DEPARTMENT OF FINANCE

Finance Administration
FY JULY 1, 2011 – JUNE 30, 2012 Annual Report

Administration
Wallace G. Rezentes, Jr., 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

Salaries	478,759	525,712
Employee Benefits	269,556	324,054
Other Services	14,790	32,638
Special Projects	892,940	892,985
Travel	28,227	35,250
Other		700

County-Wide Costs:		
Telephone	131,428	150,000
Liability Insurance	577,417	725,000
Property Insurance	442,671	620,000
Excess WC Liability Insurance	319,820	570,000
Auto	29,039	110,327
General Liability	587,711	1,000,000

(*Actual = expenditures + encumbrance @ 06/30/2012)

DEPARTMENT OF FINANCE

FY JULY 1, 2011 – JUNE 30, 2012 Annual Report for Accounting Division

Renee M. Yadao, Accounting Systems Administrator
Kenneth Villabrille, Central Payroll Accountant
Sherri Silva, Fiscal Control Analyst
Teresa Caires, Central Accounting Analyst
Donna Gabriel, Accountant III
Nancy Renteria, Accountant III
Marisa Sierra, Payroll Specialist
Doris Agbulos, Fiscal Specialist Trainee
Patrise Pancho, Accounting Technician
Melanie Luis, Accounting Technician

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, 2011. The County has received this award for the 19th consecutive year. This award signifies that the County's 2011 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 2012 CAFR will continue to meet the requirements and will submit our CAFR in December 2012 to determine its eligibility.

Accounting Division successfully implemented Phase I of expanding the pCard Program for other commodities, of which, included the development of operational policies and procedures, guidelines and standardized forms. Phase II is in-progress and to date, we have successfully distributed 49% of those pCards previously approved. Accounting's goal is to have all approved cards issued by the end of the calendar year 2012.

V. BUDGET

	FY2012	
	Budget	Actual
Equivalent Personnel		
Full-Time Permanent	10	10
Salaries	546,315	544,258
Employee Benefits	810,130	314,116
Other Services	230,472	112,759
Supplies	12,443	11,791
Equipment	15,748	8,424
Other	31,191	28,411

DEPARTMENT OF FINANCE
RISK MANAGEMENT DIVISION
FY JULY 1, 2011 – JUNE 30, 2012

Janine Rapozo, Risk Management Administrator
Gerald Estenzo, Risk Management Coordinator

I. Mission Statement

The mission of the Finance Department-Risk Management Division is to protect the County's human, physical and financial assets through comprehensive and cost effective insurance and risk management programs.

II. Department Goals

The overall goal for the Risk Management Division is to identify risks and implement a loss control program based on risk reduction and prevention (training), risk retention (self-insurance), and risk transfer (insurance).

III. Program Description

a. Objectives

- Identification of Risk
  Establish a comprehensive inventory of the County's human, physical and financial assets and the risks associated with each area.

- Risk Reduction and Prevention
  Provide a healthy, safe and secure work environment for employees by being responsive to employees and complying with all applicable safety and health laws, rules, regulations and standards.

- Risk Retention
  Retain certain risks through self-insurance programs for losses that will occur with predictable frequency and in an amount which will not have substantial impact on the County's financial position.

- Risk Transfer
  Protect the monetary resources of the County through effective loss control and risk management techniques.

b. Highlights

Insurance Program

This year, the County appointed a new insurance broker, Arthur J. Gallagher Risk Management Services, Inc. Gallagher is the fourth largest brokerage firm in the nation, is the largest public insurance broker in the United States, and the broker support team has worked with the County for over seventeen years.

The strategy with the new brokerage team continued 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 and described below have emphasized purchasing adequate limits to cover potential loss exposure(s) while employing a "risk vs. reward" analysis to determine if the various programs' premium outlay is an effective use of County assets.

Excess Liability Insurance

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 Indemnity and Liability Company. Coverage includes Public Liability, Automobile Liability, Law Enforcement Liability, Employment Benefits Liability, Public Officials Errors and Omission, and Employment Practices Liability.

Property Insurance

The County's Total Property Insurance Policy is $25 million per occurrence on a layered program with Ironshore Specialty and Westchester Surplus Lines Insurance ($10 million primary) and the Underwriters at Lloyds ($15 million excess). 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.

Crime Insurance

Government Crime coverage is provided by the National Union Fire Insurance Company of Pittsburgh, Pennsylvania with a $5 million policy limit per occurrence and a $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, and credit/debit/charge card forgery. The $5 million per loss covers faithful performance of duty of treasurer and tax collectors and up to $100,000 for associated costs and expenses to establish employee theft or computer fraud.

Aircraft

Aircraft hull and liability coverage is provided by QBE Insurance Corporation with policy limits as follows: $2,210,000 for Hull physical damages; $25 million for each occurrence of single limit bodily injury and property damage, including passengers liability; $25 million airport premises liability; $25 million non-owned aircraft liability for each occurrence; and $10 million for non-owned aircraft physical damage.

Excess Workers' Compensation

The County's workers' compensation program is self-insured up to $500,000. Excess Workers' Compensation insurance coverage from Safety National Casualty Corporation is $25 million per occurrence and $2 million Employers Liability policy limit per occurrence.

