807.01
Aug	436	894,979.28	636	789,024.71	1072	1,684,003.99
Sept	34	76,256.35	52	42,027.55	86	118,283.90
Oct	12	11,269.31	29	31,390.83	41	42,660.14
Nov	11	14,419.98	8	8,626.49	19	23,046.47
Dec	21	101,498.95	21	19,366.34	42	120,865.29
Jan	134	414,715.44	194	235,797.65	328	650,513.09
Feb	412	814,266.88	563	691,480.76	975	1,505,747.64
Mar	39	80,553.85	41	37,341.95	80	117,895.80
Apr	13	28,673.60	20	16,806.21	33	45,479.81
May	9	11,548.40	20	35,023.05	29	46,571.45
Jun	7	6,886.22	10	9,908.76	17	16,794.98

TOTAL 1360 \$3,235,756.16 1,862 \$ 2,298,913.41 3,222 5,534,669.57

- xi. There were (6) Statements of Assessed Values and Real Property Taxes Due (Tax Searches) processed and certified.
- xii. There were (907) Bankruptcy Notices Received.
- xiii. There were (22) Tax Clearances.
- xiv. There were (28) Service Fee's for dishonored checks.
- xv. Delinquent outstanding tax balance as of June 30, 2013 = **\$2,047,640.72 for a total of 515 accounts.**

IV. Program Measures

FISCAL YEAR 2012-13 COLLECTIONS (CURRENT YEAR)

Beg Balance as of July 01, 2012	86,887,424.58	
Authorized Adjustments - P38 Debits		164,696.78
Other Debits		3,270.00
Pay Debits		826,097.77
		<hr/>
TOTAL DEBITS		87,881,489.13
Beg Balance as of July 01, 2012 - CB/PHU/LTL	(2,901,555.31)	
Authorized Adjustments - P38 Credits		(602,477.79)
Write-Offs (End of Fiscal Year - under \$1)		(29.69)
Other Credits		(10,328.00)
Pay Credits		(82,673,481.51)
		<hr/>
TOTAL CREDITS		(86,187,872.30)
Outstanding Tax Balance		<u>1,693,616.83</u>
Subtotal:(CURRENT YEAR)	86,187,872.30	
Refunds		(40,904.40)
Penalty		(325,312.27)
Interest		(64,576.38)
Other Fees		67.50
		<hr/>
TOTAL		(430,725.55)
OUTSTANDING TAX BALANCE:	<u>1,693,616.83</u>	
Total Tax Collected	\$82,292,252.44	

FISCAL YEAR 2012-13 COLLECTIONS (PRIOR YEAR)

Beg Balance as of July 01, 2012	3,629,434.38	
Authorized Adjustments - P38 Debits		181,586.92
Other Debits		<u>4,043,551.70</u>
TOTAL DEBITS		4,225,138.62
Authorized Adjustments - P38 Credits		(1,779,927.96)
Write Offs (End of Fiscal Year - under \$1)		-
Other Credits/Pay Credits		(4,027,004.32)
TOTAL CREDITS		(5,806,932.28)
		<u>(1,581,793.66)</u>
Outstanding Tax Balance		2,047,640.72
Subtotal: (PRIOR YEAR)	5,806,932.28	
Refunds		124,367.15
Penalty		94,595.89
Interest		(297,013.96)
Other Fees		<u>2,211.30</u>
TOTAL		(75,839.62)

OUTSTANDING TAX BALANCE: 2,047,640.72

Total Tax Collected: \$1,581,793.66

V. Accomplishments/Evaluation

- a. The convenience of tax payments with the implementation of credit card and ACH payments online in August 2006.
- b. Increased efficiency and service to the general public
 - i. Streamlining website information at www.kauaipropertytax.com
 - ii. LB Vendor year round – Real Property Tax payments are mailed directly to a secure PO Box at the USPS in Honolulu to be picked up and processed by Lock Box Vendor.
 - iii. Online payments via credit card and ACH at www.kauai.gov/paypropertytax