

Planning Department, Office of the County Auditor, and Office of the County Clerk

Honorable Arthur Brun
Honorable Mason K. Chock
Honorable Mel Rapozo
Honorable Arryl Kaneshiro

Excused: Honorable Ross Kagawa
Honorable Derek S.K. Kawakami
Honorable JoAnn A. Yukimura

The Committee reconvened on April 12, 2018 at 9:03 a.m., and proceeded as follows:

Committee Chair Kaneshiro: Good morning. I would like to call back to order the Budget & Finance Committee and the Fiscal Year 2018-2019 Departmental Budget Reviews. On the schedule for today, April 12, 2018, we will be hearing from the Planning Department; the Office of the County Auditor, which is being handled by the Office of the County Clerk; and the Office of the County Clerk. As we do each morning, we will take public testimony. Is there anyone in the audience wishing to testify?

There being no objections, the rules were suspended to take public testimony.

There being no one present to provide testimony, the meeting was called back to order, and proceeded as follows:

Committee Chair Kaneshiro: With that, I will suspend the rules and we will start with Planning.

There being no objections, the rules were suspended.

MICHAEL A. DAHILIG, Planning Director: Good morning, Committee Chair Kaneshiro, Council Chair Rapozo, and Members of the Council. I am Mike Dahilig on behalf of the Planning Department. I am here this morning to discuss our budget proposal for Fiscal Year 2019. Just as a brief overview, as you look at the budget proposal, our Departmental budget is a five point four percent (5.4%) increase over last year's budget and largely, that is attributed to collective bargaining increases. There is corresponding collective bargaining increases to the Coastline Extension Agent who is a member of the University of Hawai'i Professional Assembly and part of that bargaining unit, so that is why you are seeing the corresponding increase in the Coastal Extension Agent amounts as well over last year. We continue to request Coastal Zone Management (CZM) match funds for coastal research due to the amount of Coastal Zone Management Use permits and more complex permitting that has been tailing-off over the past few years due to lack of intake as well as we are continuing our request for micro-funding for the Rice Street redevelopment work that we are currently doing.

As you look at our Commission budget, which is the 802 account, you will notice that there is a \$50,000 decrease in the overall budget proposal. The rest of the line items that are in that budget proposal are flat-funded compared to last year. The reason why there is a \$50,000 difference, as you may have been apprised during the discussion with the Office of Boards and Commissions, is we are moving and transferring that responsibility for procurement and contract management over to that Office due to a lot of the issues that have arisen during the administrative litigation and allegations that have been made about things like conflict of interest and impropriety. So to try to create more of a firewall, those contracts

and procurement will be handled by that Office from now on. Otherwise, again just to reiterate, we are requesting flat-funding for the Commission budget.

Other than that, with respect to positions, we are not asking for any new positions in the budget overall. However, there is in anticipation of what is going to be happening on December 3rd regardless of what happens, we have return rights of funding that is being put for Position No. 2008 for seven-month funding as well as Position No. 9754, which is the Planner IV position. You may notice that position is being requested for fifty percent (50%) funding, and the reason why is a lot of that is attributed to the drawdown for the Black Pot purchase that is going to be currently debated by this Council. We are anticipating that if that does pass, the amount that is being covered by that fund to take care of that position will no longer be there due to the restriction on the amount of the fund that we can use for administrative purposes. The position was originally funded out of the General Fund budget, but during the austerity measures of about three (3) to four (4) years ago, there was a push to actually use that special fund a lot more robustly, and so that is where you saw the fund source being changed over to the Public Access, Open Space, Natural Resources Preservation Fund (Open Space Fund), but now, that is being drawn down on. Those are the only two (2) notable requests when it comes to position funding sources.

Other than that, we are also asking for a \$5,000 increase or a fifty percent (50%) increase in the overtime budget over last year's budget. A lot of that is in anticipation of the overtime costs that are going to be associated with commuting back and forth for my staff for the West Kaua'i Community Plan. Our Department is filling the role of the prime consultant in the West Kaua'i Community Plan process and so with that, we are going to need to provide them a little more flexibility when it comes to their staffing needs when conducting a lot of the public outreach. Other than that, Committee Chair Kaneshiro, that is our budget presentation when it comes to the Operating Budget.

Committee Chair Kaneshiro: Okay. Thank you. Are there any questions?
Council Chair Rapozo.

Council Chair Rapozo: This is regarding the Open Space Fund, because we are depleting the funds and the moneys that would be available are not.

Mr. Dahilig: Yes.

Council Chair Rapozo: What are we talking about?

Mr. Dahilig: If we drawdown, I believe the fund balance is going to be—if the Black Pot purchase does go through, it will be about \$300,000, from what I understand.