As illustrated by the Chart of Insurance Premiums below the County's premium expenses have been fairly consistent as in the previous fiscal year and actually represents an overall decrease of $42,138. The individual spike in premiums for Excess Workers' Compensation is based on an increase in payroll, and the increase for Crime Insurance is due to an increase in liability limits from $2 million to $5 million in coverage.

Chart of Insurance Premiums-Last Two Fiscal Years

Insurance Premiums:	FY2012	FY2011	Change in Dollars ($)	Change in Percentage (%)
Excess General Liability	$ 597,650	$ 642,550	($44,900)	-7.0%
Property Insurance	$ 408,752	$ 411,392	($ 2,640)	-0.6%
Crime Insurance	$ 12,423	$ 9,021	$ 3,402	37.7%
Aircraft	$ 42,375	$ 53,867	($11,492)	-21.3%
Excess WC	$ 117,711	$ 104,219	$ 13,492	12.9%
Total Insurance Premiums	$1,178,911	$1,221,049	($42,138)	-3.5%

Workers' Compensation Program

As previously described above, the County's Worker's Compensation Program relied on a combination of a self-insurance program along with additional excess insurance coverage for larger losses.

The County worked closely with its third party administrator (TPA), Brandvold Ku, Inc. and insurance broker, Arthur J. Gallagher Risk Management Services, Inc. to effectively and efficiently manage claims. In addition, a professional actuary conducted an analysis of the Workers' Compensation outstanding loss reserves in order to forecast expected payout for future fiscal years, allowing the County to prepare for potential obligations on a post-loss basis.

This fiscal year, there were 229 claims processed by our third-party administrator (TPA) of which 100 were new claims. Of the total claims, 103 claims remained open and 129 claims were closed. Therefore, the closing ratio for worker's compensation cases for this fiscal year was 129% (129 closed cases divided by 100 new cases) for a better than acceptable Best Practices goal of 100%.

Below is a comparison of Worker's Compensation claims by Department and associated costs for the last two fiscal years.

Workers' Compensation Claims and Costs By Department-Last Two Fiscal Years

Number of Claims Processed   Cost

Department/ Agency	Open	Closed	Total Claims FY 2012	Total Claims FY 2011	Department/ Agency	Cost FY2012	Cost FY2011
Public Works	44	46	90	95	Public Works	$ 538,145	$ 416,976
Police	27	29	56	56	Parks & Rec	$ 322,897	$ 355,228
Parks & Rec	17	9	26	32	Fire	$ 219,764	$ 30,690
Fire	10	20	30	14	Police	$ 189,856	$ 207,237
Water	2	10	12	7	Water	$ 27,842	$ 9,700
Transportation	2	2	4	3	Transportation	$ 12,092	$ 16,572
OED	1	0	1	0	Planning	$ 3,349	$ 6,634
Housing	0	5	5	2	Housing	$ 1,238	$ 7,471
Finance	0	2	2	1	Finance	$ 1,169	$ 5,041
Planning	0	1	1	1	OED	$ 262	$ 0
Elderly Affairs	0	1	1	0	Elderly Affairs	$ 63	$ 0
Liquor	0	1	1	0	Liquor	$ 63	$ 0
Prosecuting Attorney	0	0	0	1	Prosecuting Attorney	$ 0	$ 2,055
Mayor	0	0	0	1	Mayor	$ 0	$ 293
Total	103	126	229	213	Total	$1,316,740	$1,057,897

Worker's Compensation benefits paid this fiscal year was $1,316,740, up $258,843 or 24% from last fiscal year, primarily due to an increase in settling and closing out Permanent Partial Disability (PPD) payments. Reserves in most categories were reduced, however, the overall reserve value increased by $22,127 primarily because of the increase in reserves for PPD payments.

As part of cost containment, medical expenses are audited by a third party bill reviewer to realize additional cost savings. For this fiscal year, the County was able to save a net total of $172,946 in medical expenses.

Below is a summary of Worker's Compensation actual costs and reserves by benefit type for the last two fiscal years.

Workers' Compensation Actual Costs and Reserves By Benefit Type-Last Two Fiscal Years

	Actual Costs			Reserves		
Benefit	FY2012	FY2011	Change	FY2012	FY2011	Change
Medical	$ 447,833	$ 489,686	($ 41,853)	$ 469,318	$ 591,663	($122,345)
Temporary Total Disability	$ 319,811	$ 321,501	($ 1,690)	$ 108,642	$ 122,845	($ 14,203)
Permanent Partial Disability	$ 323,604	$ 64,851	$258,753	$1,058,643	$ 850,273	$ 208,370
Vocational Rehabilitation	$ 42,212	$ 41,386	$ 826	$ 26,418	$ 62,432	($ 36,014)
Other Allocated Expenses	$ 79,259	$ 66,337	$ 12,922	$ 128,587	$ 142,268	($ 13,681)
Administrative Expenses	$ 104,021	$ 74,136	$ 29,885	NA	NA	NA
Total Costs	$1,316,740	$1,057,897	$258,843	$1,791,608	$1,769,481	$ 22,127

Training

An online web based training program was launched in October 2011 for all County employees. The program, SafetyLogic allows the County to assign, monitor and document employment and safety related training and permits employees to participate whenever it is most convenient for them. Group sessions were also scheduled throughout the year for field employees who do not have access to a computer.

