

Approved

Minutes of the Open Session Meeting

Board/Commission	Kauai Cost Control Commission	Meeting Date	March 7, 2024
Location	Piikoi Building, Boards and Commissions Conference Room 4444 Rice Street, Līhu‘e, Hawai‘i 96766 URL Link: https://bit.ly/3wyys2Q Meeting ID: 225 955 068 160 Passcode: PuXcXY Phone: +1 469-848-0234 Conference ID: 778 824 408#	Start of Meeting: 9:00 a.m.	End of Meeting: 10:35 a.m.
Present	Chair Andre Lister; Vice Chair Alice Luck; Commissioners: Paul Pancho and Tyler Rodighireo. Also, present Board & Commissions Office Staff: Support Clerk Mercedes Omo; Administrator Ellen Ching; Office of the County Attorney: Deputy County Attorney Chris Donahoe.		
Excused	Commissioner Stacy Waikoloa		
Absent			



SUBJECT	DISCUSSION	ACTION
Meeting Called To Order/Roll Call To Ascertain Quorum	Chair Lister called the meeting to order at 9:00 a.m., a roll ensued with four (4) Commissioners present to conduct business.	
Chair’s Announcements	<ul style="list-style-type: none"> • Next Monthly Meeting, Thursday, April 4, 2024, @ 9:00 a.m. Office of Boards and Commissions Conference Room, Suite 300. 	
Public Testimony	Boards and Commissions Administrator Ellen Ching noted that there were no in-person or registered testifiers virtually to give public testimony.	

SUBJECT	DISCUSSION	ACTION
Approval of Agenda	Chair Andre Lister called for a motion to approve the March 7, 2024, Cost Control Meeting Notice and Agenda as circulated.	There was a motion made by Commissioner Pancho to approve the agenda as circulated. Commissioner Rodighireo seconded the motion. Hearing no objections, the agenda was approved as circulated.
Approval of Minutes	Approval of the Open Session Minutes from the February 1, 2024, meeting was approved with a correction to Vice Chair Alice Luck's name to remove the last name, Lister.	There was a motion to amend the minutes made by Vice Chair Luck. Commissioner Rodighireo seconded the motion. Hearing no objections, the minutes were approved as amended.
Business CCC 2024-1	<p><u>Discussion and possible decision-making on recommendations to reduce the cost of county government while maintaining a reasonable level of public service under Section 28.04 of the Kaua'i County Charter Article XXVIII Cost Control Commission.</u></p> <p>Assistant Chief Procurement Officer Ernest Barreira, Division of Purchasing was present to give an overview of contract procedures and to make any recommendations.</p> <p>Mr. Barreira stated that the most valuable part of his presentation was to answer questions from the Commissioners because the procurement process is very cumbersome and detail-oriented in terms of how it is applied to expenditures within the county government. The purchasing division is comprised of eight (8) staff members, himself, and five (5) senior specialists who manage formal procurement which is anything over \$25,000, including two (2) technicians who manage small purchases, including the county's annual auction, the maintenance of county equipment, and a plethora of other things.</p>	

SUBJECT	DISCUSSION	ACTION
	<p>There are seven major forms of procurement, most of which involve formal solicitations in the way of invitation to bid or request for proposal. The most popular procurement is the invitation to bid. All forms of procurement that generates \$25,000 or more and has a relatively small threshold. Invitations for bids are awarded strictly on price meaning that whoever brings in the lowest offer and is the most responsible bidder, will be awarded the contract based on the assumption that all of the regulatory requirements have been met.</p> <p>Professional services are mainly for professional engineers, contractors, and surveyors. The federal government maintains a list of vendors that provide professional services that need to be procured using HRS 103 3D3 04. This law was recently revised by the state legislature last year, and it was a gift to the county because it can now award contracts that were sitting idle due to strict rigidity imposed by his friends on the Supreme Court. They had decided that if the county did not have three qualified resumes for engineers, architects, and surveyors under Chapter 464, the county could not award those contracts. This was a huge challenge for a small county like Kauai, but now with the new revision, the county can award professional services contracts without any difficulty.</p> <p>Before the law was changed there was a significant change in the way professional services were published. Engineers, surveyors, and architectural needs were brought together in a single publication so that people could quickly find three qualified submissions. This required a tremendous effort, involving collaboration between the county attorney, partners in the state legislature, and the private sector.</p>	