Council Chair Rapozo: I guess the better question is, because it is only a percentage, right, that you can use...

Mr. Dahilig: Five percent (5%), yes.

Council Chair Rapozo: ...what would be the balance of the fund have to be to fund that position?

Mr. Dahilig: With fringe, we anticipate it has to be in the range of \$1,500,000 to \$2,000,000 to be able to fund that.

Council Chair Rapozo: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you, Committee Chair Kaneshiro. I have a couple of questions and it is just regarding the narrative. The first big one would be about your annual report. It is towards the end of your report here, is the enforcement account expenditures.

Mr. Dahilig: Yes.

Councilmember Chock: I just wanted some clarity. It seems like there is, I guess, an unsustainability of being able to provide the services and fulfill the role that the enforcement is looking at. I just want to clarify those points on the record. In here you say, "expended approximately \$173,000 since the adoption of the Ordinance."

Mr. Dahilig: Yes.

Councilmember Chock: \$146,000 was spent on 89-day contract positions to assist Planning in enforcement of the Comprehensive Zoning Ordinance (CZO), then there is \$26,000, and the amount of the fines that you have collected is \$71,000. Is that correct?

Mr. Dahilig: That is just for that period.

Councilmember Chock: For that period?

Mr. Dahilig: It is a rolling balance, so the amount is in excess of the \$71,000. We are just reporting it for that fiscal year. Between July 1st 2016 and 2017, we collected \$71,000.

Councilmember Chock: Okay.

Mr. Dahilig: We have to, at any given time—I am sorry. On June 30th of every year, we cannot have that fund balance exceed \$100,000.

Councilmember Chock: I see.

Mr. Dahilig: So if there is, then the money that goes above and beyond the \$100,000, gets put into the General Fund per that Ordinance.

Councilmember Chock: I understand.

Mr. Dahilig: It is a rolling balance at any given time, but the \$173,571 is an aggregation of all the civil fine revenues being expended thus far since the Ordinance was enacted back in 2013.

Councilmember Chock: I guess the bigger question for me is long-range, how do we expect to meet the goals that we have for this initiative as well as maintain it fiscally, balancing not only fines that you are receiving, but the expenditures that we are currently experiencing?

Mr. Dahilig: I will say that in terms of committed resources by this Council to the enforcement program, our Department, specifically the Enforcement Division, is our largest staffed Division now. The amount of employees that are in Enforcement are larger than my regulatory division and larger than my Long-Range Division. From a priority standpoint, we are thankful that we have the resources, but we are putting a lot of emphasis already proportionately to the amount of enforcement that is already out there. Moneys that come in from a civil fine standpoint were not necessarily meant to sustain the efforts, rather they are meant to enhance the efforts and how we approach the expenditures out of that fund. It was never meant to be a substitute for the amount of support that is needed to run a robust enforcement program. Our Department though, has started to hit, I would say, ceilings or barriers when it comes to the tools that we have, both from a regulation standpoint and from the ability to move contested-case hearings. As you can see with the transfer of funds over to the Office of Boards and Commissions, that is meant to cure just one (1) little issue that is being raised in a volume of defensive tactics that these lawyers for vacation rentals are using to try to either slow down the process or maintain any legal entitlement. We are asking the Legislature right now, for more support when it comes to that non-monetary tool need for things like disgorgement, quicker contested-case processes, direct appeals to the court, enhanced penalties both criminally and civilly, and those types of measures so that we can try to deter this type of protracted and vexatious litigation that we have been subjected to.

Councilmember Chock: Thank you. I have another question. I am reading your "challenges" in your narrative as well, we just talked about one of them; ePlan review and the CZM grant match efforts. It has been on my purview that one of the largest issues is space.

Mr. Dahilig: Yes.

Councilmember Chock: Office space, storage space, counter space, and improvements needed for your Department to function properly. In fact, it is kind of embarrassing when in years past, I have seen how you folks barricaded some and made some makeshift things. I just wanted to get an update. I do not see that as a challenge listed on the 2019 challenges and I wanted to understand why and what needs to happen.

Mr. Dahilig: In many years past, we have shown that our Department does need this and we continue to need it. The level of work that comes out of the Office, in my opinion, is quite surprising given the amount of office space and the organization that we have. We store files in six (6) different places in the County. I have employees in (3) different places in the County. The amount of square footage that we have is not requisite to the amount of employees that we do hold, and so it just makes for continued organizational challenges to be efficient, accurate, and timely with the responses that our public expects from us. Ultimately, we went through a design process to buildout space in the Big Save portion of the Civic Center complex, but like anything, there are competing fiscal needs across the County, so that may not necessarily rise to what our most immediate needs are. We continue to have that need. We can only operate so efficiently and so accurately with what we have. It is not uncommon for us to say a file is missing. We spend a lot of employee time trying to hunt a file down because it could be in one (1) of six (6) places around the County.