A variety of training topics were provided to employees throughout the year with different topics assigned to specific employee groups based on work assignments. The training topics remain available to employees until completed with periodic reminders to ensure compliance. As shown in the chart below, completion percentages continue to increase the longer the training is available to employees.

Training Topic	Date Assigned	Total Employees Assigned	Total Employees Completed	Completion Percentage	Average Test Score
Safety Orientation	10/2011	1191	1013	85%	92%
Bloodborne Pathogens	12/2011	181	165	91%	92%
Managing Stress-Employees	1/2012	941	668	71%	94%
Managing Stress-Managers	1/2012	301	220	73%	91%
Effective Supervision	2/2012	299	190	64%	85%
Preventing Back Injury	3/2012	1223	723	59%	88%
Preventing Slips, Trips and Falls	6/2012	1239	668	54%	90%

In addition, to comply with the probation requirements for the County's violations related to endangered seabirds, all County personnel including Board and Commission members were required to attend a mandatory training in August 2011 on the issues surrounding the importance of endangered seabirds. Aside from the fifteen live training sessions that were provided, the session was recorded and made available through the County's SharePoint portal site for additional access to the training session, especially for those whose positions would make it difficult and inefficient to come in for a live training session (Firefighters, Water Safety Officers, Bus Drivers, etc.).

Finally, in collaboration with the Kaua'i Invasive Species Committee, an educational workshop was provided to County employees in February 2012 to inform them about what to watch for in the field in the early detection of invasive species on Kaua'i. Approximately 75 County field employees from Public Works, Parks and Recreation and the Water Departments attended the training that focused on basic invasive species on Kaua'i, reporting tools and accidental pest transportation prevention.

c. **Activities**

- In August 2011, the Risk Management Administrator was appointed by the Mayor to sit on the State's Risk Assessment Working Group, assigned to review and approve the design and placement of public warning signs.

- With the appointment of a new insurance broker, Arthur J. Gallagher Risk Management Services Inc, a new contract was drafted and executed in October 2011 for insurance brokerage services. The online SafetyLogic training program continued to be contracted through Aon Risk Management Services of Hawai'i, Inc.

- The Risk Management Administrator attended KCC's Leadership Conference 2011, "Entrepreneurial Leadership for Sustainable Organizations in October 2011.

- In coordination with the Department of Personnel Services, the County's Return to Work Program was started in February 2012. Informational meetings were held with all departments and included representatives from the Big Island County and third party administrator, Brandvold Ku to discuss the Big Island's Return to Work Program and claims processing.

- Open workers' compensation claims were reviewed quarterly with respective Department representatives, the County's third party administrator and insurance broker to develop action plans on major workers' compensation cases including returning injured workers to modified or light duty work assignments as well as to progress towards a fair settlement as part of loss control efforts to reduce costs.

- The Risk Management Coordinator and Deputy County Attorney were selected to participate in a statewide Task Force on Worker's Compensation Reform initiated by the State Department of Human Resources Development.

- In June 2012, a Team Building/Effective Communications workshop was coordinated and provided by Celine Piilani Nelsen of Pacific Leadership Partners to the Public Works Building Division to assist with the recent changes in personnel in their office organization.

IV. Program Measures-Accomplishments/Evaluation

- After several months of setup work in establishing the Countywide employee database and Content Customization System training, the online SafetyLogic training program went live in October 2011. Initially, online employees were skeptical with the system which resulted in a high percentage of non-compliance with training requirements. After much communication and continued monitoring, compliance percentages continue to increase.

  In the upcoming fiscal year, additional efforts will be made to work with outlying County facilities to provide training to field workers right at the employee's worksite to increase efficiency in training operations.

- Along with other County representatives, the Risk Management Administrator was a member of an internal Taskforce tasked with analyzing the feasibility and cost implications of expanding the functional responsibilities of the Department of Personnel Services as well as consolidating responsibilities and eliminating duplication of work of personnel within various departments.

  For better management and focus in two distinctive aspects of risk

management, the Taskforce recommended splitting the functions of the division as follows: the Department of Personnel Services-Employee Development and Health Division would focus on minimizing risk and exposure for the human assets of the County (employees) while the Department of Finance-Risk Management Division would ensure a comprehensive loss control program for the physical and financial assets of the County through a variety of insurance and other risk management activities.

The Taskforce's recommended risk management restructuring was incorporated into the fiscal year 2013 budget and approved by the County Council.

- The commencement of the County's Return to Work Program provides an opportunity for employees who are injured at work to safely return to work as soon as authorized by a health care provider to perform their regular job with modification, or when available, to perform alternate temporary work within the injured employee's physical capabilities.

   Several employees have taken advantage of the Return to Work Program since its implementation in February 2012. Quarterly claim reviews with the County's third party administrator, insurance broker, and specific departments provides an opportunity to discuss an injured employee's capability of returning to work on an on-going basis.

- Risk Management has begun and will continue to work with Arthur J. Gallagher Risk Management Services, Inc. in conducting an overall review and update of policies, procedures and guidelines as they relate to contractual insurance requirements. Consistency and standardization in contractual transfer and insurance requirements to match the scope of the products and services performed on behalf of the County and training for contract managers will be undertaken in the coming fiscal year.