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	<p>Mr. Barriera confirmed that even if there was only one submittal or none, they could still award the contract, but due process must be followed and all regulatory requirements had to be met.</p> <p>Mr. Barreira mentioned that in the State versus Hasato case, the county had an alternative procurement provision. However, the court decided that the administrative rule was not consistent with the statutes, and after a significant push by the engineering and architectural community, the statute was changed. Surprisingly, the county was successful in changing the statute last year but they had to convince the professional community that not all government procurement is corrupt and that there are people who work in government procurement who want to get the job done right. Hats off to the legislature and the government for signing it into law.</p> <p>Sole source procurement has to be handled very carefully because when it comes to emergency procurement (which is used very rarely) all three critical elements in the statute must be met before an emergency procurement can be done. This is not to be confused with an emergency declaration (i.e. Rain18) where part of the Northshore community was completely cut off from help, that was under Chapter 127 (a) of the law where the governor could issue a declaration and had the authority to suspend the law to allow the County of Kauai to respond expeditiously with the recovery needs for the Northshore community.</p> <p>When it comes to expending public money, Mr. Barreira explained that there's a significant difference between the procurement of goods and services and the procurement of construction projects. The main difference lies in the payment methodologies used. When procuring goods and services, the payment is made through acceptable methods and under relevant statutes. However, when it comes to construction procurement, the process is more complex and involves</p>	

SUBJECT	DISCUSSION	ACTION
	<p>additional payment methods.</p> <p>The three general methods of payment are the use of P-cards (charge cards) which are mandated to be used by county departments and agencies for any purchases under \$2500.00. There is a corresponding policy and procurement from the division of purchasing that eliminates and exempts any type of act for procurement for any unit price item under \$2500.00 so long the aggregate purchase for that meter exceeds \$5000.00. The purpose is to allow the expeditious acquisition of small items that are needed. Especially for the people around the community like parks, public works, landfills, and transfer stations, need to repair something expeditiously. What is interesting is that a few years back, an audit was done and they found forty findings because the departments and agencies looked at the P-card as a way to buy whatever they needed. Procurement rules still apply and with a tremendous amount of training the purchasing division found zero findings in the past six years. Other payment methods are purchase orders and blanket purchase orders.</p> <p>The most known methodology is contract payments. The difference between purchase orders and contract payments is that purchase orders are issued unilaterally – they direct a contractor to provide a certain service and then the purchasing division would generate a purchase order committing payment upon successful completion of the service via an invoice.</p> <p>A contract is a legally binding agreement between a contractor and the county where they both agree to certain terms and conditions. When it comes to county procurement and contracts, it is important to follow the county's general terms and conditions for goods and services, general provisions for construction contracts, and the county's terms and conditions for professional services contracts. Those requirements cannot be waived as the county's top priority is to</p>	

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	<p>protect its financial interests and minimize liability. The county issues roughly 200 contracts per year and purchase orders alone can involve sums as large as eight to ten million dollars for small purchases.</p> <p>Mr. Barreira shared that in 2016, the procurement division went completely paperless. This innovative approach opened the door to various methodologies, including telecommuting. Now, all procurement processes and procedures are carried out in a paperless environment, which includes the e-procurement system.</p> <p>Given the challenges posed by the pandemic and the current state of the economy, Mr. Barreira touched upon the problems that the procurement division is currently facing. The COVID-19 pandemic and the subsequent shutdown of the American economy had significant consequences that are still being felt today. Schools, small businesses, manufacturers, factories, trade, and the ability to import and export goods and services have all been impacted. Currently, there is a significant gap between low bids and proposals being received, and the budgeted amount for those services. A good example was the county's refuse stations management and practices, which were left as a formal bid despite having a budget of 17 million dollars to pay for the service, the lowest bid received was 35 million dollars.</p> <p>He pointed out that the contractors are not to blame for those issues. Some significant problems need to be addressed, such as the manufacturing industry that has still not recovered, the high cost of acquiring goods and services, and the problem of unemployment. He stated that when the federal government had good intentions to have people stay at home, it resulted in unintended consequences.</p>	

