

DEPARTMENT OF FINANCE

Finance Administration
FY 2014 Annual Report
July 1, 2013 – June 30, 2014

Administration

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

Budgeting

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

Risk Management

Gerald Estenzo, Risk Management Coordinator

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, Grants Management, and Risk 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 programs.
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. 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 the department contact is not known.
12. Analyze potential risk and procure mitigating insurance coverage to limit the County’s exposure to said risk.

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

	FY 2014 <u>Budget</u>	FY 2014 <u>Actual</u>
Salaries	728,816	655,798
Employee Benefits	335,949	329,140
Other Services	1,200	1,180
Special Projects	1,195,000	1,007,667
Travel	20,950	4,635
Other	81,911	11,194
County-Wide Costs:		
Telephone	150,000	137,631
Liability Insurance	670,000	588,621
Property Insurance	475,000	439,026
Excess WC Liability Insurance	222,215	218,692
Auto	70,000	22,278
General Liability	2,081,725	531,777

(*Actual = expenditures + encumbrance @ 06/30/2014)

DEPARTMENT OF FINANCE
Risk Management Services

Annual Report
July 1, 2013 – June 1, 2014

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.

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.

Functions of Risk Management Services:

- Purchase and administer excess liability (general, automobile and law enforcement liability, public officials professional liability, employee benefits administration liability, cyber liability, and business automobile liability and physical damage for subsidized police vehicle fleet) 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.
- The premium increases except for the excess general liability (-5.8%) are based upon the broker experience with this class of business and the significant amount of public entity business placed in the United States.
- For FY2014, the County has added to its insurance program, Cyber Liability and Subsidized Police Vehicles Liability resulting an increase in insurance premiums.

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

Insurance Premiums and Other Fees:	FY2013	FY2014	\$ Change	%Change
Excess Workers’ Compensation	\$129,731	\$154,934	\$25,203	19.4%
Excess General Liability	\$589,348	\$554,952	(\$34,396)	-5.8%
Property	\$378,000	\$387,316	\$9,316	2.5%
Government Crime	\$13,235	\$13,784	\$549	4.1%
Aviation (Aircraft)	\$29,734	\$37,925	\$8,191	27.5%
Cyber Liability	0	\$21,032	\$21,032	100%
Subsidized Police Vehicles Liability	0	\$9,823	\$9,823	100%
Total Insurance Expenditures	\$1,140,048	\$1,179,767	\$39,719	3.5%

Insurance Chart for Policy Year: 11/1/2013-11/1/2014

INSURANCE	INSURER	POLICY #	LIMITS	COVERAGE	DEDUCTIBLE/SIR
Property \$25M	Ironshore (50%) Lloyds (50%) Starr Surplus (33.33%) Chubb Custom Underwriters (33.33%) General Security Indemnity Corp (33.33%)	1830100 PW0072613 SLSTPTY06156 13 4473297500 T02344513009 747	\$5M part of \$10M \$5M part of \$10M \$5M part of \$15M excess of \$10M \$5M part of \$15M excess of \$10M \$5M part of \$15M excess of \$10M \$5M part of \$15M excess of \$10M	Per Occurrence Per Occurrence Per Occurrence Earthquake and Flood Loss of Business Income	\$100K AOP 2% per unit with \$100K mini for named storm, earthquake, and flood.
Excess Liability \$20M	Starr Indemnity Scottsdale Insurance	1000005130 XC5000008	\$10M \$10M excess of \$10M primary	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	15718465	\$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	Safety National	SP4047326	\$25M (WC)	Per Occurrence	SIR: \$500K each

WC/Employers Liability	Casualty		\$2M (EL)	Per Occurrence or for disease, Per Employee and Policy Limit.	accident; \$500K each employee for disease
Aircraft Hull and Liability	QBE Insurance Co.	QAV000833	\$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
Cyber Liability	Syndicate Underwriters at Lloyds	W146BA130101	\$1M Aggregate \$250K Aggregate Sublimit	Information Security and Privacy Privacy Notification Regulatory Defense Website Media Content PCFI Fines and Cost	\$50,000 SIR
Subsidized Police Vehicles	Island Insurance Company	IBA0000006500	BI: \$100K each person; \$300K each accident PD: \$100K each accident PIP: \$50K per person per accident UM \$100K each person, \$300K each accident Underinsured Persons: \$100K each person, \$100K each accident	BI: \$100K each person; \$300K each accident PD: \$100K each accident PIP: \$50K per person per accident UM \$100K each person, \$300K each accident Underinsured Persons: \$100K each person, \$100K each accident	First Dollar

Property Insurance: The property insurance policy is written on a Manuscript policy form with various carriers participating on a Quota Share basis. The coverage includes All Risk Direct Physical Damage or Loss including Equipment Breakdown. The primary \$10 Million limit is provided by Ironshore (50%) and Underwriters at Lloyd’s (50%). The \$15 Million layer excess of the \$10 Million primary is provided by Starr Surplus Insurance Co. (33.33%), Chubb Custom (33.33%) and General Security Indemnity Cop. Of Arizona (33.33%). The property program provides the County of Kauai with a \$25,000,000 per occurrence loss limit subject to a \$10,000 AOP (All Other Perils) deductible. The Catastrophic perils of Named Storm (Hurricane), Flood and Earthquake have a \$100,000 minimum occurrence deductible and are subject to a 2% of the values at damaged locations (whichever is greater). All covered perils have an Occurrence loss limit (the limit resets after each occurrence) with the exception of the perils of Flood and Earthquake which have a \$25,000,000 Annual Aggregate loss limit.