V. Budget

	FY 2012-Budgeted	FY 2012-Actual
Equivalent Personnel	2	2
Salaries	$159,948	$159,948
Employee Benefits	$100,283	$ 84,699
Training	$ 62,613	$ 50,547
Other Services	$ 5,502	$ 0

Department of Finance
Division of Purchasing
FY 2011-2012 Annual Report

Ernest W. Barreira, M.S., Budget and Purchasing Director
Florence Kakuda, Procurement & Specification Specialist VI
Erwin Wright, Procurement & Specification Specialist V
Ruena Victorino, Procurement & Specification Specialist IV
Kristi Morita, Procurement & Specification Specialist II
Hope Stem, Procurement Technician I
Calvin Maeda, Program Support Technician II (Retired)
Carrie Moses, Program Support Technician I

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, 2011 to June 30, 2012, the Division's work accomplishments were as follows:

Completion of all equipment procurement as approved by the Budget Ordinance and Grants. Said procurement totaled **$2,837,637.09**

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

1. Island Wide Road Resurfacing (FY 2011-2012) - $5,402,864.00

2. Kokee Road Resurfacing, Federal-Aid Project No. STP-0552(2) $4,322,750.00

3. Construction of Lydgate Park-Kapa'a Bike/Pad Path, Phase B, Fed Aid Project STP-0700(61) - $3,380,360.00

4. Preliminary Engineering and Environmental Planning Services for Development of New RCRA Subtitle "D" Sanitary Landfill $1,848,507.00

5. Refuse Trucks and Tandem-Axle Semi-Trailer (LEASED) - $981,562.35

6. Greenwaste - $744,160.00

7. Kapaʻa New Town Park New Locker Room - $739,800.00

8. Sixteen (16) Each Police Patrol Vehicles, 4 Door w/ Audible/Visual Emergency Equipment - $730,919.01

9. Seizure and Impound Dogs - $595,000.00

10. Operation Kaua'i Recycles Program for the County of Kaua'i $577,771.80

IV.   Program Measures

ITEM	FY 2012		FY 2013	FY 2013
	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.	1	$28,888.59	25	25
Refunds	1	$28,888.59	15	15
PURCHASE ORDERS PROCESSED:* (Target turn-around time for processing of requisitions is 1 to 2 days.)	7558	$7,939,309.11	7000	7000
INFORMAL & TELEPHONE BIDS PROCESSED: (Prepare and solicit bids within two (2) weeks after receipt of requisition.)	145	$1,411,496.79	600	600
ADVERTISED BIDS: (Bids are advertised as soon as possible.)				
Bid/Proposals Advertised	84		90	90
**Awards (construction, consultant, negotiated, price agreement, concessions)	213		225	225
CONTRACTS: (Contracts are processed upon receipt from the Various Agencies.)				
Construction Contracts (exclusive of change orders and amendments)	10	$9,570,893.00	15	15
Professional Services, Consultant Contracts processed (RFP)	35	$5,198,360.68	30	30
Grants, Sub-recipient Agreements, etc.	43	$3,478,910.26	3	3
Equipment Contracts processed	30	$4,136,989.12	45	45
Miscellaneous Contracts processed	75	$9,995,517.29	100	100
Open End Contracts	19	NA	27	27
Concession Contracts	1		1	3
TOTAL	213			
MAIL: (Mail is processed daily.)				
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

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

Expense Type	FY 2011 Actual	FY 2012 Approp.	FY 2013 Request	FY 2013 Expansion	FY 2013 Total
Equivalent Personnel (E/P)	8.0	8.0	8.0	1	9.0
Salaries and Wages	410,928	420,180	*$365,800	1	*$365,800
Operations	379,584	445,338	394,642	0	394,642
Equipment	8,400	5800	0	0	0
Program Total	798,912	871,318	760,422	0	760,422

*Note that in FY 13, the Assistant Chief Procurement Officer Position (EM05) is re-described to Budget and Purchasing Director and reassigned to the Budget Division. This explains the projected reduction in payroll cost.

VI. Accomplishments/Evaluation/Future Program Projects

A. Procurement/Purchasing Thresholds Changes for Small Purchases

In 2012, the DoP via the Director of Finance (DoF) continued efforts to simplify the procurement process to achieve compliance with the Hawaii State Procurement Code while at the same time, achieving a higher level of operating efficiencies for our departments and agencies. A new threshold was created which disallowed the need for price quotes for all unit priced items under $500. In implementing this initiative, the departments and agencies were directed that they are to still exercise their market knowledge to ensure that the vendors offering the lowest proceed items are utilized at all times and to ensure best value for the County. Should the total purchase price under this threshold meet or exceed $5,000, the SPO 10 requirements as currently required will still apply.

B. Procurement Training

The Division of Purchasing has routinely availed itself for a substantial amount of 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.