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	<p>Nobody recovered from the government’s good intentions, and everyone on Kauai saw the effects at the various restaurants and business establishments across the island and even at the county level because there were a lot of vacancies that the county could not fill because of reasons not yet completely clear. Not to forget the current economic challenges across the country with inflation being over 9.3%. These are issues that the contractors are dealing with today.</p> <p>Mr. Barreira stated that he has approved numerous requests for contract extensions to allow for the provision of goods and services. A good example is purchasing much-needed police vehicles and fire engines. There is a window in which the police and fire departments can order vehicles that have a critical impact on public safety.</p> <p>Mr. Barreira has mentioned that the old Big Save facility is being converted into a childcare center by the county. However, the county is facing a challenge as they are 1.5 million dollars over budget even with the lowest bid. Additionally, the purchasing division had to opt for an alternative procurement strategy for the refuse transfer stations. Instead of procuring for all the transfer stations, they only procured for three. The county urgently needs to finish those other locations to avoid paying fines imposed by the Department of Health. Unfortunately, Hawai’i is enduring the pain and suffering caused by inflation and recession is the last to recover.</p> <p>The cost to acquire goods and services for construction is the highest it has ever been but the county is in good shape thanks to its revenue picture. He hopes that the situation will become better for the private sector and entire the construction industry.</p>	

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	<p>Mr. Barreira stated that one of the things the county is trying to do to make contracts more cost-effective is launching a large number of multi-term contracts, where the county would agree with the contractors. The solicitation alerts that the county is entering into a multi-term contract and the contractor bids knowing that they will commit to the county for goods and services for three to five years.</p> <p>However, escalation provisions where one would allow an increase in a contract are not permitted unless the county allows it within the solicitation itself, and the county made it a policy not to allow it because it would open too many doors and possibly bankrupt the county. Some federal monies allow escalation but most general funds do not. This places the burden on the county's bidding community to understand the market forces and to make sure that they factor in all of those forces before they bid, otherwise, they will be held accountable throughout the contract. However, there are certain exemptions, like change orders are permitted within construction but that is mutually agreed upon between the contractor, the projector manager, and the Director of Finance.</p> <p><u>Questions from the Commissioners</u></p> <p>Chair Lister inquired whether the purchasing division is responsible for dealing with non-profit organizations who seek county grants, whether there are any federal funds available to fill the inflation gap, and whether the purchasing division is required to search for grants or if there is someone in the county who does this and then brings it to his (Mr. Barreira's) attention.</p> <p>In response to a question, Mr. Barreira stated that the county heavily relies on federal grants such as the CARES ACT. Due to the leadership of Mayor Kawakami, unlike other states, the county utilized all of the funds to provide relief and essential services to the Kauai community. Other federal grants are used for Homeland Security. Transportation grants allow the county to purchase buses.</p>	

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	<p>The roads and highway fund – 80 for state highways and 20% goes to the county’s general fund.</p> <p>Housing relies heavily on federal grants. The county has a person who is responsible for handling all grants and there are also grant people at the departmental level to help facilitate and to provide the needed information.</p> <p>The purchasing department is responsible for the lawful acquisition of goods and services in construction. The department is not responsible for the source of funds provided to the county.</p> <p>Chair Lister asked Mr. Barreira when recognizing a gap does he look for more funds to help the gap. Mr. Barreira responded that they would inform the departments of the gap, noting that the results of all electronic bids are calculated electronically and are immediately sent to the project managers. If the funds are deficient, the project managers have the option to determine whether they would like to do an alternative procurement and substantially reduce the scope of affordability or go out to find funding. Prices that come from a formal bid are good for 60 days beyond that, they would have to ask the contractor to hold off on their prices. Insurance is also a cost factor for contractors.</p> <p>Vice Chair Luck inquired about the number of informal bids that were below the 25K threshold. In response, Mr. Barreira clarified that such bids would be classified as small purchases, as per Chapter 103 D5 and sub-chapter 8. He further explained that there are two different thresholds for small purchases. For purchases between 15,000 and 25,000, they need to obtain quotes from at least three vendors. For purchases below 5,000, they are required to obtain at least three quotes as well. He then offered to get Vice Chair Luck the numbers related to small solicitation purchases and the costs involved.</p>	

