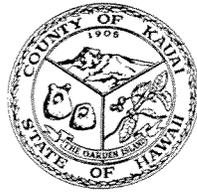


Randy Finlay
Vice-Chair



Members:
Sandi Sterker
Michelle Swartman
Benjamin Bregman

COUNTY COST CONTROL COMMISSION

2009 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.

The Cost Control Commission conducted eight (8) regular meetings in the 2009 calendar year and is hereby submitting its Annual Report summarizing its recommendations which will be advertised as required in Section 28.05 of the Kaua'i County Charter.

I. RELATING TO THE INCREASE BUS FARES FOR THE COUNTY BUS SYSTEM

Findings

The Cost Control Commission finds that although ridership has increased substantially over the years, total expenses for the County Bus System far exceed annual ridership revenues. The current amount of subsidization from the County General Fund is approximately \$3.3 million per year.

Recommendations

Reduce the Bus System subsidy from the County General Fund and burden on the property tax payer by increasing the County Bus fare fees (including the per trip fares and Frequent Rider passes, but not including the shuttle services) by approximately thirty-three (33%) percent over the next two (2) years.

II. RELATING TO A COUNTY ENERGY SAVINGS PERFORMANCE CONTRACT PROPOSAL

Findings

1. An Energy Savings Performance Contract is an agreement between a building owner (and facilities manager) and a private energy services company that uses future energy savings to pay for the entire cost of a building's electricity and energy efficiency retrofits.
2. The County last did a performance contract in 1996 with Honeywell as the Energy Services Company (ESCO). It cost the county about \$640,000 but returned more than \$761,000 in savings before it wound down in December 2008.
3. The term for an Energy Savings Performance Contract usually ranges from 10-20 years.
4. The ESCO will also guarantee that the energy savings provision provides minimal risk to the County. ESCO guarantees a level of savings that pays for the program. If a particular savings level cannot be verified, the ESCO pays the difference to the County.
5. A new Performance Contract should include the Līhu'e Civic Center as well as the Police and Civil Defense facilities. The Līhu'e Civic Center was just renovated at the time of the first performance contract so it was not included. The Police and Civil Defense facility was constructed after the performance contract was initiated.

Recommendations

1. Execute a new Energy Savings Performance Contract to improve energy efficiency in the County of Kaua'i buildings and facilities.
2. The County should develop cost saving opportunities for their operations through energy efficiency and conservation measures by exploring the issuance of a new Performance Contract proposal solicitation for County Facilities.

III. RELATING TO ESTABLISHMENT OF DEPARTMENTAL GREEN TEAMS

Findings

1. Employee Green Teams are encouraged to engage members of the workforce in assessing their work environments, identifying opportunities, and making recommendations to become more resource efficient.
2. Although electrical consumption has gradually decreased over the past years, the County's electrical expenses have steadily increased. In 2008, the total County electrical bill was \$8.9 million, a \$2 million increase since 2005.
3. As the cost of oil increases, the cost of electricity will continue to take a larger percentage of the overall County Budget.

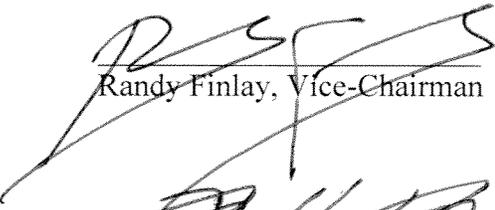
4. It is unclear whether each County Department has a person (s) whose clear responsibility is to scrutinize energy expense and suggest energy savings measures.
5. KIUC energy use data is currently not tabulated by each department, but is aggregated for the entire County per primary meters for each facility. For example, the Civic Center Piikoi Building has one meter for the entire building. As a result, departments such as Housing and Elderly Affairs do not receive individualized electricity usage data regarding their specific energy usage and costs. Having individual meters for each office is expensive and very difficult to accomplish.
6. Reducing energy costs will require staff to do the following:
 - a. Oversee Energy Savings Performance Contract (a multi-year effort)
Coordinate physical improvements recommended by the Contractor at specific Facilities
 - b. Monitor KIUC rate schedules to determine appropriate rates for diverse facilities needs.
 - c. Recommend changes in operations in order to qualify for lower KIUC rates.
This would apply to facilities that are border line between certain rate schedules.
 - d. To the extent practical, separate and distribute KIUC energy use and expense data by department or facility so that each area has timely and useful information.

Recommendations

1. The County should form a County Departmental Green Team Committees to assess work environments, identify opportunities and make recommendations to reduce waste and improve efficiencies in their daily work.
2. The County should engage and promote employee awareness, understanding, and sense of personal and departmental responsibility among all employees for how they use energy and other resources and how they can reduce waste and improve efficiency in their daily work by creating an “Employee Green Teams” in the county.

Due to an advisory opinion that was issued by the County Board of Ethics related to Charter Section 20.02(D), the Cost Control Commission experienced voluntary mid-term resignations of some of its members. Therefore, this Annual Report is submitted by the four members remaining of the Commission.

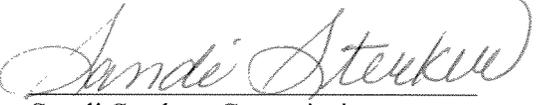
Respectfully Submitted:



Randy Finlay, Vice-Chairman



Benjamin Bregman, Commissioner



Sandi Sterker, Commissioner



Michelle Swartman, Commissioner

Date Approved: December 14, 2009