C.   Financial and Budget Management

The DoP realized an operating budget cost reduction in FY12 of approximately $50,000.   This was attributable to the implementation of various technology initiatives which substantially reduced reliance upon mail service and proportionately reduced paper and other related office supplies. Advertising cost reductions were also significant as a result of electronic posting of all bids and solicitations on the web.   In light of the substantial cost savings, the DoP was able to seek the administration's and council's support to expend funds to address office renovation that were long overdue. The DoP partnered with the Building Division in order to pursue needed physical plant improvements along with the FEMA wall-hardening initiative.   The end result will be a vastly improved operating environment equipped with modern resources such as ergonomically correct modular furniture for the staff, the creation of a bid opening and staff meeting room, updated electrical and data infrastructure, and reallocated space for mail operations. The projected completion date is November 2012.

The FY13 budget was proportionately reduced based on the projected savings in postage and advertising costs.

VII.   Holo Holo 2020 Projects and Status

A.   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.

B.   Contract Tracking Improvements

The DoP successfully implemented the automated contract processing initiative. In FY12. The initiative replaced the past practice of processing multiple copies of

contract documents.   The next phase of this paperless and efficiency-creating initiative will be the completion of the design and implementation of the electronic contract portal. The portal will be managed by the DoP and allow for authorized personnel from all departments and agencies to gain access to the portal absent the need to generate paper or to seek the DoP's assistance. This is a significant change from the current process whereby the DoP transmits an electronic copy of the fully executed contract to the departments as an attachment to an email. All County departments and agencies have transmitted their lists of approved personnel to the I.T. Division. A component of the portal will be a spreadsheet that records and identifies all contracts that are executed in the County. This will enable County personnel to search for contracts using various search variables. Two significant steps remain before implementation can occur:

1. The DoP is finalizing the list of naming convention for all contract documents. This will create a system of uniformity so that all personnel in the DoP document various contract documents in the exact same fashion. This is a critical step so that County departments and agencies will be able to easily identify contract documents that reside electronically in the portal and avoid naming customizations.

2. The I.T. Division will be setting up the necessary access approvals for all departmental personnel as earlier conveyed by the department heads. This will enable the needed access to the DoP's "V" drive.

C.   Electronic Signatures

In FY12, the DoP continued to move toward the necessary planning and development to create this vitally needed resource. Two separate initiatives will need to be pursued in order to achieve success:

1. The DoP is working closely with the I.T. Division to create an electronic signature application for use within the County.   This initiative will not require legal revisions since the use of this type of signature will be for internal use only. The creation of this resource will further advance our electronic forms initiative by discontinuing the practice of having to print an electronic form for the sole purpose of acquiring a wet signature from an approving authority. The electronic signature will enable departments to forward these documents directly with the approving authority and the DoP.

2. The second initiative will be a bit more challenging. As presented to the County Council in the FY13 budget presentation, the County will need to seek support for a legislative initiative to revise the Hawaii State procurement Code. The code currently requires that bidders, even if submitting an electronic offer, if awarded, must still submit wet signature

documents within 5-days of being awarded a contract. While the law allows for an electronic procurement system that can be used by bidders to both receive bids and submit offers, it also mandates the post award wet signature. This creates inefficiencies that must be addressed and resolved. The other issue that this would address is in terms of contracts. Until we seek an electronic signature acknowledgment in the law that will legally bind contracts, we will always have to maintain a hard copy file.

One potential starting point to address this need is to seek the Council's support of a resolution supporting this concept and change, which could then be used as a vehicle to seek legislative support. Coordination and support will also be needed at the State Procurement Office level and with the other Counties.

D.   Electronic Procurement Initiative

In fiscal year 2012, specifically on July 1, 2011 the DoP, with the support of the I.T, Division successfully implemented its electronic, Internet-based e-procurement system. Solicitations for IFB, RFP, Professional Services, and Written Informal Bids are posted on the County of Kaua'i, Division of Purchasing Web Site at WWW.Kauai.gov. The solicitations can be found via the "Bids and Proposals" link. The internet location allows for all interested bidders to access these solicitations on-line as opposed to having to be provided these documents in written format as has been the historical practice. Bidders who wish to view or print an on-line solicitation are required to submit an on-line registration. Upon successful completion, they are sent an automated email message with a link where the solicitation can then be reviewed and printed. Under this system, bids continue to be submitted in hard copy form for review and evaluation purposes.

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. To address this need, the DoP in FY12, observed a number of internet-based e-procurement systems available in the market place. These systems were very similar and were priced at $40,000 to $100,000 a year. As part of our due diligence, we discovered Public Purchase. The company has been in place for more than 15 years and has provided government entities and vendors a free internet-based e-procurement system which contained all of the functional needs that the DoP defined as essential. The DoP has decided to move toward a full contractual relationship with Public purchase to create our electronic procurement needs. The intent is to begin an incremental roll out commencing October 2012. This will provide us vital time to facilitate public education about the ne e-procurement system and provide for an orderly and understandable transition.

The annual RFQ (Professional Services) resume submission process has undergone substantial revision. The revised process will now allow for electronic

submission of these resumes. In addition to the significant cost savings, the electronic process will enable a more timely transmission of these resumes to County agencies for evaluation, selection, and contract execution purposes.