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	<p>Vice Chair Luck asked what control measures are being taken to ensure fair prices.</p> <p>Mr. Barreira replied that the law provides that every award cannot be made unless the procurement officer and the purchasing division validate that the prices are fair and reasonable. Invitation for bids and requests for proposals is a single responsive and responsible bid that can be used to award.</p> <p>Vice Chair Luck asked how he determines a fair price in this inflation environment. Mr. Barreira replied that it's tough and looking at fair market trends is tough as well because everything is different now, but the project managers all do a good job of researching the market and doing a comparative analysis of the counties as well as jurisdictions of similar size.</p> <p>Chair Lister asked relative to the use of Pcards if each department is allocated a certain budget and what checks and balances are in place to ensure the purchases are cost-effective. Mr. Barreira replied that there are two types of Pcards. One is used to purchase general commodities and the other is used for travel, most of the time, the secretaries control the travel Pcard. There are limits as to how a department can spend each month and they cannot utilize the Pcard for purchases over \$2500 or greater; part of the reason is that regulatory requirements will kick in such as state and federal tax compliance, DCCA, and the DLIR.</p> <p>Mr. Barreira has mentioned that he performs monthly audits on specific Pcard purchases to ensure adherence to protocols. All Pcard purchases must go through an approval process before they can be accepted. To further assist with the proper use of the P-card, mandatory PowerPoint training is offered to all Pcard users.</p>	

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	<p>He mentioned that while conducting audits for the past two years, he encountered two irregularities that the contracted Auditor Firm had missed. He also discussed the county's partnership with Costco, which allows them to use MasterCard Pcard for purchases, and the transactions are carried out in the back of the house.</p> <p>After Costco's management changed, they stopped accepting the county's Pcard and purchase orders. As a result, the county had to spend more money on goods that were previously purchased at a lower cost. Walmart still accepts purchase orders and Pcard purchases from the county, but they cannot provide the same volume of goods as Costco. It's worth noting that the Pcard is monitored by the accounting division, not the purchasing division.</p> <p>Additionally, Mr. Barreira mentioned that Amazon purchases are being widely used by county departments and agencies as well. The Director of Finance has the discretion to allow larger purchases, especially during an emergency, but generally, all departments and agencies have spending limits that are determined each month.</p> <p>Vice Chair Luck inquired if the county is still contracted with the Audit Firm. Mr. Barreira confirmed that the services were procured by the county council before he joined the county.</p> <p>Commissioner Rodighireo asked Mr. Barreira if he had any recommendations on reducing the cost of government.</p> <p>Mr. Barreira explained that he held two roles, one of which was the Chief Procurement Officer and Budget Chief. As Chief Procurement Officer, he ensured that the county followed the laws on procurement. One such provision is the use</p>	

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	<p>of multi-term contracts, which aims to prevent price increases over time. Regarding finding ways to save money, it is beyond the purchasing division's purview to do so, but they do have information that is valuable to the budget team and the administration on the costs to acquire goods and services and construction contracts.</p> <p>Chair Lister asked what could make the purchasing division more efficient in terms of any internal changes.</p> <p>Commissioner Rodighireo commented on something related to the rules of the county council to help modify the purchasing division.</p> <p>Mr. Barreira replied that the purchasing division had made some modifications over the last ten years and that the rules of the county council do not have any impact. He confirmed that procurement is vetted within the charter by law to adhere completely to the requirements of the state's procurement code Chapter 103 D. Most of the governance of the procurement code is by statute and administrative rules, so there isn't much in terms of what the county manages other than discretion granted within the code which allows procurement officers to make changes up to a certain amount. Every state and county jurisdiction has its chief procurement officer.</p> <p>He stated that the Chair of the county council is a chief procurement officer, however, in 1990, they reached an agreement to give all procurement processes to the executive branch to manage procurement for the county council. He added that under the executive branch, the Director of Finance is also a chief procurement officer, and he is her assistant, but in 2015, all delegated authority was given to him and he now manages all procurement operations.</p>	