Councilmember Chock: Is there any indication as to when this will be addressed and how much will it cost?

Mr. Dahilig: Well, what I do recall is that the project that was put out to design, if built, could run between \$4,000,000 and \$8,000,000. There were other projects bundled on top of ours, but it is something that I would say would run in that order. We have a space that is designed out for us, but it has not been prioritized as a need competing with the other capital improvement needs across the County.

Committee Chair Kaneshiro: Are there any other questions for Planning?

Council Chair Rapozo: One (1) more.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: Mike, you mentioned some funding for the Rice Street rejuvenation or whatever it is called.

Mr. Dahilig: Yes. This is the third year we are asking for the same amount of funding to support the business development work that is going on along Rice Street. The theory that we have had knowing that the Transportation Investment Generating Economic Recovery (TIGER) grant improvements are going to be going in is to try to incubate and nurture a business community that will pay attention to and take care of the improvements up-and-down the street rather than having it become a responsibility of the County directly. So, we have been providing micro-funding opportunities for them when they want to do events or they want to do organizational things that we are able to help either match or supplement some of that work.

Council Chair Rapozo: Micro-funding?

Mr. Dahilig: Micro-funding, yes.

Council Chair Rapozo: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: Thank you, Committee Chair Kaneshiro. I know Councilmember Yukimura is not here this morning. I did receive an E-mail with some questions this morning. I was able to pass them on, not in a timely manner, to our Planning Director, and I have not had a chance to look at them. I thought that just for his sake, there are eleven (11) questions as I read it here, perhaps you are wanting to take whatever you can today; get them out of the way; and then whatever you need to, respond back in writing within your purview.

Mr. Dahilig: Sure.

Councilmember Chock: I did send you the questions. I can ask you them or whatever you like.

Mr. Dahilig: It is probably better you ask them.

Councilmember Chock: Okay. Oh boy, here we go. Number one...

Committee Chair Kaneshiro: I hope his answer suffices. We can send the minutes or something.

Councilmember Chock: Do not worry, I can role play here.

Committee Chair Kaneshiro: Okay.

Councilmember Brun: No.

Councilmember Chock: Number one, page 9 of the narrative, do you have a list of ordinance changes identified in the General Plan that the Department will be working on?

Mr. Dahilig: We are working on a number of changes, but we have not prioritized to a very large degree. I will say that the first set of ordinance changes just got passed out by the Planning Commission not at this meeting, but at its previous meeting, which relates to agriculture and how we facilitate the adoption of many important agricultural land areas across the island and how we distinguish regulations. There is no set list or timeline at this point. What we are looking at is low-hanging fruit and seeing what we can pick off at our availability.

Councilmember Chock: Good. I like this question, so I am interested in whatever is forthcoming when you have something we with look at, understanding that it is an ongoing process.

Mr. Dahilig: Yes.

Councilmember Chock: At least it will give us a heads-up as to where we are headed and what we need to look at. Number two, are there any ordinance changes identified with the South Shore and Līhu'e Community Plans that need to be worked on? It is again, asking for a list.

Mr. Dahilig: We are, again, evaluating that in context with the General Plan, so nothing specific to those particular plans. Just to note, the South Shore Community Plan already had a Code change bundled as part of its approvals back four (4) years ago.

Councilmember Chock: Okay. Number three refers to the Wailua-Kapa'a Community Plan. I know that there is no plan, but is there still interest to move in that direction?

Mr. Dahilig: The plan had gone to a certain point where we brought it back to their Community Advisory Committee and actually asked that this Council a few years ago, to appropriate supplemental funds to have the University of Hawai'i to pick up the plan and push it through. After going through that process, the community felt that the whole process needed to be started over again. At that point, we did not feel that it was appropriate for us to be asking for another set of funds given our commitments to South Kaua'i, at the time; Līhu'e; then the oncoming General Plan; and knowing that West Kaua'i was afterwards. Part of it is an availability of our Department to be able to handle these planning projects, so after the feedback from the community, it was very clear that the process that they had undergone needed to be restarted. We are going restart it once we are able to clear our decks.

Councilmember Chock: Okays, so it is not on the books?

Mr. Dahilig: No.

Councilmember Chock: I do not see it anywhere in the budget.

Mr. Dahilig: It is not in the books right now.