General Liability: The County purchases an Excess Liability policy designed for public entities

and provides coverage for Public Entity Liability, Automobile Liability, Law Enforcement Liability, Employment Practices Liability and Public Officials Errors and Omissions. The program has a \$20,000,000 per Occurrence and Annual aggregate limit. The primary \$10 Million limit is provided by Starr Indemnity and Scottsdale Insurance provides \$10 Million Excess of the primary \$10 Million. The program has a per occurrence or per wrongful act Self Insured Retention (SIR) of \$750,000.

Commercial Crime: The crime coverage has a \$5,000,000 limit of liability subject to a \$25,000 per occurrence deductible. The coverage is underwritten by National Union Fire Insurance Co. of Pittsburgh, Pa. The wrongful acts covered by the policy include Employee Theft; Forgery or Alteration; Inside premises – Theft of money & Securities; Inside Premises – Robbery or Safe Burglary of Other property; Outside the Premises; Computer Fraud; Funds Transfer Fraud; Money Orders and Counterfeit Money; Credit, Debit or Charge Card Forgery; and Faithful Performance of Duty Coverage for government employees.

Excess Workers Compensation: The County of Kauai is authorized by the State of Hawaii Department Labor to Self-Insure their Workers Compensation exposure. The County purchases an Excess Workers Compensation policy to protect against catastrophic losses to its employees. The program is underwritten by Safety National and provides a \$25 Million per occurrence and annual aggregate limit. Safety National also provides Employers Liability coverage with a \$2,000,000 each accident limit and policy limit. Both the Excess Workers Compensation and Employers Liability coverage are subject to a \$500,000 per Accident Self Insured Retention (SIR).

Aircraft Liability and Hull Physical Damage: The County insures its helicopter liability and hull exposures through QBE Insurance Co. The program provides a \$25 Million limit each Occurrence single limit liability for 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. Hull Physical Damage coverage is provided on values of \$2,210,000 and is subject to a 2% deductible per occurrence, except a \$1,000 Deductible when the aircraft is not in motion.

Cyber Liability: The County purchases Cyber Liability protection from the Beasley Syndicate of Lloyd's. The coverage provides protection to the County claims arising from Information Security and Privacy, Website Media Content, Regulatory Defense and Penalties, PCI Fines and Costs and Cyber Extortion. The limit is \$1,000,000 on an annual aggregate basis with various sub-limits applicable to certain extensions of coverage. The deductible is \$50,000 per incident. The policy also provides coverage for Privacy Breach and Response Services up to 2 Million Notified Individuals subject to a retention of 100 Affected Individuals.

Business Automobile Liability & Physical Damage for Subsidized Police Vehicle Fleet:

The County purchases a Business Auto Liability policy from Island Insurance Company for the vehicles (approximately 15 vehicles) in the subsidized police fleet. The Program has Bodily injury limits of \$100,000 Each Person and \$300,000 Each Accident; Property Damage Liability of \$100,000 Each Accident; Personal Injury Protection of \$50,000 per Person per Accident,

Uninsured Motorists \$100,000 Each Person and \$300,000 Each Accident; Underinsured Persons \$100,000 Each Person and \$300,000 Each Accident. The vehicles also have Comprehensive and Collision coverage subject to specific deductibles for each vehicle.

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

Self-Insured Workers' Compensation	FY2013	FY2014	Variance (\$/%)
Total Replenishments to TPA's Trust Fund	\$1,080,523	\$1,234,066	\$153,543 (14.2%)

**TTD charged directly to payroll, TPA Adjusting Fees charged to Department of Personnel Services*

Department	Division/Location	Total Paid
Police	All Division/Location	\$443,334.51
Public Works	All Division/Location	\$378,248.26
Finance	Accounting/Water #590	\$144,846.82
Parks and Recreation	All Division/Location	\$91,330.45
Fire	All Division/Location	\$89,350.13
Transportation	All Section/Location	\$82,194.75
Housing	Housing Section 258	\$2,094.94
Prosecuting Attorney	Administration	\$1,405.40
County Clerk	Council Services	\$1,162.96
Personnel	Administration	\$143.08
Total Charges to Departments		\$1,234,066

Activities/Projects:

The Department of Finance/Risk Management Services, in coordination with its insurance broker, Atlas Insurance Agency 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

FY JULY 1, 2013 – JUNE 30, 2014 Annual Report for Accounting Division

Renee M. Yadao, Accounting Systems Administrator
Sherri Silva, Fiscal Control Analyst
Kai Li Spanski, 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, 2013. The County has received this award for the 21st consecutive year. This award signifies that the County's 2013 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 2014 CAFR will continue to meet the requirements and plan to submit our CAFR in December 2014 to determine its eligibility.

