



COST CONTROL COMMISSION

ANDRE N. LISTER, CHAIR
ALICE LUCK, VICE CHAIR

PAUL A. PANCHO, MEMBER
TYLER RODIGHIREO, MEMBER
STACY WAIKOLOA, MEMBER

Meetings of the Cost Control Commission will be conducted as follows:

- Meetings will be publicly noticed under Chapter 92, Hawai'i Revised Statutes (HRS).
- Minutes of the meetings will be completed under Chapter 92, HRS, and posted to the Cost Control Commission's website.

Public Comments and Testimony:

- **Written testimony** will be accepted for any agenda item herein.
 - Written testimony indicating your 1) name, and if applicable, your position/title and organization you are representing, 2) the agenda item that you are providing comment on, and 3) contact information (telephone number and email address), may be submitted to mromo@kauai.gov or mailed to the Cost Control Commission, c/o Office of Boards and Commission, 4444 Rice Street, Suite 300, Līhu'e, Hawai'i 96766.
 - Written testimony received by the Cost Control Commission at least 48 hours before the meeting will be distributed and available as part of the Commission's packet. That written testimony submitted after that will be distributed at the meeting.
 - Any written testimony received after this time and up to the start of the meeting will be summarized by the Clerk of the Cost Control Commission during the meeting and will be provided to the members and added to the record thereafter.
 - Any written testimony received during the meeting and before decision-making on the corresponding agenda item will be distributed to the members before such decision-making.
- **Oral testimony** will be taken at any time during the meeting.
 - It is recommended that anyone interested in providing oral testimony register at least 24 hours before the meeting by emailing mromo@kauai.gov or calling (808) 241-4920. Any request to register may include your 1) name, and if applicable, your position/title and organization you are representing, 2) the agenda item that you are providing comment on, and 3) contact information (telephone number and email address).
 - Per the Cost Control Commission's Policy No. 1 there is a three-minute time limit per testifier for each agenda item.
 - Individuals who have not registered to provide testimony will be allowed to speak on an agenda item following the registered speakers.

SPECIAL ASSISTANCE

IF YOU NEED AN AUXILIARY AID/SERVICE, OTHER ACCOMMODATION DUE TO A DISABILITY, OR AN INTERPRETER FOR NON-ENGLISH-SPEAKING PERSONS PLEASE CONTACT THE OFFICE OF BOARDS AND COMMISSIONS AT (808) 241-4917 OR ADAVIS@KAUAI.GOV AS SOON AS POSSIBLE. REQUESTS MADE AS EARLY AS POSSIBLE WILL ALLOW ADEQUATE TIME TO FULFILL YOUR REQUEST. UPON REQUEST, THIS NOTICE IS AVAILABLE IN ALTERNATIVE FORMATS SUCH AS LARGE PRINT, BRAILLE, OR ELECTRONIC COPY.

COUNTY OF KAUAI COST CONTROL COMMISSION MEETING NOTICE AND AGENDA

Thursday, June 6, 2024

9:00 a.m. or shortly after that

Piikoi Building, Boards and Commissions Conference Room

4444 Rice Street, Suite 300, Lihu'e, Hawai'i 96766

Remote Access VIDEO by Microsoft Teams

Click on the URL below or type the URL into your computer or smartphone

<https://bit.ly/4dUsvFr>

Meeting ID: 219 808 070 690 Passcode: 8Pdeeh

AUDIO Connection by Microsoft Teams

Phone: +1 469-848-0234, Phone Conference ID: 773 092 135#

OPEN SESSION MEETING CALLED TO ORDER

ROLL CALL TO ASCERTAIN QUORUM

APPROVAL OF AGENDA

CHAIR'S ANNOUNCEMENTS

- Instead of the July 4, 2024, meeting, the next Monthly Meeting, will be held on Thursday, July 11, 2024, @ 9:00 a.m. Office of Boards and Commissions Conference Room, Suite 300.

PUBLIC TESTIMONY ON ANY AGENDA ITEMS

Individuals may testify on any agenda item or wait for the item to come up on the agenda.

APPROVAL OF MINUTES

- Open Session Minutes of the May 2, 2024, meeting

BUSINESS:

CCC 2024-1:

Discussion and possible decision-making on recommendations to reduce the cost of county government while maintaining a reasonable level of public services under Section 28.02 of the Kaua'i County Charter Article XXVIII Cost Control Commission.

- Budget Administrator Ken Shimonishi responding to the Commission's request for information regarding:
 1. Travel: Report on travel expenses per department and division for FY18, FY19, FY20, FY21, FY22, and FY23, month-to-month travel expenditures per department for FY23, and the process and procedures to obtain travel approval.