Councilmember Chock: Okay, great. I am trying to make this more budget-related.

Mr. Dahilig: Yes.

Councilmember Chock: Number four—oh boy, here we go. Do you plan to build analysis for the West Kauaʻi Community Plan? Why or why not?

Mr. Dahilig: No, we do not because we already did one for the General Plan. We will look at the General Plan data to just verify that it is still timely and accurate, but that is about as much as we are going to do.

Councilmember Chock: Number five, is there not a need for a Wailua-Kapaʻa Traffic Circulation Plan? Do have any plans to do one?

Mr. Dahilig: There is no need at this point because we have the Kapaʻa Transportation Solutions Plan funded by the State. We are operating off of that as a relevant plan. That was just a few years ago, so it is still timely and relevant.

Councilmember Chock: Number six is, as it relates to the General Plan policy guidelines, how are you planning to have the West Kauaʻi Community Plan be a Land Use and Transportation Plan?

Mr. Dahilig: We have a transportation consultant that is going to be doing a transportation analysis for us. That is actually out for procurement as we speak, but we have not executed the contract yet.

Councilmember Chock: Okay. Is it forthcoming?

Mr. Dahilig: Yes.

Councilmember Chock: Number seven, do you have any plans to address County and State in agricultural subdivisions?

Mr. Dahilig: We are monitoring a bill that is moving through the Legislature that would require condominium property regimes (CPRs) to comply with the County Subdivision Code. Both Chambers did pass out similar forms of the measure, so if they remove the defective date on the measure, it seems very likely that there is going to be some new policy that comes out from the Legislature. We are not looking at doing anything until we see what type of language is approved by the Legislature and if it is signed into law by the Governor.

Councilmember Chock: Well, we can get an update on that later. Number eight, if Boards and Commissions is taking over the contested-cases, how is it being funded? How are the contested-cases funded under the Planning Department?

Mr. Dahilig: As you heard from the earlier narrative, it would be part of the Planning Commission's budget. It would through a procurement process for professional services. All of that money has been coming out of General Funds. I know that the question is also related to the enforcement funds. We actually had the fund blend issue be raised as a conflict, whether or not we were fining specifically to force moneys for contested-case hearings, so that has become a bit problematic, also, to draw from the fine account that has been referred to in this document.

Councilmember Chock: Okay. Number nine is regarding your narrative on page 12, explain the micro-funding project on Rice Street.

Mr. Dahilig: As I mentioned to Council Chair Rapozo, part of it is we are trying to help create and provide incubation for the Rice Street business community to stand up and be able to be a thriving association and organization. So, that is what our intent is. We hope as part of that, they will be able to realize on their own the quid pro quo of keeping the street clean, taking care of the trash, and keeping the street nice and clean once we actually put the improvements in. So, that is the idea.

Councilmember Chock: Is there an incentive for them?

Mr. Dahilig: It is a model that we have seen across the nation where once the government puts the improvements in, that actually attracts more pedestrians and more street walkers if they want to come up-and-down the street and patronize the businesses there.

Councilmember Chock: Number ten, how important is the CZM funding to the Planning Department's mission? What would be lost in funding was completely cut? What contingency funds do you have if any funds are cut?

Mr. Dahilig: We constantly monitor this on an annual basis because it is largely incumbent on whether or not the Federal government is going to continue to fund the National Coastal Management Program through the National Oceanic and Atmospheric Administration. What we are aware of, at least from the current budget that was passed by Congress and signed into law by President Trump five (5) or six (6) weeks ago, is that we can at least anticipate flat-funding going into the upcoming fiscal year. We are not concerned immediately, but we constantly have to be aware of the national politics that surround climate change and oceanographic types of research and whether or not they are going to be supported by our national government. We do not necessarily have a contingency plan. There has always been threats like this going back to the 1980s, but somehow, it has always squeezed through. We just monitor as a means of ensuring that we do not end up with a break in service and if we have to seek other remedies to do so, than we will. In terms of how important it is to the Department, it does fund four (4) positions in our Department, which is about ten to eleven percent (10-11%) of our overall departmental staffing.

Councilmember Chock: Key positions, I would think, for the operation of your Department.

Mr. Dahilig: Yes.

Councilmember Chock: The last question, goal number three, “implement ordinance changes suggested in the General Plan.” Is that the same thing as Code changes?

Mr. Dahilig: It is the same thing.

Councilmember Chock: Yes, it is mentioned on page 3 of the Planning Department narrative.

Mr. Dahilig: It is the same thing.

Councilmember Chock: Thank you.

Committee Chair Kaneshiro: You are going to let him off that easy?

Councilmember Brun: That is unacceptable.