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	<p>Vice Chair Luck stated that she's interested in learning more about formal bids being that the vendors have all been pre-qualified and were placed on a list. Mr. Barreira commented that to submit a formal bid, a construction company must meet all licensure requirements.</p> <p>During the conversation, Vice Chair Luck inquired about the number of contractor companies he has to work with particularly when it comes to public works. Mr. Barreira stated that he works with five to six major contractor companies and ten to fifteen smaller companies on the island.</p> <p>Vice Chair Luck expressed her concerns about possible conflicts of interest in the procurement process being that the purchasing staff are working from home.</p> <p>Mr. Barreira clarified that his staff does not have any direct contact with any of the contractors. If a contractor has questions about a certain solicitation, they are required to submit a written request for the information. The request then is reviewed by the project manager and the purchasing division to either modify the solicitation's content or not which is shared with everyone. The division of purchasing is responsible for ensuring fairness and avoiding potential corruption, and possible conflicts of interest. He added that the way the procurement code is structured will eliminate the opportunity for any potential conflicts of interest and corruption.</p> <p>Vice Chair Luck stated that what happens when one of the bids is lower but the long-term maintenance cost for the county would be higher because it's a different type of approach. Mr. Barreira replied that if they went under 10 3D 302, then the purchasing staff is obligated to award the lower bidder. Staff would have to find a legal to say that the lower bidder is not responsive and therefore is disqualified.</p>	

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	<p>There are negotiation procurements where one can do that – professional services, sole source, exempt. No negotiations are allowed in the invitation for bid, competitive sealed bid, and competitive sealed proposals. A competitive sealed proposal is when the county wants to do something or has a vision of what it wants to do but is not quite sure how to go about doing it so the county goes out to seek qualified proposals and then evaluations each proposal, scores them and then a committee makes the final decision based on the numerical score on who should be granted the award. The bids are evaluated for technical compliance.</p> <p>Vice Chair Luck commented that although the bids are being evaluated for technical compliance it doesn't mean that they are scored based on their approach – they are scored on the scope of work based on the budget. Mr. Barreira stated that the scoring is contained within the solicitation and is governed by the statutes.</p> <p>Vice Chair Luck stated that being that the Cost Control Commission is interested in cost savings measures, she is thinking about long-term maintenance plans and how it is included in the procurement process.</p> <p>Mr. Barreira said that generally, goods come with a period warranty and the contractor has to provide coverage for free if there are any product defects. Construction contracts are the same, there is a significant amount of warranty involved, and as everyone knows, once the warranty is exceeded, the maintenance costs are the county's responsibility.</p> <p>There being no further questions or comments, Chair Lister thanked Mr. Barreira for his valuable input and time. Mr. Barreira offered his cellphone number via Ms. Ching should the Commissioners need more information and will put together</p>	

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	<p>a report on the total expenditures that involved purchases under \$25,000 during the last fiscal year, the total amount of purchase orders issued, and the amount involved.</p> <p>At 9:53 a.m., Mr. Barreira left the meeting.</p> <p>Chair Lister welcomed Real Property Tax Manager Mike Hubbard to the meeting and asked him to address the breakdown of outstanding tax balances for each tax classification per year.</p> <p>Mr. Hubbard introduced himself to the Commissioners and then began to address the question of what is the outstanding tax balances per year based on tax class.</p> <p>Mr. Hubbard explained that he did not provide information per year he's just providing the current year because he thought it would be more efficient. He then referred to a piece of information reflecting data on the current outstanding tax balances of \$6,241,606.78 and broke it down to each tax class with non-owner occupied residential showing an outstanding tax balance of \$2,194,912.20 (35%).</p> <p>Mr. Hubbard mentioned that the outstanding tax balances included the county's RCA fees. In the non-owner-occupied residential column, the Department of Hawaiian Homeland's total outstanding tax balance represents a little over \$150,000. He noted that the Hawaiian Homelands do not pay any real property taxes they only pay the county's RCA fees (trash pick-up).</p> <p>The outstanding tax balance for vacation rentals is 5%. Commercial is at 3%, and industrial is at 2%, and Agricultural is at 16%.</p>	