2. Council budget and expenditures for FY18, FY19, FY20, FY21, FY22 and FY23.
3. Report on how much of the lapsed funds can be attributed to vacancies for FY18, FY19, FY20, FY21, FY22 and FY23.
4. Report on the CIP budget for FY 24 and FY 25 by department with a description of the project.
5. Report on the total number of printer/copier rental contracts and the number of printer/copiers per department.
6. Recommendations on cost reductions, containment, or increasing the efficiency of operations.

EXECUTIVE SESSION: 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 limited to those described in HRS §92-5(a).

ADJOURNMENT

cc: Deputy County Attorney Chris Donahoe

DRAFT to Be Approved

OPEN SESSION MEETING MINUTES

| | | | | |
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| Board/Commission | | Cost Control Commission | Meeting Date | May 2, 2024 |
| Location | Piikoi Building, Boards and Commissions Conference Room 4444 Rice Street, Suite 300 Līhu‘e, Hawai‘i 96766 URL: http://bit.ly/4aN6gU8 Meeting ID: 255 243 235 075 Passcode: hThDSs Phone: 1 469-848-0234; Conference ID: 55 062 148# | | Start of Meeting: 9:35 a.m. | End of Meeting: 11:09 a.m. |
| Present | Chair Andre Lister (Virtual); Vice Chair Alice Luck; Commissioners: Paul Pancho, Tyler Rodighiero, and Stacy Waikoloa (<i>not present at 10:54 a.m.</i>). Also, present Board & Commissions Office Staff: Administrative Specialist Anela Davis filling in for Support Clerk Mercedes Omo; Administrator Ellen Ching; Office of the County Attorney: Deputy County Attorney Charles Foster. | | | |
| Excused | | | | |
| Absent | | | | |

| SUBJECT | DISCUSSION | ACTION |
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| Meeting Called To Order/Roll Call to ascertain quorum | <p>Due to technical difficulties, the meeting started when Vice Chair Alice Luck called the Cost Control Commission May 2, 2024, meeting to order at 9:35 a.m.</p> <p>Commissioner Paul Pancho responded present. Commissioner Tyler Rodighiero responded here. Commissioner Stacy Waikoloa responded here. Vice Chair Alice Luck responded here. Chair Andre Lister responded here.</p> | <p>Quorum was established with 5 Commissioners present.</p> |

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| Approval of Agenda | | Mr. Rodighiero moved to approve the agenda as circulated. Ms. Waikoloa seconded the motion. Motion carried 5:0. |
| Chair's Announcements | <ul style="list-style-type: none"> Next Monthly Meeting, Thursday, June 6, 2024, @ 9:00 a.m. Office of Boards and Commissions Conference Room, Suite 300. | |
| Public Testimony | <p>Individuals may testify on any agenda item or wait for the item to come up on the agenda.</p> <p>There were no members of the public present online or at the meeting to testify on any agenda item.</p> | |
| Approval of Minutes of the March 7, 2024, and the April 4, 2024, Meetings | <ul style="list-style-type: none"> Open Session Minutes of the March 7, 2024, meeting. Open Session Minutes of the April 4, 2024, meeting. | Ms. Waikoloa moved to approve the Open Session Minutes of the March 7, 2024 and April 4, 2024, meetings. Mr. Rodighiero seconded the motion. Motion carried 5:0. |
| CCC 2024-1 | <p>Discussion and possible decision-making on recommendations to reduce the cost of county government while maintaining a reasonable level of public service under Section 28.02 of the Kaua'i County Charter Article XXVIII Cost Control Commission.</p> <ul style="list-style-type: none"> Budget Administrator Ken Shimonishi to address travel budgets for the past 6 fiscal years (FY 16-17, FY 18-19, FY 19-20, FY 20-21, FY 21-22, and FY 23-24) and any recommendations on cost reductions, containment, or to making operations more efficient. | |

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| | <p>The Commission heard from Ken M. Shimonishi, Budget Administrator.</p> <p>The Commission thanked Mr. Shimonishi for his patience and for the information he provided.</p> <p>Mr. Shimonishi presented the following:</p> <ul style="list-style-type: none"> • Provided to the Commission is information based on the request for travel information. • The information is provided in the Executive Summary, which is attached hereto and incorporated herein. • Travel expenditures are broken out into a table format and categorized by the type of fund that is typically looked at. • The Operating funds are typically what is on the Operating Budget Ordinance. • The next category are Grant funds, including Section 8 grants or Housing Choice Vouchers or HUD grants, and Building Permit Revolving Fund travel. • The last category is travel related to Capital Improvement Project (CIP) funds. • In the first section, the Operating funds are broken down into individual funds such as General Fund, Highway Fund, G.E. Tax Fund, etc. and further broken down by the fiscal year. • The Fiscal Year 2023 amounts are currently unaudited. • The General Fund is the largest fund for the County and makes up the largest amount of travel funds, amounting to approximately \$2.3 million for the six-year period. • The next largest travel fund would be the Liquor Fund and in the past six years, expenditures totaled approximately \$184k. | |