Councilmember Chock: I was trying to come up with follow-up questions. I am sorry.

Committee Chair Kaneshiro: Are there any further questions for Planning? If not, are there any questions on the Planning Commission budget, which again, the only change was moving the \$50,000 in Other Services to Boards and Commissions for contested-case hearings. If not, thank you.

Mr. Dahilig: Thank you.

Committee Chair Kaneshiro: Next up, we are going to take the County Auditor.

Council Chair Rapozo: This should be really quick.

Committee Chair Kaneshiro: The County Auditor, which we do not have. Jade.

JADE K. FOUNTAIN-TANIGAWA, County Clerk: Good morning.

Committee Chair Kaneshiro: I will just ask the question because it will probably cover the entire County Auditor budget. Can you just confirm that the County Auditor’s budget is made up of our estimate Comprehensive Annual Financial Report (CAFR) costs and storage costs? There are only two (2) numbers in the budget. Then, can you just do a brief overview where we are with the County Auditor.

Ms. Fountain-Tanigawa: Sure. Jade Fountain-Tanigawa, County Clerk, for the record. You are correct, Committee Chair Kaneshiro. We are in the third year of our four (4) year contract with N&K CPAs, Inc. for our annual financial audit. The additional \$5,000 funding is for rental of a storage unit for furniture from the Office of the County Auditor. As far as the proposed timeline, our Office entered into a contract with Inkinen & Associates on O’ahu, which is an executive search firm, to look for a County Auditor. I was speaking with her yesterday and she had asked for an additional two (2) months to provide names. They are having the same difficulties we are in finding a qualified candidate. We

are looking at maybe June to get some names if she is successful. As you are all aware, we have really exhausted every option to find someone.

Committee Chair Kaneshiro: Yes. I think we have been looking for an Auditor ever since I started, which is three (3) years ago.

Ms. Fountain-Tanigawa: Yes.

Committee Chair Kaneshiro: We went through a bunch of interviews and yes, we ended up with nothing. Are there any questions for Office of the County Auditor? Council Chair Rapozo.

Council Chair Rapozo: When should we know by?

Ms. Fountain-Tanigawa: We should know by May or June, if there are any candidates that they would recommend. We transmitted any resumes that we received to them, so they will vet that. As far as anything from them, they are looking at submitting something maybe in May or June.

Council Chair Rapozo: Okay.

Committee Chair Kaneshiro: Are there any other questions? If not, are there any questions on the County Council budget, Council Services Division? I did not have anything. It starts on page 17. No questions? We will move on to the Elections Division. Are there any questions for the Elections Division? It is an election year, so we will see some bumps. If not, that is the last of our budget items for this round. Thank you. I just want to thank everyone again for all their hard work. I know it is not that fun to be here every single day going through every single budget and trying to answer all of the questions that we have been asking. I know the Administration has done a good job of responding to our written questions also, so thank you. Keep it up. I think we will probably just have a few more coming over from this meeting and maybe a few from the last meetings. Thank you. For the public's information, here are some important dates and reminders to Councilmembers: we will be canceling all Call-Backs. We had Call-Backs scheduled for April 13th, 16th, 17th, 19th, and 20th. We have canceled all of those, being that we do not have any need to bring the Administration back on the budget. I think we got most of our questions answered either at this meeting or through the written questions. Staff will be meeting with each Councilmember separately to go over your decision-making proposals so that they are able to prepare various proposals. These meetings are strictly between you and staff, and staff will schedule it individually with the Members. The Mayor will transmit his May Supplemental Budget Communication as authorized by the Charter on or before May 8, 2018, Staff will be preparing a comparison, and I am asking Administration to please submit the various changes as well so that it is transparent; any changes that you have done from this original budget, please let us know. On May 9, 2018 at 5:00 p.m., we will be holding our public hearing on the Mayor's March budget submittal. Decision-making will start on May 10th and continue on May 11th and 14th, if needed. That is the schedule for the budget. Again, thank you everyone for being part of this process and all of your hard work on the presentations and getting the budget numbers in. This concludes our scheduled Departmental Budget Reviews. Seeing no objections, I will adjourn the Departmental Budget Reviews for Fiscal Year 2018-2019.

There being no objections, the Committee adjourned the Fiscal Year 2018-2019
Departmental Budget Reviews at 9:34 a.m.

Respectfully submitted,



Darrellyne M. Caldeira
Council Services Assistant II



Codie K. Tabalba
Council Services Assistant



Allison S. Arakaki
Council Services Assistant

APPROVED at the Committee Meeting held on May 9, 2018:



ARRYL KANESHIRO
Chair, Budget & Finance Committee