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	<p>Mr. Hubbard mentioned that Kulana Condominiums total outstanding tax balance is \$400,000 but he expects real property will be paid fairly soon within the next couple of years.</p> <p>Hotel and Resort outstanding taxes owed is at \$1,555,659.93. In doing research he found:</p> <p>The Kauai Inn paid real property taxes in the second half of 2020 which represents \$300,000 of the \$1,555,659.93. Two oceanfront parcels in the Wailua and Kapa'a areas represent \$1.2 million of the \$1,555,659.93.</p> <p>Owner occupied is 4% (\$266,195.67), Owner-occupied mix use is 1% (\$89,382.37) Residential investor 5% (\$310,784.57), and lastly, GV's – Alpha parcels 0% (\$11,522.30).</p> <p>When asked about what GV means, Mr. Hubbard explained that it stands for "government-owned property". This refers to land or assets that are legally owned by a government or government entity and can be titled at the federal, state, or local level. A good example of this is the airport hangars at Līhu'e airport. In cases where the former lessee vacates the space with an outstanding tax balance and a new lessee comes in to occupy the space, the new lessee cannot be held responsible for the outstanding tax balance left by the former lessee. The real property tax division can only keep a record of the outstanding tax owed by the previous owner.</p> <p>Vice Chair Luck mentioned that the Commission discussed at a previous meeting about problems collecting taxes and how it would cost RP to collect those taxes without the county incurring more costs.</p>	

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	<p>Commissioner Rodighiero asked relative to the non-owner-occupied residential tax balance of \$2,194,912.20, is it because the people are disputing their taxes Mr. Hubbard explained that non-owner-occupied residential represents 7,439 parcels and the outstanding tax balance is more of a metric of the population and not necessarily a problem with that particular tax class.</p> <p>During the meeting, Mr. Hubbard presented data related to FY 2018-19, which included information about the original debits collected by RPA from KKUCFD (Kukuikulua) and RRCA (trash fees). The data also included details about credits, current year outstanding tax balances at the beginning of the fiscal year, prior year outstanding tax balances, and the total amount of taxes collected in a particular fiscal year, as well as the balance that remains outstanding at the end of a fiscal year. He mentioned that although August is the biggest collection month, payments are received throughout the year.</p> <p><u>Questions from the Commissioners</u></p> <p>Vice Chair Luck expressed concern about how the numbers keep piling up but at least the numbers are relatively consistent. She asked Mr. Hubbard if he thought it would be helpful for the Commissioners to look at the stats from his viewpoint and keep going forward.</p> <p>Mr. Hubbard stated that the real property division does keep track of data but their goal and responsibility is to collect money, offer foreclosure options, sending materials to the county attorney for legal review among other things. This year alone RP identified 40 properties to place on the foreclosure list but took off a few because RP didn't have the resources such as a litigation guarantee from the Title Company, as of today the number of foreclosures on the list has decreased to down to ten (10) foreclosure properties. The real property division collected a significant amount of money because of the dedicated employees in the real</p>	

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	<p>property division working with the county attorney.</p> <p>Vice Chair Luck asked who the county works with on auctions to which Mr. Hubbard replied for judicial foreclosures they do it entirely by themselves. For non-judicial foreclosures, they would hire a commissioner who is appointed by the clerk and the county attorney would work alongside the commissioner.</p> <p>Mr. Hubbard referred to Resolution 2023-33, Draft 1, and information on net taxable value by tax class. He drew the Commissioner's attention to the revenue by class column reflecting different percentages regarding homestead revenue, and the hotel and resort revenue to address the question regarding the delinquencies per tax class and the revenue generated by those tax classes.</p> <p>Chair Lister asked if the information that he provided reflects the new tax classification changes to which Mr. Hubbard replied that the information reflects the old tax classifications, however, in a couple of months the new FY 2024-2025 resolution will be available and it will reflect the new tax classifications.</p> <p>Vice Chair Luck asked Mr. Hubbard if he thinks the revenue mix is too heavy on the visitor industry and the off-island homeowners to which Mr. Hubbard replied that he thinks it is a policy call.</p> <p>Chair Lister asked Mr. Hubbard if he could identify the reason for the large difference in recovery percentages between FY 2021-2022 and FY 2022-2023.</p> <p>Vice Chair Luck commented that it could be because people were filing appeals.</p>	