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| | <ul style="list-style-type: none"> • In total, the Operating Funds accounted for approximately \$2.64 million over six years. <p>Mr. Rodighiero asked whether the travel expenditures include travel for both on-island and off-island. Mr. Shimonishi responded that the travel expenditures are comprised mostly of travel off-island. The County does record employees attending on-island events as travel as well, but the majority of the costs include airfare, per diem, hotel, etc. for off-island travel.</p> <p>Mr. Shimonishi continued with his presentation:</p> <ul style="list-style-type: none"> • The Operating Funds reflect travel expenditures of approximately \$633k for FY 2018, \$642k for FY 2019, \$552k for FY 2020, \$27k for FY 2021, \$255k for FY 2022, and \$528k for FY 2023. • The pandemic started in March 2020 and in Fiscal Year 2021, which attribute for the decline in those years. <p>Mr. Rodighiero asked whether the majority of the travel was for educational and training purposes. Mr. Shimonishi responded that the travel could be for training, meetings, etc. The data was kept at a high-level but could also be drilled down further to the departmental level.</p> <p>Mr. Rodighiero inquired whether the specific details for each expenditure could be available. Mr. Shimonishi responded that the detail-level information is available but would take additional time to retrieve.</p> <p>Ms. Waikoloa asked whether the FY 2023 travel included travel to assist with Maui's wildfire relief efforts or whether that travel came from a</p> | |

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| | <p>different source of funding. Mr. Shimonishi responded that FY 2023 ended on June 30, 2023, so he does not believe any Maui-related travel was included in those reported expenditures as the fires occurred in August 2023.</p> <p>Mr. Shimonishi continued with his presentation:</p> <ul style="list-style-type: none"> • The dollar amounts being observed are valid expenditures, but from a higher level, the Commission should look at the travel expenditures based on the total expenditures of the County as a whole. • The Grant funds and travel related thereto are not actually coming from the County's pot of monies and instead come from State grants, Federal grants, etc. • On page 2 of the Executive Summary, the charts reflect travel as a portion of the entire Operating Budgets and other expenditures. • On page 2 of the Executive Summary, the second chart shows the actual percentage that relates to travel of the total expenditures for that Fiscal Year. • Not to discount that travel is a portion of the budgeted expenditures, travel is only a very small portion of the County's budgeted expenditures each year. <p>Vice Chair Luck thanked Mr. Shimonishi for showing the perspective of the information being looked at in terms of the Commission needing to tackle the larger-ticketed budgeted items. However, Vice Chair Luck did note that perhaps the Commission may want to recommend redirecting a portion of travel-related items to other needs, though the perspective Mr. Shimonishi provided is much needed as well.</p> | |

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| | <p>Mr. Shimonishi continued with his presentation:</p> <ul style="list-style-type: none"> • Page 3 reflects similar information but is focused entirely on the General Fund. <p>Mr. Rodighiero stated that regardless of what occurs, there will be the need to travel off-island during the course of business.</p> <p>Mr. Pancho stated that the Commission may want to dive deeper into specific types of training and who may have attended to evaluate the worthiness of those training opportunities and the associated costs.</p> <p>Vice Chair Luck stated that people are still going through a period following the pandemic on how best to put on conferences and the best method to conduct them. Vice Chair Luck inquired whether the County kept track of how much training is done online versus in-person. Mr. Shimonishi responded that he was unaware of whether that level of detail is being tracked at this time and would defer any questions about the benefit of specific training opportunities to the Managing Director about the appropriateness of training.</p> <p>Mr. Shimonishi continued with his presentation:</p> <ul style="list-style-type: none"> • In summary, travel does not make up a large part of the County's budget, though the Commission does have the prerogative to look into it further if it wanted to. <p>Vice Chair Luck asked if Mr. Shimonishi could explain the review and approval process for travel. Mr. Shimonishi responded that the review would generally run through having budgetary appropriations in the Annual Budget. Thereafter, it would fall on the Department Head or</p> | |