V. BUDGET

	FY2014	
	Budget	Actual
Equivalent Personnel		
Full-Time Permanent	11	11
Salaries	662,385	630,962
Employee Benefits	342,073	362,447
Other Services	113,461	81,791
Supplies	12,000	8,624
Equipment	7,628	3,969
Other	29,399	15,021

FINANCE DEPARTMENT

Driver License

Fiscal Year 2013-2014

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, Driver License Clerk I
Rosielily T. Omo, Driver License Clerk I

I. MISSION STATEMENT

To provide a user-friendly system for the issuance of a learner's permit, driver's licenses, state identification cards, 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.

Install ADLKTS (Automatic Driver License Knowledge Testing System) to electronically administer knowledge 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 Chapter 19-133.2 of the Hawaii Administrative Rules.
- 5) Administration of Motor Vehicle Safety Responsibility Act, Chapter 287, Hawaii Revised Statutes.
- 6) Administration of the FMCSA (Federal Motor Carrier Safety Administration) regulations.
- 7) Continue to verify and establish Legal Presence for all applicants (Section 19-122-304 Hawai'i Administration Rules).
- 8) 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.
- 9) 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.
- 10) 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.
- 11) Issuance of placards for parking privileges for disabled persons.

- 12) Administer Chapter 11-219 of the Hawai'i Administration Rules – Parking for Persons with Disabilities.
- 13) 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

2013 DRIVER LICENSE AND STATE I.D. STATISTICS

COUNTY OF KAUAI

TOTAL LICENSED DRIVERS **52,998**

2012 Total License Drivers 52,683

2013 Increase of 315 licensed drivers = 0.60% Increase

COMMERCIAL DRIVER LICENSE **1,721**

2012 Commercial Driver License 1,788

2013 Decrease of 67 licensed drivers = 3.75% Decrease

MOPED/MOTORSCOOTER/MOTORCYCLES LICENSES **3,559**

2012 Moped/Motor scooter/Motorcycle Licenses 3,458

2013 Increase of 101 licenses = 2.92% Increase

TOTAL STATE ID **15,508**

Percentage of State Issued 4.40%

Department of Finance
Division of Purchasing
FY 2013 - 2014 Annual Report
June 1, 2013 – July 1, 2014

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 II
Wendy Takemoto, Procurement and Specifications Specialist II
Hope Stem, Procurement and Specifications Specialist II
Jason Coloma, Procurement and Specifications Specialist I
Carrie Moses, Procurement Technician I
Raina Bautista, Procurement Clerk 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 portal 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, 2013 to June 30, 2014, the Division's work accomplishments were as follows:

Completion of all equipment procurement as approved by the Budget Ordinance B-2013-753 and/or grants procurement totaled **\$1,937,524.64**

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

1. Hardy Street Improvements: **\$7,897,500.00**
2. Island-wide Supervisory Control and Data Acquisition: **\$5,047,675.28**
3. 'Ele'ele Wastewater Treatment Plant Process Equipment: **\$4,194,959.99**
4. Utility Relocation for Hardy Street Improvements: **\$3,819,300.00**
5. Kaua'i County Seven (7) Channel Radio Communication System Service Agreement – 10 Years: **\$3,553,414.76**
6. Lima Ola Infrastructure Engineering and Design: **\$3,332,697.00**

7. Twenty (20) Wheelchair Lift Accessible Passenger Buses: **\$2,935,523.00**
8. Motorola Maintenance Upgrade: **\$2,900,000.00**
9. ‘Ele‘ele Iluna Phase 2 – Increment A: **\$1,920,000.00**
10. Ballfield Lighting Retrofits for Kekaha Faye Park, Waimea Canyon Park, Kōloa Park, and Kapa‘a New Town Park: **\$1,641,700.00**

IV. Program Measures

ITEM	FY 2014		FY 2015	FY 2016
	TRANSACTION QUANTITY	DOLLAR AMOUNT	EST TRANS QUANTITY	EST TRANS QUANTITY
BID DEPOSITS AND REFUNDS: (Target refund time is twenty (20) days after contracts are fully executed.)				
Bid Deposits & Performance Guarantees, Plans & Specs.	9	\$37,980.08	8	8
Refunds	7	\$31,620.08	10	10
PURCHASE ORDERS:				
PROCESSED: ^a (Target turn-around time for processing of requisitions is 1 to 2 days.)	3242	\$7,850,164.94a	4000 ^c	4000 ^c
INFORMAL & TELEPHONE BIDS PROCESSED:	161	\$1,635,662.11		
Written Informal - (Prepare and solicit bids within two (2) weeks after receipt of requisition.)	11	\$355,288.96		
Telephone Bids	150	\$1,280,373.15		
ADVERTISED SOLICITATIONS:				
Bid/Proposals Advertised	65			
Awards ^b (construction, consultant, negotiated, price agreement, concessions)	159			