E.   Electronic Forms Initiative

The electronic forms initiative was completed and implemented in FY12. All DoP electronic forms are now available to all County departments and agencies via the County of Kauai, Division of Purchasing SharePoint portal. In addition to all electronic data fill forms being placed in the Portal, additional DoP information are also available such as boilerplates for IFBs and RFPs, policies and procedures, general terms and conditions, and internal procedural memoranda that have been previously sent to all departments and others. The implementation of this system has realized the DoP's goal of providing a paperless resource for departments and agencies to process needed work to the DoP in a less costly and more efficient manner. This system has all but eliminated the use of inter-office mail and provides the means for electronic submission of all work that must be processed by the DoP. Special thanks and acknowledgment are conveyed to the DoP and I.T. staffs. Particular recognition is conveyed to Mr. Erwin Wright who has been and will continue to be the technology coordinator within the DoP.

Department of Finance

Treasury/Motor Vehicle Registration

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

Vacant, 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
Robert Roman, Treasury Support Clerk
Tracie Sakamoto, 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 $230 -$270 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 $190 million of which $71 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 FY2012 was 2.9% for sewer, 5.7% for real property tax payments and 2% for MVR

payments. There were 721 sewer users 3,101 real property tax users and 1,474 MVR users. The decline in users from FY2009 to FY2012 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 and Dollar 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 2001ABonds of $26,695,000 (County $21,455,000, DoW $5,240,000). The Series 2011A Bonds were sold at an interest rate of 2.96%. 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.

IV. *Program Measures*

Treasury Administration

Description	FY 09 Actual	FY10 Actual	FY 11 Actual	FY12 Actual	Est.
Return on investment (all funds)	2.8%	1.5%	1.2%	1.1%	5.300%
2 Year Treasury Bill (FY)	1.14%	.59%	.40%	.24%	4.850%
Fees as a percentage of bonds issued	N/A	.89%	N/A	1.0%	>1.50%

Motor Vehicle Registration

Description	FY 09 Actual	FY10 Actual	FY 11 Actual	FY12 Actual	Est.
Sewer Bill Transactions + epmts.	24,029	24,021	23,809	23,791	21,649
Motor Vehicle Transactions (all types + epmts.	89,330	87,845	89,816	91,629	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.)	5,641	4,365	4,432	4,408	

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

Expense Type	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Request
Equivalent Personnel	12	12	12	12	12
Salaries & Wages	486,840	486,216	466,618	494.862	500,704
Operations	439,131	335,206	238,270	211,837	272,265
Equipment	0	0	0	0	0
Program Total	925,971	821,422	704,888	706,699	772,969

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 09 Actual	FY10 Actual	FY11 Actual	FY12 Actual
Motor Vehicle Transactions	69,484	67,544	69,142	69,867
State MV Weight Tax , Registration Fee, penalty, EMED collected($)	4,325,964	4,329,423	4,365,047	7,677,431

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

	FY 2009	FY 2010	FY 2011		FY 2012	FY 2013
Expense Type	Actual	Actual	Actual		Actual	Request
Equivalent Personnel	2	2	2		2	2
Salaries & Wages	141,142	140,625	137,165		140,054	167,871
Operations	0	0	0		0	0
Equipment	0	0	0		0	0
Program Total	141,142	140,625	137,165		140,054	167,871

DEPARTMENT OF FINANCE
INFORMATION TECHNOLOGY (IT) DIVISION
Fiscal Year 2011/2012

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
Dexter Takashima, 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.   <u>IT Help Desk & Infrastructure</u> - 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. <u>IT Development & Systems Analysis</u> - 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. <u>IT Telecommunications & Radio</u> - 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.   Completed project implementation for upgrading the core components of our 800MHz radio system. This represents the first phase 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.

ii. Provided extensive technical support for the implementation of our next generation Computer Aided Dispatch (CAD) system from VisionAir. The new VisionAir CAD system provides advanced public safety capabilities for dispatch operations and replaces an out-dated system. Partnered with KPD to bring this system live in November 2011, completing the largest and most complex County system rollout in many years. Work continues on this project to rollout mobile data terminals and the record management system by the end of 2012.

iii. Worked with the Purchasing Division to coordinate research efforts to evaluate leading vendors for government-based electronic procurement systems, and identified a hosted no-cost option that is targeted for implementation in 2012. Once implemented, the full e-procurement system will streamline purchasing activities across the County.

iv. Assisted the Accounting and Purchasing Divisions with implementing a new, integrated p-card module to streamline the purchase of other commodities, and save operational dollars by reducing overhead. Initiated pilot with selected departments, and established plans for countywide roll-out targeted for completion in 2013.

v. Completed procurement for a new, integrated system to support Electronic Plan intake, review, and processing. Initiated internal project planning activities, and started implementation with selected vendor. This system will deliver 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.

vi. Implemented a new system to streamline support activities provided by the IT Help Desk function. Internal project reviews determined that the originally selected vendor solution involved too much cost and overhead for future needs. As a result, IT researched and identified a new vendor that provided increased capabilities with less cost, as well as reduced overhead.

vii. Redefined 3 open IT positions in order to align with future priorities and initiatives, as well as to provide the key skill sets required for effectively managing operations going forward. With these changes, the newly defined positions will allow us to start transforming the IT Division and begin to address issues with our staff-to-work ratio challenges without increasing budgeted headcount. Worked closely with Personnel to facilitate these changes and initiate the associated recruiting efforts.