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| | <p>Deputy Department Head to approve the travel being requested. In certain situations, the approval process may also go through the Managing Director if it is unbudgeted.</p> <p>Ms. Waikoloa asked if travel agencies are used. Mr. Shimonishi responded that he was unaware of anyone using a travel agency. Those who book travel are allowed certain latitude when making travel arrangements, though mainland travel may involve the need to obtain at least three quotes.</p> <p>Mr. Pancho asked if it might be cost-effective to use a travel agency. Ms. Waikoloa explained that she would think it would be based on her past experience using a travel agent, but there are also other restrictions on travel agents not being available on the weekends, incurring additional fees, etc. Mr. Shimonishi stated that if the Commission requests the County's travel policy, the specific questions on arrangements, etc. may be included in that policy.</p> <p>Administrator Ching stated that travel arrangements are made differently in each department. In the Office of Boards and Commissions, Anela Davis typically handles travel, as different boards and commissions have different travel requirements and needs, along with varying budgetary allocations. Typically, for hotel arrangements, the person handling the arrangements books the employee a room at the hotel that the conference or meeting is taking place at. If something cannot be found, then accommodations will be made elsewhere. In other departments, personal secretaries or others who are tasked with making travel accommodations provide the service to make travel arrangements for their employees.</p> | |

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| | <p>Vice Chair Luck asked if there was a cap for the maximum airfare expenditures allowed. Administrator Ching stated that the cap usually is set by the amount of budget for that specific purpose.</p> <p>Ms. Waikoloa asked if the County's Travel Policy includes information about per diem. Mr. Shimonishi stated that he believes the Travel Policy covers per diem.</p> <p>Ms. Waikoloa asked Mr. Shimonishi to explain a little more about the Liquor Fund travel expenditures. Mr. Shimonishi stated that most of the travel expenditures relate to the Commissioners traveling to conferences, etc., but that a more definitive answer should come from the Director of Liquor Control. The Liquor Fund is supported by the licensing fees of the liquor sellers. Administrator Ching further clarified that all the licensees pay an annual fee and those go towards the operations of the Department of Liquor Control. Commissioners typically attend a statewide Liquor Commission meeting and in addition, Commissioners also attend the Northwest Region 9 meetings and conferences. The Commission's budget is set so that Commissioners can attend a regional conference and the statewide meeting. Travel expenditures also related to the Director and Investigators of the Department traveling for training and meetings as well.</p> <p>Ms. Waikoloa expressed her interest in seeing the County's Travel Policy to see how expenditures for travel are made, be it with a pCard or personal credit cards followed by a reimbursement. Ms. Waikoloa also expressed her interest in learning more about ground transportation costs, including ride sharing costs, etc. She requested more information through reviewing the Policy. Administrator Ching mentioned that those expenses depend on the department. Each department has a pCard limit and if expenses exceed</p> | |

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| | <p>those limits, those expenses cannot be paid for with the pCard. When someone goes on a trip, all arrangements are made by the employee responsible for making travel arrangements. This is followed by a per diem check being cut for the travel. Hotel expenses, airfare, etc. are all paid for.</p> <p>Ms. Waikoloa asked if per diem is kept by the employee if they do not spend it. Administrator Ching confirmed that she was correct. Per diem is dependent on where the employee is traveling to and for the length of the trip.</p> <p>Administrator Ching stated that there are some anomalies set for travel which include the need for rental cars, having to go a day in advance due to travel or conference scheduling, etc.</p> <p>Vice Chair Luck asked whether there were a few departments who make up the majority of the General Fund expenditures. Mr. Shimonishi stated that he suspects the Kaua'i Police Department may be the largest department in terms of travel-related costs, only because they are the largest department.</p> <p>Mr. Rodighiero requested a travel breakdown by department.</p> <p>Ms. Waikoloa asked about what would occur if the travel budget is not used. Mr. Shimonishi responded that any unencumbered balances are lapsed back into the General Fund and are no longer available for use in the next fiscal year.</p> <p>Mr. Rodighiero asked if the balances in the travel accounts would help shape the budget for the following fiscal year. Mr. Shimonishi responded</p> | |

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| | <p>that Mr. Rodighiero was correct and that it would be shaped by the incoming revenue, budgeted expenditures, and if there is a need to do internal transfers to balance the overall budget.</p> <p>Ms. Waikoloa asked if additional information could be provided by month to see if there is a trend to use travel budget towards the end of each fiscal year. Mr. Shimonishi responded that he could provide that information. Ms. Waikoloa stated her interest in seeing that trend and whether departments tried to use their budget knowing that it would lapse if unspent. Mr. Rodighiero asked for the travel information by division as well.</p> <p>Vice Chair Luck stated that she sees from the graph on page 4, that the General Fund lapse has been decreasing with each fiscal year that passes. She asked Mr. Shimonishi if that was something intentional or if there was a trend occurring. Administrator Ching asked Vice Chair Luck to hold off on that query until the next section of the presentation.</p> <p>Administrator Ching stated that she has the following items for follow-up with the Administration:</p> <ul style="list-style-type: none"> • A copy of the County's Travel Policy; • Travel expenses per department and division; and • Travel expenses broken down by month. <p>Chair Lister stated that most of his questions were asked and answered by others, and he did not have any requests for information at this time. He further stated that unless you get into the minutia of the data, it is very hard to know the specific details of each expenditure.</p> | |