CONTRACTS BY TYPE:				
Goods (GDS)	5	\$489,418.00		
Equipment (E)	20	\$6,360,065.51		
Services (S)	67	\$19,799,757.18		
Construction (CIP)	23	\$22,941,526.03		
Open End (OE)	7	\$0.00		
Grants (G)	15	\$3,231,014.00		
MISC. (All Others) (M)	18	\$4,359,096.02		
CONTRACTS BY METHOD:				
Invitation For Bids (IFB)	63	\$17,166,184.18		
Request For Proposal (RFP)	9	\$13,739,343.28		
PROF SVC (PS)	19	\$6,920,721.48		
Small Purchase (SM)	3	\$14,714.64		
Sole Source (SS)	13	\$7,205,759.44		
Emergency (EMG)	0	\$0.00		
Exempt (EX)	42	\$12,086,077.71		
Co-operative Purchase (CO-OP)	1	\$0.00		
Real Estate Lease (RL)	1	\$47,900.00		
Non-procurement (NP)	7	\$8,976.00		
MAIL:				
(Mail is processed daily.)	83361	\$77,776.83 ^d		
Estimated Hours Expended	620		620	620

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

^b Totals are inclusive of awards by purchase orders

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

^d Mail expenditures continue to decrease as a result of electronic procurement and other paperless and technological initiatives.

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

Expense Type	FY 2014 Actual	FY 2015 Approp.	FY 2016		Total
			Request	Expansion	
Equivalent Personnel (E/P)	8.0	9.0	0	0	*8.0
Salaries and Wages	420,180	365,800	*\$370,215	0	*\$410,096
Operations	445,338	510,884	\$396,602	0	\$386,118
Equipment	5800	5800	0	0	\$8,640
Program Total	798,912	871,318	766,817	<\$10,450>	\$804,854

*Note: The Budget and Purchasing Director, Position No. 102, while providing administrative oversight to the Division of Purchasing and the budget operation, is currently administratively assigned to the Finance Administration Division. The salary and fringe benefits are so reflected in that budget appropriation.

VI. 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.

During the past fiscal year, the DoP has 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. There was a slight delay in the intended implementation due to a shift in operating priorities having to do with recruitment and selection initiatives.

B. Expansion in the Use of Electronic Procurement to the Bid Tabulation, Evaluation, and Award Processes for Departments and Agencies.

In FY 14, the DoP initiated expanded implementation of its paperless procurement processes. Past practices after bid opening was the hard copy transmittal of abstracts to departments and agencies to inform of the bid results and the requirement for physical appearances at the DoP by department personnel to review bids and offers. The process has been revised to utilize a paperless and electronic process to convey to all departments and agencies bid tabulations and proposal as well as electronic copies of the requisite bid documents of all bidders.

This information is vital to the department to begin the review, evaluation, and award process.

C. Expansion of Electronic Procurement and Paperless Initiatives



In FY 14, the DoP fully executed and implemented the completely paperless initiative for all professional service solicitations. The process initially commenced in FY 13 and was fully implemented in FY 14. In addition to posting solicitations on line and accessible on our County of Kauai, DoP electronic procurement web site (Bids and Proposals), all resumes and letters of intent are now submitted to the DoP in electronic format. This has created tremendous time and cost efficiencies for our professional service contractors. It has also created internal operational efficiencies for our DoP and County departments and agencies that are now provided these resumes and letters of intent electronically upon receipt.

Administration authorized the free and unfettered access to all County contracts stored on the electronic portal for all County employees for general use and to assist in the processing of County work. This will provide a valuable resource for all departmental personnel in terms of accessing contacts for use as samples or to attend to needed research and other activities. The ease of access to contract information is in stark contrast to past practices whereby paper contracts would have to be sought in various filings systems in various locations.

D. Multiple Formal Bids Successfully Issued

In Fiscal Year 2014, the Division of Purchasing received, reviewed, and executed 71 formal bids involving Competitive Sealed Bids and Competitive Sealed Proposals, which resulted in the issuance of 157 contracts for goods, services, and construction valued at over \$57 million.

E. Succession Planning



In Fiscal Year 14 the DoP successfully filled all of its position vacancies in both the specialist and technician classifications. The last specialist vacancy was filled in FY 14 after adhering to the six-month rehiring moratorium which was required in the FY 14 budget execution plan. The successful filling of all vacant positions was the first critical step in achieving the succession plan that was first conveyed to the Council in the FY 14 budget presentation. Since that time, numerous results have been achieved:

1. Two (2) entry level specialists hired in FY 13 have received critical training and education needed to achieve a functional understanding of the requirements of the Hawaii State Procurement Code and associated Administrative Rules.

2. Appropriate class specifications-based work assignments have been made to provide practical exposure to the work based on the technical and pragmatic training provided.
3. The two (2) Procurement and Specifications Specialists I have been successfully reallocated to the level of Procurement and Specifications Specialist II positions which now enables them to assume a broader range of work responsibilities and provide further opportunity for professional growth and development.
4. The succession plan envisions that the two new specialists will be successfully reallocated to the journeyman level of Procurement and Specifications Specialist III on or about Fall, 2014. Upon achieving this classification, the specialists will be deemed journey level workers and able to assume the full range of procurement assignments and responsibilities.
5. The newly hired Procurement and Specifications Specialist I position is slated for reallocation movement in the Fall of 2014. This is based upon the structured and intense training and support regimen to which he has been assigned. The intended pathway for his continued advancement is similar to the strategy implored with the two other specialist positions.