viii. Continued efforts to further leverage GIS and Pictometry capabilities across the County. Worked with Real Property Assessment on a pilot project to establish neighborhood codes that will provide greater work efficiencies. Assisted KPD Dispatch with the implementation of new 911 mapping software and systems as part of the VisionAir CAD rollout. Coordinated with Civil Defense and other agencies to improve citizen safety through development of graphical tools identifying inundation evacuation zones for tsunamis, as well as reservoir breaches.

ix. Partnered with various departments to provide technical input and guidance for implementing multiple, vendor-hosted solutions including:
- On-line Recruiting for Personnel (NEOGOV),
- Legislative Tracking for Boards & Commissions, and
- Computer-based Employee Education for Risk Management.
  All of these projects are excellent examples of leveraging cloud-based technology, the Internet and vendor infrastructure assets to deliver key services. This approach accelerates implementation time, reduces upfront costs, and allows IT to "do more with less" in terms of meeting automation need across the County while minimizing additional demands on our limited resources.

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 2011-2012 Budget	FY 2011-2012 Actual	Variance	Percentage
Equivalent Personnel	14	12	-2	86%
Salaries & Wages	$ 881,708	$ 780,022	$ (101,686)	88%
Employee Benefits	$ 562,124	$ 486,757	$ (75,367)	87%
Operations & Equipment	$ 1,833,215	$ 1,432,682	$ (400,533)	78%
Expense Totals	$ 3,277,047	$ 2,699,461	$ (577,586)	82%

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

As part of the Mayor's Holo Holo 2020 vision, the IT Division is pursuing 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.

During the second half of 2012, we will be developing and publishing a simple 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 published along with projects addressing key items identified by the survey.

The survey will be available as an on-line form at 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 will keep it simple and leverage existing resources to minimize overhead costs. We will partner with local organizations (radio, weekly publications, etc.) to get the word out and provide incentives for participation.

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.

FY July 1, 2011 – June 30, 2012 Annual Report for Real Property Assessment
Steven Hunt, Real Property Officer
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 : kauaipropertytax.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 assessment software, which is housed on local servers, is well past its "expectant life" and is vulnerable to losing support and maintenance as this industry moves towards SaaS and online software solutions. One of the biggest barriers to change, however, is the significant cost of software customization that would be required to replicate our complex and rather unique tax relief programs.

3. Vigilantly monitor the number of open permits, so no improvement is omitted for more than 1 year after its date of completion. Work with IT and implement a streamlined communication line between the "final inspections" of improvements from the Building Division and the individual appraisers, by model area, to be better informed of recently completed permits. Explore the feasibility of utilizing Marshall & Swift standardized cost tables for determining "cost value" on all improvements on Kaua'i as well as uploading cost tables to our assessment software. Use 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 developing agreements with state agencies and/or contracts with private vendors, such as LexisNexis.

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 are being re-configured from the traditional "ahupua'a" boundaries, by Zone, to more concentric shapes that reflect actual Market Areas. Models are being 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 equipment, such as 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. Explore the feasibility of migrating the client-server IAS software to a web-based version or develop an Request For Information for a new software system.

8. The need for better utilization of space within the Real Property Assessment office has become critical, as former vacant positions are being (or have been) filled. Additionally, improved security for both our staff and for historical records and taxpayer information is paramount. 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.

9. Information sources have become outdated as to receipt of records or documentation such as Bureau of Conveyance documents, Conveyance Tax Certificates, State Leases, Death Certificates and File Plan maps. The update of the General Plan as well as recent restrictive zoning legislation 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 and there is a proposal to obtain services from the GIS vendor to provide a solution to this issue, possibly using Kaua'i County as a software development "project."

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 IAS Legacy assessment software, provided by Tyler Technologies, to meet our statutory requirements as described by Chapter 5A of the Kaua'i County Code. Over the past five years, the majority of our troubleshooting has dealt with adjusting tax credits for those properties that subject to the PHU tax cap. A number of these PHU-capped properties have also had characteristic changes, such as loss of Homestead tax class, change in exemption(s), loss of a circuit breaker credit, change in agricultural dedication status, or the addition of non-capped construction.

In FY 2012, there were 166 qualified Long-Term Lease applicants, 320 Circuit

Breakers, and 8,753 Permanent Home Use beneficiaries which cumulatively received a total tax credit of approximately $5.1 million. Real Property Assessment processed and/or monitored 17,604 exemptions with an aggregate value of approximately $3.71 billion. Many of these exemptions require annual renewal applications and involve a considerable amount of time from both the appraisers and that tax clerks to verify and process.

The majority of our legislative goals from the prior year's annual report were met; these include:

Single Value Assessments & Single Tax Rates
Taxation on Use rather than on Zoning
Create a Vacation Rental Tax Class
Alter PHU Cap to Inflation Rate (based on Honolulu CPI-U)
Increase Income Exemption & Repeal Circuit Breaker Program
Create Commercial Alternative Energy Exemption
Revise Appeal Threshold and Change Fee Structure
Change Date of Value to Accommodate County's Budget Submittal

RPA mailed out approximately 26,000 Use Surveys forms to improved properties within Kaua'i County in preparation for moving the tax classifications to their actual use as opposed to as zoned.