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| | <p>Mr. Shimonishi continued with his presentation:</p> <ul style="list-style-type: none"> • The next portion of the presentation goes into other types of cost containment or recommendations. • The Kaua'i County Council's and Office of the County Clerk's budget does not undergo a secondary review like the other departments are subjected to. • Other departmental budgets are reviewed by the Administration and then receives a secondary review by the Council. • A suggestion could be made to add in another review for the County Clerk's budget as they are preparing and reviewing their own budget. The chances for approval are very high. • The comment is being made not for any specific Council Chair or County Clerk but is an opinion of the Budget Administrator as a systemic inherent weakness of the budgetary process. • An argument could be made that the Council is held accountable to the public, but the public is not that heavily involved in the inner workings of government, unless there is a "hot topic" being discussed. • There are typically just a few members of the public in the Council Chambers during meetings. • The recommendation leads to how much of the budget is unencumbered each year. This means that the budgeted amount is not expended or encumbered by a purchase order. • Self-insurance amounts are excluded from the charts related to budgeted lapse, as those amounts are only used for certain types of events, such as a building burning down, the Building Division flooding, etc. The Self-Insurance Fund is rarely used. | |

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| | <ul style="list-style-type: none"> • The lapsed amounts reflect that the County as a whole is budgeting tighter and that the departments are utilizing the budgets provided to them. • The Budget Administrator stated in 2012 and he has tried to provide the departments with historical financial information so that they are better able to budget closer to their specific needs and not overinflate the budget. This might have had some effect on the trend of budgeted lapsed funds decreasing year-over-year. <p>Ms. Waikoloa asked if each department receives graphs or data on their expenditures and budgeted amounts. Mr. Shimonishi clarified that each department receives historical data for the last three years at the account level to show them their trend of spending. This helps them gauge whether their requested budget aligns with their previous spending patterns. There are some who say that some departments may have just started spending more of their budget to reflect less of a lapse, but Mr. Shimonishi felt that the Administration has started tightening up the process so that wasteful spending did not occur or that unneeded budget was not requested.</p> <p>Mr. Shimonishi further stated that throughout his tenure with the County, the financial situation has improved, and processes have been put in-place to ensure solvency on behalf of the County.</p> <p>Chair Lister asked whether the percentage of lapsed funds reflects that departments are overbudgeting by that amount and whether the County is getting better at budgeting. Mr. Shimonishi responded that Chair Lister was correct. He further elaborated that there are already inherent cost increases incorporated in future budgets, including collective bargaining or other inflationary factors. He also explained that the graph is meant to</p> | |

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| | <p>depict how good departments are doing in terms of matching their requested budgets to their actual spending in each year.</p> <p>Mr. Rodighiero asked whether trends show that departments are overbudgeting or does this lead departments to try to spend more of their budget when not needed. Vice Chair Luck stated that this is where oversight comes in. Ms. Waikoloa stated that the budgeted amounts could vary from year to year, so the percentages are just for that specific year as each year the budgets are different, and spending is different. Mr. Shimonishi concurred with Ms. Waikoloa.</p> <p>Chair Lister expressed concern if there is a gap between budgets and expenditures as departments do not want to have their budgets decreased. He also noted that the County may see departments underspend their budgeted allocation only to rush and try to spend it at the end of the fiscal year so that they do not lose that budget allocation or amount in the following year. Mr. Shimonishi responded that budgets need to be justified each year. The County cannot overspend what is budgeted on any particular line item, so you will always have excess budget to cover expenditures in that department. For example, if you budget \$30,000 for office supplies and if you try to spend more than \$30,000, you can move internal departmental budget around to cover any overages, but you cannot end up with an overall negative budget at the end of the year on any line item. Chair Lister clarified that he was not talking about overspending the budget. Chair Lister further clarified that he was worried more about departments rushing at the end of each fiscal year to spend down their budget allocations knowing that if they do not, their budgets may be reduced in future years. Ms. Waikoloa stated that this may be revealed through her request for monthly actual information to see</p> | |