F. Use of Reallocations to Achieve Higher Classified Employees Without the need to Enlarge Staffing Numbers

The DoP has embarked on a personnel management strategy that focuses upon the use of reallocations in order to seek advancement of division personnel based on training, education, and experience. This strategy will enable the division to create a broader base of highly qualified and skilled employees who will be able to assume a larger scope of various procurement work and responsibilities. Under the classification system of civil service employees, employees with higher ranked class specifications are able to assume not only the more complex duties in that scope of work, but can also attend to the lower level work that is incumbent in the functioning of the positions in the division. This provides management with far greater flexibility in attending to increased workload. The most beneficial outcome of this initiative is that a larger scope of duties and responsibilities can be achieved absent the need to hire new positions when faced with increased workload and a corresponding demand for services. In these difficult financial times, these kinds of alternative strategies are vital.

The most recent initiative that impacts upon this strategy has been pursued with the technical support positions in the DoP - - procurement clerks and technicians. These positions do not require the possession of a college degree upon initial hiring as they are more technical support in nature. In working closely with the

HR Department personnel who have provided valuable technical expertise and guidance, the DoP will pursue the advancement of technicians to the higher level of Procurement and Specifications Specialists when one of two perquisites occur: achievement of a Bachelor's Degree or, achieving qualifying time in grade experience equivalent to the possession of a college degree. This initiative achieves two major critical elements of good personnel and organizational management: **1) it creates a valuable opportunity for upward advancement for employees which contributes directly to job satisfaction, job enrichment, and employee retention and, 2) creates a higher classified and better trained staff which enables management to assign more complex and voluminous work. These variables combined will contribute to a highly productive and effective operation.**

This initiative is a critical component of our succession plan for the DoP. It will result in all employees being able to advance to the level of procurement and specifications specialists over time and prior to the retirement departures of our two senior managers. Internal promotions will be needed to fill these positions to provide the essential needs for management oversights and an uninterrupted level of excellence in procurement services.

Department of Finance
Treasury/Motor Vehicle Registration
Fiscal Year 2013-2014

Treasury
David F. Spanski, Treasurer
Jean R. Kurosaki, Accountant III

Motor Vehicle Registration
Verna A. Yamase, Treas. Ops. Mgr.
Callie F. Gandeza, Treasury Clerk II
Robert Roman, Veh. Titles & Reg. Tech
Natalie Konishi, Veh. Titles & Reg. Tech
Annette Baptiste, Veh. Titles & Reg. Tech
Lisa Yamaguchi, Veh. Titles & Reg. Tech
Dawn D. Costa, Veh. Titles & Reg. Tech
Lynn Salvador, Veh. Titles & Reg. Tech
Tracie Sakamoto, Treasury Support Clerk
Thaila Waiamau-Gonzales, 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

- 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 \$173-\$211 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 \$181 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 FY2014 was 3.2% for sewer, 6.5% for real property tax payments and 2.6% for MVR payments. There were 799 sewer users 3,546 real property tax users and 2,087 MVR users. The decline in users from FY2009 to FY2014 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. Th 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	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>Est.</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual.</u>	
Return on investment (all funds)	1.2%	1.1%	1.0%	.86%	5.300%
2Year Treasury Bill (FY)	.40%	.24%	.25%	.46%	4.850%
Fees as a percentage of bonds issued	N/A	1.0%	.83%	N/A	>1.50%
Motor Vehicle Registration					
Sewer Bill Transactions + e-pmts.	23,809	23,791	24,472	24,868	21,649
Motor Vehicle Transactions (all types) + e-pmts.	89,816	91,629	90,182	92,765	68,302
Bicycle, dog, business license transactions tipping fees, T/F deposits, solid waste, sludge, firecracker;(Does not include outside agency deposits, phone inquiries, info requests, reject mail, filing, etc.)	4,432	4,408	4,087	3,862	

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

Expense Type	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Request
Equivalent Personnel	12	12	12	12	12
Salaries & Wages	466,618	494,862	463,801	505,711	553,421
Operations	238,270	211,837	238,778	199,844	238,018
Equipment	0	0	0	0	5,000
Program Total	704,888	706,699	702579	705,556	796,439

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 Veh. 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 11	FY12	FY13	FY14	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	
Motor Vehicle Transactions	69,142	69,867	68,174	70,751	.
State MV Weight Tax , Registration					
Fee, penalty, EMED collected(\$)	4,365,047	7,677,431	8,924,737	9,159,995	

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

Expense Type	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Request
Equivalent Personnel	2	2	2	2	2
Salaries & Wages	137,165	140,054	119,091	133,989	168,952
Operations	0	0	0	0	0
Equipment	0	0	0	0	0
Program Total	137,165	140,054	119,091	133,989	168,952

**DEPARTMENT OF FINANCE
INFORMATION TECHNOLOGY (IT) DIVISION
Fiscal Year 2013/1014**

Brandon Raines, IT Manager (Executive Assistant to the Mayor)
Mabel Antonio, Computer Systems Officer
Amanda Swanson, IT Specialist IV
Del Sherman, IT Specialist IV
Eric Inouye, IT Specialist IV
Nyree Norman, IT Specialist IV
Winston Yama, IT Specialist IV
Garrett Johnson, Senior GIS Analyst
Kelly Agena, IT Specialist III
Maxwell Klutke, IT Specialist III
Carlos Dela Cruz, IT Specialist I
Jolene Silva, IT Computer Support Technician II
Robin Lopez, 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 two primary service areas including:

- i. IT Infrastructure & Help Desk - 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.