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	<p>Mr. Hubbard stated that looking at the previous information under FY 2023-2023 the months of July through June the numbers are negative which means that the real property tax division is collecting money. But in September the report showed a variation of 1.1 million dollars because some people no longer qualified for exemptions and it had something to do with the county's rate of recovery.</p> <p>Vice Chair Luck noted that delinquencies appear widespread across many properties, rather than being concentrated in a few with large outstanding balances that real property could easily pursue.</p> <p>There being no further questions, Chair Lister thanked Mr. Hubbard and members of his staff for taking the time to come to the meeting to address the Commissioner's questions. Mr. Hubbard commended Megan and Kathleen for putting stats together.</p> <p>During the last meeting, Boards and Commissions Administrator Ellen Ching reminded Chair Lister about a request to add an agenda item a discussion on conducting a feasibility study on the utilization of paperless billing statements for the real property tax division, and the cost of implementing a paperless billing system in the county.</p> <p>Chair Lister asked Mr. Hubbard if going paperless would have a positive effect on the real property tax division, and if there are any legal implications involved.</p> <p>Vice Chair Luck stated that to her understanding the banks have offered their customers to have paperless billing and paperless bank statements along with a disclaimer.</p>	

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	<p>Commissioner Rodighireo asked Mr. Hubbard about the potential cost of transitioning to paperless billing.</p> <p>In response, Mr. Hubbard explained that the cost should not be substantial, as the EMS bills and master touch bills for RP are both under \$30,000. He also mentioned that the real property tax division is already offering paperless billing as well as paperless assessment notices, both in an email format, which come with individual codes that allow the recipient to opt out of receiving paper statements. Mr. Hubbard mentioned that he did some research and found that there are minimal cost savings due to the expense of hiring two vendors.</p> <p>Vice Chair Luck inquired if the vendor had the capability to confirm if someone had opened their email. Mr. Hubbard responded in the affirmative and explained that in other electronic submission services if someone changes their email address, they would have to update it themselves or contact the real property tax division for assistance. In some cases, taxpayers would not open their email because they were unsure if it was legitimate, and would later call the real property division to inform them that they had not received their assessment notice for the past three years. In such cases, staff would check if they had opted for email notices, and if so, they would contact the vendor to see if the person had ever opened their email since opting for paperless assessment notices. If the vendor confirmed that the person had received the email, the real property division would not send a duplicate assessment notice.</p> <p>Chair Lister asked Mr. Hubbard if he thought the electronic services being used widely would save his staff time and be a great cost-saving measure to which Mr. Hubbard replied yes, but to err on the side of caution more and more people are trusting emails less and less and are hesitant to click on links. Even the County's IT Department had to implement cybersecurity measures to protect the</p>	

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	<p>county's computer systems and provided an educational PowerPoint for all county employees to see. Fortunately, they are offering a paperless alternative and giving the public the ability to file exemptions online, if they want to email the document to real property (although least desirable) they will accept their emails and document it.</p> <p>Commissioner Rodighireo pointed out that he looked at all the documents that real property sent him by email but there is no option that he could see.</p> <p>According to Mr. Hubbard, every taxpayer is assigned a unique code for security purposes. However, when assessment notices are published online, the code is omitted as a safety feature implemented by the vendor. If a person receives the assessment notice via mail, they will find their unique code included in the document. To obtain a code, individuals must enroll in the relevant service.</p> <p>Chair Luck stated that he was satisfied with Mr. Hubbard's response.</p>	
Executive Session	<p>Under HRS§ 92-7(a), the Commission may, when deemed necessary, hold an executive session on any agenda item without written public notice if the executive session was not anticipated in advance. Any such executive session shall be held under HRS § 92-4 and shall be limited to those items described in HRS §92-5(a).</p>	<p>There was no Executive Session.</p>
Adjournment	<p>There being no further business, Chair Lister called for a motion to adjourn the meeting.</p>	<p>There was a motion made by Vice Chair Luck to adjourn the meeting. Commissioner Rodighireo seconded the motion. Hearing no objections, the meeting adjourned at 10:35 a.m.</p>

Submitted by: _____
Mercedes Omo, Staff Support Clerk

Reviewed and Approved by: _____
Andre Lister, Chair

Approved as circulated on May 2, 2024.

Approved as amended. See minutes of _____ meeting.