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| | <p>whether departments are spending a large majority of their previously unspent budgets at the end of each fiscal year.</p> <p>Chair Lister thanked Mr. Shimonishi for making the difficult recommendation regarding the County Council approving their own budget. Chair Lister asked Mr. Shimonishi if he had any recommendations on who might be a better body to approve the County Council's budget request. Mr. Shimonishi stated that he does not have an answer to that question as that may need to be looked at through the Charter as the budgetary process is outlined there. Mr. Shimonishi also cautioned the Commission that they would need to look into the legal details with any type of recommendation regarding this topic.</p> <p>Vice Chair Luck stated the Commission may want to look at best practices in other jurisdictions. She further inquired whether the County Council's budget increased throughout the years or whether it remained stable. Mr. Shimonishi stated that the answer is provided in the information provided and had no further comment.</p> <p>Vice Chair Luck asked if the budgetary lapse was due to departments wanting to fill vacant positions but not being able to find anyone to hire, including other personnel costs. Mr. Shimonishi stated that he feels the majority of lapsed funding is tied to personnel costs. He did not want to infer further without having the information to justify a response. He did clarify that at the front end of the budgetary process, if there are positions that the departments are not intending to fill immediately, those associated costs are reduced to account to not filling certain positions immediately. However, vacancies do occur throughout the year and unspent budgets are a result of that as well.</p> | |

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| | <p>Mr. Shimonishi continued with his presentation:</p> <ul style="list-style-type: none">• Page 4 reflects the budgeted lapse for each fiscal year.• Page 5 reflects the lapse for the Office of the Prosecuting Attorney and the Office of the Mayor. These two departments were selected as they represented lapses immediately above and below the Council's.• The red dots represent the percentage lapse compared to the total fund percentage lapse.• Page 6 is the Office of the County Clerk's lapsed percentage, which is higher than other departments. <p>Ms. Waikoloa inquired if the Office of the County Clerk's lapse was attributable to anything in particular. Mr. Shimonishi stated that their budget could have been tighter or there may have been allowance for something that may not occur.</p> <p>Chair Lister asked if the lapse information is provided to the County Council and Office of the Mayor. He felt that if the information was provided, perhaps a remedy could be sought to bring the lapse down year-after-year. Chair Lister pointed out that the County Clerk's lapse is significantly high each year and perhaps it could be brought down by a certain percentage amount. Mr. Shimonishi stated that there is a separation of powers issue of the County Clerk being a part of the Legislative Branch of local government and they are responsible for preparing their own budget and approving it. Mr. Shimonishi further clarified that he is not targeting any specific Council Chair or County Clerk, as these have changed over time throughout the years. The trend is a historical anomaly and the process of the Council approving their own budget has also existed for many years.</p> | |

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| | <p>Vice Chair Luck asked whether the Office of the County Clerk had a wish list for their budgetary lapse, including a possible new position, or if the lapse is justified. She expressed concern for the high budget and large annual lapse, unless it was earmarked for something that they were not getting.</p> <p>Ms. Waikoloa wondered if the high lapse was a result of the nature of the business of these departments needing budget flexibility.</p> <p>Mr. Shimonishi continued with his presentation:</p> <ul style="list-style-type: none"> • At the bottom of page 6 the Police Department’s lapse is reflected. • The Police Department’s budget includes 95% of personnel-related costs. There is very little in the program budget. • The Police Department’s vacancy rate is a possible reason for the large lapse at the end of each year. • Typically, the Police Department will try to expend the unused budget to other purposes outside of personnel, which also requires Council approval prior to doing so. • Different events or situations could lead to large swings in a department’s budget as large as the Police Department. <p>Vice Chair Luck thanked Mr. Shimonishi for providing such detailed information and analysis of the data so that the Commission can see the trends that are occurring.</p> <p>Mr. Shimonishi continued with his presentation:</p> <ul style="list-style-type: none"> • The Fire Department runs a very tight budget, and this is partially due to excess retirement contributions and other post-employment benefit charges hitting the County in later fiscal | |

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| | <p>years. The Department would need to absorb these after-the-fact costs within their budgets each year.</p> <p>Mr. Rodighiero stated that for Police and Fire, those departments are a lot harder to get into positions, so the vacancy rates are a lot higher.</p> <p>Mr. Shimonishi continued with his presentation:</p> <ul style="list-style-type: none"> • The Department of Parks and Recreation’s percentage lapse was also included as one of the largest departments in the County. <p>Mr. Rodighiero asked if the Commission were to ask the County Clerk about what steps could be taken to inquire about why their requested budget is so much higher than their expenditure rate. He further stated that perhaps this could be a secondary question as to the primary focus of the Commission being related to costs incurred. Administrator Ching clarified that it would be asking Mr. Shimonishi to provide the information. Though they do not have the secondary review, it is still the Department of Finance that has information on the department’s expenditures and projects.</p> <p>Ms. Waikoloa stated that she understood where Mr. Rodighiero was going with his request in terms of incentivizing departments who budget and spend accordingly which is the right behavior. Mr. Rodighiero stated that the County Clerk may not like that line of questioning.</p> <p>Mr. Pancho stated that he remembers receiving previous financial information which included cost overruns and overbudgeting of each department. Information also included the millions in overtime expenditures. However, Mr. Pancho was confused as to why the information now reflects a lapse. Mr. Rodighiero stated that the</p> | |