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.

IV. Program Measures - Accomplishments/Evaluation

a. Accomplishments

- i. Successfully completed transition of the County Telecommunications function from IT to Civil Defense. As part of this, led negotiations to secure a multi-year maintenance agreement for the Motorola 800MHz radio system that will save the County over \$850K during the 10-year contract term when compared to the original vendor quote. This contract was the first significant multi-term contract for the County, and has established a model for other, similar contracts that will allow the County to better negotiate pricing while reducing contract management overhead.
- ii. Provided technical and administrative support for the County's Next Generation 911 (NG911) implementation. Worked closely with the County Telecommunications Officer and State E911 Board to ensure that this project was successful. Also, played a key role on the State E911 Board to help identify and vet the world-class technology vendor that was selected to provide the State's NG911 service in conjunction with Hawaiian Telcom. At

this point, the entire state has successfully transitioned to NG911 which will enable future adoption of new, public safety technologies including Text-to-911, images, video, and telematics. The State E911 Board continues to support and fund our goals of improving 911 services for all of Hawaii.

- iii. Partnered with Office of the Prosecuting Attorney to support implementation of a new, cloud-based Case Management system to improve operations and information access. Also, provided technical assistance to increase mobile capabilities for prosecutors through the adoption of new tablet applications that increase productivity while away from the office.
- iv. Completed initial phase of project providing WiFi access for selected County meeting rooms and facilities in order to increase productivity via enabling mobile solutions. Established self-service access to this service managed through agency-assigned wireless administrators that can act independently of IT in terms of granting wireless access to their staff and guests as appropriate for business needs. Planned for additional WiFi locations to be considered, prioritized, and implemented in FY15. Also in FY15, WiFi access capabilities will be expanded to include secure, wireless access to our internal network for approved County employees and devices.
- v. Partnered with Kauai Police Department to provide technical assistance required to facilitate implementation of several new automation initiatives including on-line citizen services for submitting Crime Tips (Tip 411) and viewing Map-based Crime Activity, as well as launching the new TriTech Records Management System with Field Based Reporting and Mobile Data Terminal capabilities. Additionally, provided extensive technical support and services in preparing the new Alternate Dispatch Center. While already 911-ready, the center's capabilities will be upgraded to support full NG911 services, as mentioned above, by late 2014.
- vi. Completed recruitment, hiring, and training for 2 open, IT Specialist IV positions bringing in additional expertise for networks, databases, mobile operations, web-based development, and enterprise reporting. Both of the selected candidates have over 20 years of IT experience, and are already making significant contributions to move County IT efforts forward.

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 challenging 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 have worked closely with Personnel to re-describe and fill our open positions ensuring that we have the most appropriate staff possible 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 gains for County operations and providing additional technology-based services for our residents while ensuring appropriate return on investment.
- iii. Current infrastructure and systems are resource-intensive requiring a transition to alternative solutions that leverage non-County assets. We will continue to evaluate our 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 and technologies. 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. There will also be a focus on expanding use of server virtualization to realize efficiencies while minimizing overhead/cost.

V. Budget

Expense Type	FY 2013-2014 Budget	FY 2013-2014 Actual	Variance	Percentage
Equivalent Personnel	13	13	0	100%
Salaries & Wages	\$ 832,560	\$ 808,728	\$ (23,832)	97%
Employee Benefits	\$ 493,800	\$ 450,497	\$ (43,303)	91%
Operations & Equipment	\$ 1,327,806	\$ 1,321,108	\$ (6,698)	99%
Expense Totals	\$ 2,654,166	\$ 2,580,333	\$ (73,833)	97%

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 use a survey to 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.

The resulting Citizen Technology Survey was developed internally, and made available to the public on the County’s website from August through December of 2013. Following extensive analysis of the survey results, we compiled and posted a findings report on the County website providing open access for all to see what others in the community are saying about technology, and how the County plans to respond to the information provided. Moving forward, we will be posting detailed project definitions and progress reports for each initiative that is pursued as a result of the survey. Finally, to complete the loop, we plan to issue additional surveys to get your feedback on how we did and what comes next.