DEPARTMENT OF FINANCE
REAL PROPERTY COLLECTIONS
FY JULY 01, 2011 – JUNE 30, 2012

Michelle Lizama, Tax Collection Supervisor
Karen Samiano, Tax Collection Assistant
Ester Brown, Senior Account Clerk
Marites Cruzada, Senior Account Clerk
JoAnne Brun, Tax Clerk
Debbie Ponce, 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.

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) in the beginning Tax Roll of $2,889,503.00
ii.   Beginning FY2011-12 started the billing and collection for KKUCFD (Kukui'ula Community Facilities District) in the beginning Tax Roll of $565,963.07
iii.   **Lock Box Vendor** processed (13,482) bills in Cycle 1 in the amount of $21,670,642.81
iv.   **Lock Box Vendor** processed (7,898) bills in Cycle 2 in the amount of $16,935,506.47
v.   **Lock Box Vendor** Interim Months processed (Sept, Oct, Nov, Dec, March, April, May & June).

	COUNT	AMOUNT
SEP	296	267,424.49
OCT	211	173,341.24
NOV	115	61,615.15
DEC	52	40,717.21
MAR	1	685.6
APR	209	97,677.32
MAY	9	2,471.05
JUNE	0	0
TOTAL:	**893**	**$643,932.06**

vi. For a Total of (22,273) bills for the entire Fiscal Year 2011-12 for a Grand Total of **$39,250,081.34** collected by Lock Box.

vii. **The Agency Billing Program** collected (12,812) accounts in Cycle 1 in the amount of $13,576,734.99

viii. **The Agency Billing Program** collected (13,800) accounts in Cycle 2 in the amount of $12,125,681.55

ix. For a Total of (26,612) accounts for the two installment periods with a grand total of **$25,702,416.54** 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	74	131,895.85	148	217,623.26	222	349,519.11
Aug	460	1,172,488.09	781	936,147.16	1241	2,108,635.25
Sept	47	89,000.60	68	84,625.40	115	173,626.00
Oct	21	13,157.62	35	37,854.80	56	51,012.42
Nov	4	5,238.03	19	27,745.34	23	32,983.37
Dec	16	52,228.45	22	32,217.03	38	84,445.48
Jan	123	235,000.09	187	225,704.79	310	460,704.88
Feb	404	997,902.18	552	658,705.89	956	1,656,608.07
Mar	19	47,782.15	33	34,740.08	52	82,522.23
Apr	27	88,182.42	20	14,339.19	47	102,521.61
May	6	15,048.83	16	23,272.04	22	38,320.87
Jun	6	9,042.87	13	13,582.35	19	22,625.22
	1207	$2,856,967.18	1,894	2,306,557.33	3,101	5,163,524.51

xi. There were (11) Statements of Assessed Values and Real Property Taxes Due (Tax Searches) processed and certified.
xii. There were (3418) Bankruptcy Notices Received.
xiii. There were (133) Tax Clearances.
xiv. There were (30) Service Fee's for dishonored checks.
xv. Delinquent outstanding tax balance as of June 30, 2012 = **$1,797, 267.55 for a total of 412 accounts.**

IV. **Program Measures**

FISCAL YEAR 2011-12 COLLECTIONS (CURRENT YEAR)

Beg Balance as of July 01, 2011	89,315,053.51	
Authorized Adjustments - P38 Debits		155,943.64
Other Debits		9,894.00
Pay Debits		900,747.62
TOTAL DEBITS		90,381,638.77
Beg Balance as of July 01, 2011 - CB/PHU/LTL	(5,115,832.79)	
Authorized Adjustments - P38 Credits		(561,725.16)
Write-Offs (End of Fiscal Year - under $1)		(18.69)
Other Credits		(26,632.84)
Pay Credits		(82,845,262.46)
TOTAL CREDITS		(88,549,471.94)
Outstanding Tax Balance		1,832,166.83
Subtotal:(CURRENT YEAR)	88,549,471.94	
Refunds		(151,994.41)
Penalty		(338,774.31)
Interest		(71,199.59)
Other Fees		47.56
TOTAL		(561,920.75)
OUTSTANDING TAX BALANCE:	**1,832,166.83**	
Total Tax Collected	82,367,053.89	

FISCAL YEAR 2011-12 COLLECTIONS (PRIOR YEAR)

Beg Balance as of July 01, 2011	3,346,036.33	
Authorized Adjustments - P38 Debits		139,954.70
Other Debits		1,572,412.69
TOTAL DEBITS		1,712,367.39
Authorized Adjustments - P38 Credits		(1,189,341.39)
Write Offs (End of Fiscal Year - under $1)		-
Other Credits/Pay Credits		(2,071,794.76)
TOTAL CREDITS		(3,261,136.15)
		(1,548,768.76)
Outstanding Tax Balance		1,797,267.57
Subtotal: (PRIOR YEAR)	3,261,136.15	
Refunds		54,583.28
Penalty		(21,249.26)
Interest		(251,350.88)
Other Fees		(5,816.92)
TOTAL		(223,833.78)
OUTSTANDING TAX BALANCE:		**1,797,267.57**
Total Tax Collected:	-1,548,768.76	

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