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| | <p>information received previously was strictly labor and that the department could have been underbudgeted in that specific labor expense only. Administrator Ching clarified that personnel expenses for the General Fund are approximately 80% of the overall budget.</p> <p>Mr. Shimonishi continued with his presentation:</p> <ul style="list-style-type: none">• The remaining items or recommendations were a couple of appropriation items that stuck out during the review process.• The next recommendation was to consider a mid-year resolution process for significant line-item appropriations that lack justification or likelihood of being expended or encumbered by year-end.• The Mayor, working with the Council, included \$1 million in the Council's budget for Council Assistance. At the time that the budget was passed or being reviewed, there was not much discussion in terms of what that budget was supposed to be used for, other than mentioning in the meeting that the Council will later discuss and come up with the use of those funds.• This process seems contrary to what typically occurs in that departments are regularly questioned about what their plans are for any budgeted funding.• In this situation, not much discussion occurred, and the budget remained.• Later in the Fiscal Year, in October 2023, the Council did entertain a budget amendment which provided for Constituent Staff positions for a few of the Councilmembers to utilize this budget which included Councilmembers Kualii, Bulosan, Cowden, and Kagawa. | |

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| | <ul style="list-style-type: none"> • Of that budget, \$400k was used for that Constituent Staff purpose, but that left \$600k unused. • If the budget was not going to be used, the budgeted amount should have been reduced and used elsewhere. • In the current Fiscal Year 2024-2025 budget that was submitted, that \$1 million appropriation in the Council’s budget has been redistributed to support those positions that they created in the amount of \$300k and \$700k for “Council Assistance.” • There was no discussion of this appropriation during the departmental budget review process. <p>Ms. Waikoloa asked whether there was any inclination if it was going to be used for “Council Assistance” or whether it was going to go unused at the end of the year. Mr. Shimonishi responded that he was unsure.</p> <p>Vice Chair Luck thanked Mr. Shimonishi for the recommendations he made along with the background information framed as case studies.</p> <p>Mr. Shimonishi continued with his presentation:</p> <ul style="list-style-type: none"> • The next situation or case occurred when a \$3M appropriation was put into the Department of Finance, Real Property Assessment account to provide budget for a refund resulting from the Residential Investor Tax Credit. There were reclassifications that were done for real property and the result was the need to refund some property owners. • However, understanding tax credits, Mr. Shimonishi did not feel that those budgeted funds would be used and for that extent. <p>Mr. Rodighiero stated that he understood Mr. Shimonishi’s comment as</p> | |

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| | <p>the difference would be applied to next year's taxes.</p> <p>Mr. Shimonishi continued with his presentation:</p> <ul style="list-style-type: none"> • As the year progressed, the funds were used for many other purposes such as Maui Wildfires, Insurance Premiums, Claims, and air conditioning for the Kapa'a DMV office server room. • These two cases are just two scenarios that could be addressed via a mid-year resolution option to reappropriate budgetary funds. <p>Ms. Waikoloa stated that reappropriating budgeted funds in this manner circumvents the public approval process. Mr. Shimonishi stated that Ms. Waikoloa's perspective is one way someone could look at the situation. He clarified that it is important to note that the County departments do need the ability to move funds as needed, or else it would be hard to operate efficiently. The large transfers in this last case could have been done differently. It is important to note that the transfer process is allowed in the Charter and transfers that occur are transmitted to the Council, so they are aware.</p> <p>Mr. Rodighiero stated that for him that reappropriation process makes sense in certain situations. Vice Chair Luck concurred that the County departments need some flexibility. Mr. Rodighiero stated that sometimes moving around the budget is an accounting game to use budget for its intended purpose. Vice Chair Luck stated that she felt it was not a matter of wrong or right, but a matter of good governance.</p> <p>Mr. Shimonishi informed the Commission that simple inter-departmental budget transfers are not too difficult, however, anything outside of an inter-departmental transfer would require a supplemental money bill</p> | |

