

Lorna Nishimitsu
Chair



Tore Wistrom
Co-Chair

Members:
Randy Finlay
Michelle Swartman
Nadine Nakamura
Benjamin Bregman
Sandi Sterker

COUNTY COST CONTROL COMMISSION

2008 Annual Report

Overview

Established by Charter in 1988, the goal of the Cost Control Commission is to reduce the cost of county government while maintaining a reasonable level of public services.

The Cost Control Commission is charged with the responsibility to review and scrutinize personnel costs, real property taxes, travel budgets, and contract procedures with the intent of eliminating, consolidating or reducing overlapping or duplicate County services and programs. The Commission is empowered to secure, through the Office of the Mayor or the Chairman of the Council, any reports or information from their respective departments or employees that is appropriate to accomplish its work.

Pursuant to Section 28.05 of the Kaua'i County Charter, the Commission shall prepare and advertise a written Annual Report summarizing its recommendations prior to the end of each calendar year. The Cost Control Commission conducted nine (9) regular meetings in the 2008 calendar year and developed four (4) recommendations to reduce cost, improve fiscal accountability and reduce the financial burden on the real property tax payer.

Recommendations

RELATING TO COUNTY ENERGY USAGE

Findings

1. The annual cost of the electricity in 2007 exceeds \$7,000,000.
2. Electrical usage by the County of Kauai during 2004 to 2007 has essentially been constant, at the rate of 20,000.00 kWh.
3. The major consumers of electricity are the Department of Water, with about 40.4% or 8,000,000 kWh, and the Wastewater Division of the Department of Public Work, with about 21.9% or 4,400,000 kWh.

Recommendations

Based upon the foregoing findings:

1. The Department of Water and the Wastewater Division of the Department of Public Works should be required to develop cost-saving opportunities for their operations, through energy efficiency and conservation measures and the use of alternative energy sources (for example, methane, wind and solar power). These alternatives should be considered for implementation particularly during expansions or

- renovations to existing facilities and the construction of new facilities.
2. All Departments should be asked to read the Energy Use Survey Guide and to follow the recommendations outlined therein.

RELATING TO VACANT POSITIONS

Findings

1. There are approximately 99 vacant positions within the County of Kaua'i.
2. The County's annual budget document historically carries vacant positions.
3. For budget year 2007-2008, the funds budgeted for vacant positions totaled \$3,651,379.
4. Funds budgeted for salaries are allowed to be expended for other purposes.

Recommendations

Based upon the foregoing findings:

1. All funds budgeted for salaries in the County's 2008-2009 Operating Budget Ordinance shall be used solely for salaries and for contract services associated with vacant positions.

RELATING TO WAILUA GOLF COURSE FEES

Findings

1. The Course is rated one of the finest public courses in the nation.
2. The Course operates at a deficiency ranging between \$500,000 to \$750,000 per annum.
3. The Course Green Fees are considerably lower than other public courses in the State.
4. Real Property tax payers should not bear the burden of the cost of operations, maintenance and capital improvements for the Course.

Recommendations

Based upon the foregoing findings:

1. The County should require that the Course become a self-sustaining operation, and increase revenues that will allow it to cover the expenses of maintaining and operating the Course over a three to five year period. To accomplish the foregoing, the County should consider the following proposals, or a combination thereof:
 - a. Increasing nonresident fees 50-100%
 - b. Increasing resident fees 25%
 - c. Eliminating monthly cards or requiring monthly card holders to pay per round fee ranging from \$2.00 to \$4.00 in addition to the payment of the monthly card fee.
 - d. Requiring that the Course establish and fund a reserve for capital improvements (such reserve to be funded by user fees).

RELATING TO DELINQUENT SEWER COLLECTIONS

Findings

1. The task of processing the sewer billing, receiving, and collections is performed by a single staff member who handles over 5,000 customer accounts (over 4,500 residential and over 500 commercial accounts).
2. Presently, the Department follows a three-step process in handling delinquent accounts: 1. A notice is sent to the payee at 60-days past due; 2. A final notice is sent to the payee at 90-day past due; and 3. A lien is processed against the subject property

- for accounts delinquent over 120-days.
3. As of September 30, 2008, there were 424 delinquent residential accounts totaling over \$471,300 in unpaid fees and 83 delinquent commercial accounts resulting in uncollected fees of approximately \$247,973.
 4. During this past quarter, the Finance Department has filed liens on 93 properties that resulted in 10 delinquent payments totaling \$19,889.66. In addition, 13 of the largest delinquent accounts were referred to the County Attorney's Office for legal action that resulted in 2 payments totaling \$45,895.
 5. The Department has also requested a legal opinion from the County Attorney inquiring if the delinquent account collection function could be turned over to a private collection agency.

Recommendations

Based upon the foregoing findings:

1. Establish procedures whereby water service termination can be authorized in the event of non-payment of either water or sewer bills.
2. Support efforts to transfer the collection of delinquent sewer accounts to a private collection agency to more deliberately and effectively pursue the collection of delinquent sewer fee and mitigate the need for increased internal staffing.

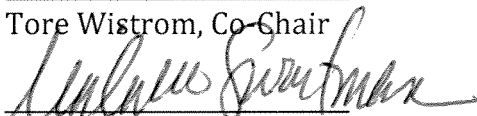
Respectfully Submitted:




Lorna Nishimitsu, Chair



Tore Wistrom, Co-Chair



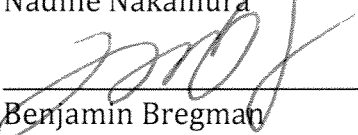
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