FINANCE DEPARTMENT

FY July 1, 2013 – June 30, 2014 Annual Report for Real Property Assessment

Kim Hester, Property Technical Officer/TA Tax manager
Domie Bucasas, Appraisal Support Services Administrator
John Herring, Real Property Appraisal Consultant
Damien Ventura, Agricultural Appraiser Specialist
Mike Hubbard, Contract Position – Senior Condominium Specialist
Sandy Howatt, Appraiser IV
Craig Arzadon – Appraiser II
Kenneth Stevenson – Appraiser II
Curtis Bedwell, Appraiser V
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
Fran Hollinger, Contract Position, Abstractor II
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) upholding 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, alternative energy exemptions, charitable/non-profit exemptions, 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 : www.kauaipropertytax.com

B. Division Goals

1. Continue to develop an educated Real Property team with a focus on National Mass Appraisal Standards to ensure strong Public Trust, in providing staff training through online or in-state classroom education. Implementing new

technology in order to enhance the abstracting & mapping process; desktop visual review of neighborhood and market model groupings, followed by field verifications; find changes in improvements efficiently and provide for better accuracy in annual valuations. Continue developing policies and strategies that will encourage cross-departmental efficiencies; through enhanced communication and coordination of workflows. Develop and redefine our employees' duties and responsibilities as work processes evolve through new technology, streamlining the organization.

2. Incorporate newly purchased technologies, such as Assessment Software Web-based upgrades, Hawaii specific commercial and residential improvement materials costs imbedded within the valuation software; Pictometry upgrades and ESRI applications that provide for accuracy in view, topography and other value adjustments, satellite maps provided through other State and County agency created layers such as zoning changes, important ag lands designations, visitor unit and affordable housing counts, ag dedicated land, sea level and erosion layers, and other visual aids that can assist both our employees and the public alike for comprehensive information. Leverage mobile technology, such as the introduction of field tablets that utilize the Cloud to get real time data collection into our assessment software without redundant data entry.
3. To enhance public trust through fiscal practices in administration, we strive to efficiently and vigilantly administrate the new 'Tax On Use' classification process, by generating new surveys upon transfer of ownership, verification of use through online research and field review. Provide for better 'use' definitions and the promulgation of administrative rules – in order to provide fair and uniform application of tax rates, under the law. Develop compliance procedures to affect accurate qualifiers for the various exemptions and tax credits offered, to include all types of multiple uses on properties. Clarify and strengthen the Home Exemption qualifications and Homestead Classification definition to provide for clearer and easier administration, avoiding misinterpretation and fraud. Clear standardization and comprehensive review of tax relief implementation will alleviate the need to continually monitor, request for information or redundant field inspections to check on what might have been missed at initial application. Continue to monitor Building Division updates as to the number of open permits, so no improvement is omitted for more than 1 year after its date of completion.
4. Staff vacancies are a chronic issue as we transition from outdated work processes and organizational charts to a new, more efficient organization, inclusive of technological mapping skills and valuation analysts, compliance officers and valuation modelers – clerical staff that helps to eliminate the use of paper and begin to store records electronically, while incorporating 'tax on use' compliance checks into their daily procedures. The upcoming year will need a larger focus on training new staff and standardization of new procedures with the comprehensive implementation of new technology to include policy and procedure training manual development. Gaining additional cooperation with the Planning, Housing, Solid Waste and Building Divisions will provide for a simplified and more

accurate centralized data silo – where the Parcel layer can be expanded to provide pertinent information for all County divisions, once new zoning layers, permit information, site addresses and tax classifications as to the property use, can be viewed by many and edited by those authorized through aerial imagery.

5. Analyze market trends, by market type to affect cost and land valuation updates through better development of Computer Assisted Land Pricing (CALP) models. Changes in market areas, land divisions and types of ownership, as well as new and pending legislative changes to entitlements affect Market Prices for Real Property. Utilize technological tools, to include newly developed zoning, sea level rising, topography, soil rating and erosion layers gleaned from other agencies on GIS to visualize land changes and 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. Appraisers and their support staff now are responsible for larger parcel counts that overlap models, 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. 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.
8. The proposed improvements to security, provision for fireproof storage of historical documents and alterations for better utilization of space within the Real Property Assessment office has been placed on the current CIP project list and will hopefully be implemented after a ten –year delay. 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 Project Information Description (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 re-instated from original PID developed in 2005, by Project Management Program Coordinator, back in 2009. Going forward, recently acquired Laserfiche compatible scanners will be utilized for the initiation of a policy where all pertinent documents and tax relief intake will be scanned and paper files sequently shredded, once secure memory storage is obtained.

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 cooperation from Planning and other departments to implement a “codification” of the zoning layer over the current “parcel layer” maps, ensuring public trust in that the most current entitlement and restriction information is available for the valuation team, as many of the 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 now must provide for accurate and uniform tax classifications, annually, based upon actual uses of the property – an added workload for all divisions, to ensure that every taxpayer is provided with an equitable and punctual system for tax appeals. 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.

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. Statewide, there is a movement to follow the International Association of Assessing Officers Mass Appraisal Standards for education, staffing and processes, with the development of the “Hawaii Chapter” of the IAAO – where all assessment staff are members and benefit from cost savings in education and industry information

or research tools. Maui Administrator Scott Teruya was the lead in developing the Hawaii Chapter and provided for comprehensive cost savings in bringing new technology to all Hawaii counties at 'bulk' cost savings for each application procured. Scott was recently named IAAO "Member of the Year" for his work in bringing this highly accredited International Association of Assessment Standards organization to the State of Hawaii. Kauai County will host the first IAAO Hawaii Chapter meeting later this month.