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| | <p>which is treated like a bill that needs to go through the entire legislative process. That includes costs for Council review, first reading, committee, second reading, etc.</p> <p>Vice Chair Luck stated that she consistently hears departments asking to move budget around, but the amount being scrutinized in this example is exorbitant. The recommendation provided to the Commission may need a Charter Amendment to amend the Charter. Mr. Shimonishi clarified that he was not recommending a wholesale Charter change, but more of an internal process that could occur. He stated that the Charter is like the “Bible” and sets the framework of government. He would prefer setting an internal policy via resolution as the preferred route to go.</p> <p>Vice Chair Luck stated that finding personnel is a common issue that continues to come up for discussion. She asked whether it would be possible to look at a comprehensive report related to personnel that would include the personnel costs, costs incurred due to the lack of personnel, overtime, etc. This might help paint a picture for the public and the Council about the total cost to the County of not having the right people.</p> <p>Ms. Waikoloa was noted as not present at 10:54 p.m.</p> <p>The Commission thanked Mr. Shimonishi for the information and his time.</p> <p>There being no objections, the meeting was recessed at 10:54 a.m.</p> <p>There being no objections, the meeting was called back to order at 10:56 a.m.</p> | |

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| | <p>Administrator Ching reviewed the notes that she had regarding Mr. Shimonishi's presentation. This included:</p> <ul style="list-style-type: none"> • Council's budget information over several fiscal years. • How much of the lapsed funds are due to personnel vacancies. • Year-end report on vacancies, overtime, and the cost of personnel vacancies. <p>The Commission decided that they had already reviewed vacancy information, so the year-end report was not needed at this time.</p> <p>Administrator Ching asked the Commission whether they have any recommendations based on the information provided and in response to the memorandum that was received asking for recommendations. Mr. Rodighiero stated that he felt the Commission has both questions and recommendations, including the budget of the Office of the County Clerk. Administrator Ching stated that what the Commission could do is respond to the memorandum stating that the Commission has no recommendations at this time and that a response is pending receipt of additional information. Mr. Rodighiero concurred with Administrator Ching's recommendation.</p> <p>Vice Chair Luck reminded the Commission about the request made regarding the County's Travel Policy. Administrator Ching acknowledged that she was requesting Travel Policy information and travel expenditures by department and division by month.</p> <p>Mr. Rodighiero stated that there was also the secondary review process recommendation, which could become the Commission's recommendation for a review of the County Clerk's budget having another set of eyes controlling those costs. He further clarified that it would just be a</p> | |

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| | <p>recommendation to the Council. Administrator Ching reminded the Commission that if the recommendation is being proposed, a motion, a second, and a vote would need to take place. She further recommended that the Commission address the recommendation at their next meeting so that the Commissioners have time to think about how they want to adequately word the recommendation. Administrator Ching also reminded the Commission that the approval of the budget as it stands right now in the Charter is solely under the purview of the Council. Right now, there is no other body other than the County Council that can approve the budget. Vice Chair Luck confirmed that the recommendation could be made, but that there would be no teeth behind the recommendation. Mr. Rodighiero stated that Mr. Shimonishi had mentioned the process being an internal process. Vice Chair Luck stated that the issue will be tabled until the next Commission meeting.</p> <p>Mr. Rodighiero summarized that the last recommendation was relating to the Department of Finance, Real Property Assessment Division's large appropriation for tax relief and the transfers that occurred thereafter. Administrator Ching reminded the Commission that part of the recommendation included doing away with the transfer process. Mr. Rodighiero requested possibly asking the Department of Finance to elaborate on their plans for that budget. He stated that if the Commission did not ask, they would otherwise not know. Vice Chair Luck wondered about how much into the weeds the Commission should get as opposed to coming up with broad measures across the entire County. Administrator Ching clarified that the two cases noted by Mr. Shimonishi really dealt with the budgetary process and how to address the large transfers or unknowns related to those appropriations.</p> | |

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| | <p>Mr. Rodighiero suggested recommending a mid-year resolution process to try to make better use of unspent budget. Vice Chair Luck cautioned that the recommendation may cause departments to spend unspent budget on things they do not need. Mr. Rodighiero stated that the Commission could recommend to Council to take up a mid-year resolution to justify everyone's budgets since they have been seeing a budget variance year-after-year. Vice Chair Luck stated that she appreciated Ms. Waikoloa's point about not waiting until the end of the year to review budgetary appropriations.</p> <p>Vice Chair Luck stated that in summary, the Commission is not going to make any recommendations at this meeting, because the Commission is going to wait for additional information and will be proposing recommendations at the next meeting.</p> | <p>No action was taken on this agenda item.</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 were no Executive Session items.</p> |
| Adjournment | <p>The meeting adjourned at 11:09 a.m.</p> | <p>Mr. Rodighiero moved to adjourn the meeting. Mr. Pancho seconded the motion. Motion passed 4:0.</p> |

Submitted by: _____
Mercedes Omo, Staff Support Clerk

Reviewed and Approved by: _____
Andre Lister, Chair

- Approved as circulated on
- Approved as amended. See minutes of _____ meeting.