In FY 2014, 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 tax credits, islandwide. 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 2014

JULY 01, 2013 – JUNE 30, 2014

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

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.
- c. Go Paperless!!! Provide taxpayers with the option of paperless billing.

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

Beginning Tax Roll for FY 2013-14	
Real Property	95,799,658.72
RRCA	2,747,400.00
KKUCFD	845,857.71
Subtotal:	99,392,916.43
Tax Credits for FY2013-14	
PHU (Perm Home Use)	-3,796,179.17
LIC (Low Income)	-19,544.19
LTL (Long Term Lease)	-2,259.21
Subtotal:	(3,817,982.57)
Current Tax Balance:	95,574,933.86

i. **Lock Box Vendor** processed the following:

	# OF BILLS	AMOUNT
CYCLE 1	10,194	20,663,129.44
SEPT	362	391,467.88
CYCLE 2	10,868	18,725,315.39
MAR	255	246,188.70
GRAND TOTAL:	21,679	40,026,101.41

ii. **The Agency Billing Program:**

	# OF BILLS	AMOUNT
CYCLE 1	16,131	14,009,328.67
CYCLE 2	12,248	13,790,892.21
GRAND TOTAL:	28,379	27,800,220.88

iii. **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). The 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	193	598,333.05	204	324,649.46	397	922,982.51
Aug	565	1,652,460.06	706	982,444.45	1271	2,634,904.51
Sept	58	137,549.51	65	62,376.11	123	199,925.62
Oct	17	47,086.13	23	29,626.24	40	76,712.37
Nov	11	29,963.00	12	20,389.40	23	50,352.40
Dec	20	46,558.69	31	57,165.00	51	103,723.69
Jan	146	370,735.00	185	322,906.16	331	693,641.16
Feb	525	2,659,567.37	607	733,012.03	1132	3,392,579.40
Mar	32	60,921.74	59	60,829.07	91	121,750.81
Apr	18	21,511.05	24	44,503.58	42	66,014.63
May	6	14,367.84	17	16,409.66	23	30,777.50
Jun	4	3,248.47	18	45,989.20	22	49,237.67

1595 \$5,642,301.91 1,951 \$ 2,700,300.36 3,546 8,342,602.27

- iv. There were (31) Statements of Assessed Values and Real Property Taxes Due (Tax Searches) processed and certified.
- v. There were (94) Bankruptcy Notices Received.
- vi. There were (39) Tax Clearances.
- vii. There were (60) Service Fee's for dishonored checks.
- viii. Delinquent outstanding tax balance as of June 30, 2014 = **\$1,511,433.30 for a total of 453 accounts.**

IV. Program Measures

FISCAL YEAR 2013-14 COLLECTIONS (CURRENT YEAR)

Beg Balance as of July 01, 2013		
RP	95,799,658.72	
RRCA	845,857.71	
KKUCFD	2,747,400.00	
Subtotal:	99,392,916.43	
Authorized Adjustments - P38 Debits		212,507.67
Other Debits		3,906.00
Pay Debits:		1,421,449.44
TOTAL DEBITS		<u>1,638,863.11</u>
Beg Balance as of July 01, 2013 - CB/PHU/LTL	(3,817,982.57)	
Authorized Adjustments - P38 Credits		(351,507.34)
Write-Offs (End of Fiscal Year - under \$1)		(26.43)
Other Credits		(48,324.38)
Pay Credits		(95,219,382.86)
TOTAL CREDITS		<u>(95,625,240.01)</u>
Outstanding Tax Balance		<u>1,593,555.96</u>
Subtotal:(CURRENT YEAR)	99,437,223.58	
Refunds		(5,413.54)
Penalty		(382,506.87)
Interest		(79,955.63)
Other Fees		30.00
TOTAL:		(467,846.04)
OUTSTANDING TAX BALANCE:		<u><u>1,593,555.96</u></u>
Total Tax Collected:	93,981,377.90	

FISCAL YEAR 2013-14 COLLECTIONS (PRIOR YEAR)

Beg Balance as of July 01, 2013	3,741,257.55	
Authorized Adjustments - P38 Debits		190,837.38
Other Debits		855,496.95
TOTAL DEBITS		1,046,334.33
Authorized Adjustments - P38 Credits		(396,808.71)
Write Offs (End of Fiscal Year - under \$1)		(0.12)
Other Credits/Pay Credits		(2,879,349.75)
TOTAL CREDITS		(3,276,158.58)
		<u>(2,229,824.25)</u>
Outstanding Tax Balance		1,511,433.30
Subtotal: (PRIOR YEAR)	3,276,158.58	
Refunds		98,869.83
Penalty		(211,440.15)
Interest		(610,558.88)
Other Fees		<u>(481.14)</u>
TOTAL		(723,610.34)
OUTSTANDING TAX BALANCE:	<u>1,511,433.30</u>	
Total Tax Collected:	2,229,824.25	

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
- c. Going Paperless!!! Paperless billing began with the FY2014-15 Real Property Tax Bills. Those taxpayers who signed up for Paperless billing received an email with a link to look up their Real Property Tax Bill.