



## COST CONTROL COMMISSION

ANDRE N. LISTER, CHAIR  
ALICE LUCK, VICE CHAIR

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

RECEIVED  
24 JUL -2 P2 25

### 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.

CLERK OF THE COURT  
COUNTY CLERK  
COUNTY OF KAUAI

### 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](mailto:mromo@kauai.gov) or mailed to the Cost Control Commission, c/o Office of Boards and Commission, 4444 Rice Street, Suite 300, Lihu'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](mailto: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](mailto: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, July 11, 2024**

**9:00 a.m. or shortly after that**

**Piikoi Building, Boards and Commissions Conference Room  
4444 Rice Street, Suite 300, Līhu'e, Hawai'i 96766**

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**Remote Access VIDEO by Microsoft Teams**

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

**<https://bit.ly/3VQco7A>**

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**Meeting ID: 229 232 448 46    Passcode: 4TCQB7**

OFFICE OF  
THE COUNTY CLERK  
COUNTY OF KAUAI

**AUDIO Connection by Microsoft Teams**

**Phone: +1 469-848-0234, Phone Conference ID: 245 980 884#**

**OPEN SESSION MEETING CALLED TO ORDER**

**ROLL CALL TO ASCERTAIN QUORUM**

**APPROVAL OF AGENDA**

**CHAIR'S ANNOUNCEMENTS**

- Next Monthly Meeting, Thursday, August 1, 2024, at the 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 June 6, 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:
  4. Report on the CIP Budget for FY 24 and FY 25 by department with a description of the project. (Deferred on June 6, 2024)
  6. Recommendations on cost reductions, containment, or increasing the efficiency of operations. (Deferred on June 6, 2024)

**COST CONTROL COMMISSION – Thursday, July 11, 2024**

7. Report on the total number of stand-alone printers per department and the costs involved.

**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

Board/Commission		Cost Control Commission	Meeting Date	June 6, 2024
Location	Piikoi Building, Boards and Commissions Conference Room 4444 Suite 300, Līhu‘e, Hawai‘i 96766 Microsoft Teams URL Link: <a href="https://bit.ly/4dUyFr">https://bit.ly/4dUyFr</a> Meeting ID#: 219 808 070 690 Passcode: 8PdeeH Audio Connection Microsoft Teams: Phone +1 469-848-0234 Phone Conference ID: 773 092 135#		Start of Meeting: 9:06 a.m.	End of Meeting: 10:47 a.m.
Present	Chair Andre Lister, Vice Chair Alice Luck, Commissioners Paul Pancho, Tyler Rodighiero, and Stacy Waikoloa. Also, present Boards and Commissions Staff: Administrator Ellen Ching, Support Clerk Mercedes Omo. Office of the County Attorney: Deputy County Attorney Chris Donahoe. Invited Guests: Director of Finance Michelle Lizama, and Budget Administrator Ken Shimonishi.			
Excused				
Absent				

SUBJECT	DISCUSSION	ACTION
<b>Meeting Called To Order/Roll Call to ascertain quorum</b>	The meeting started when Chair Andre Lister called the Cost Control Commission June 6, 2024, meeting to order at 9:06 a.m.  Commissioner Paul Pancho responded here. Commissioner Tyler Rodighiero responded here. Commissioner Stacy Waikoloa responded here. Vice Chair Alice Luck responded here. Chair Andre Lister responded here.	Quorum was established with 5 Commissioners present.

SUBJECT	DISCUSSION	ACTION
<b>Approval of the June 6, 2024, Agenda</b>		Mr. Pancho moved to approve the agenda as circulated. Ms. Waikoloa seconded the motion. Motion carried 5:0.
<b>Chair's Announcements</b>	Chair Lister announced that instead of the July 4, 2024, meeting, the next monthly meeting, will be held on Thursday, July 11, 2024, @ 9:00 a.m. at the Office of Boards and Commissions Conference Room, Suite 300.	
<b>Public Testimony</b>	<p>Individuals may testify on any agenda item or wait for the item to come up on the agenda.</p> <p>Deputy County Attorney Chris Donahoe noted that no written testimony was received, and there were no registered speakers online or in-person. Mr. Donahoe also noted that there was no one present from the public.</p>	
<b>Approval of Minutes</b>	<ul style="list-style-type: none"> <li>Open Session Minutes of the May 2, 2024, meeting</li> </ul>	Vice Chair Alice Luck moved to approve the minutes of the Commission's May 2, 2024, meeting. Commissioner Tyler Rodighiero seconded the motion. Motion carried 5:0.
<b>CCC 2024-1</b>	<p><u>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.</u></p> <ul style="list-style-type: none"> <li>Budget Administrator Ken Shimonishi responding to the Commission's request for information regarding:</li> </ul>	

SUBJECT	DISCUSSION	ACTION
	<ol style="list-style-type: none"> <li>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.</li> <li>2. Council budget and expenditures for FY18, FY19, FY20, FY21, FY22 and FY23.</li> <li>3. Report on how much of the lapsed funds can be attributed to vacancies for FY18, FY19, FY20, FY21, FY22 and FY23.</li> <li>4. Report on the CIP budget for FY 24 and FY 25 by department with a description of the project.</li> <li>5. Report on the total number of printer/copier rental contracts and printer/copiers per department.</li> <li>6. Recommendations on cost reductions, containment, or increasing the efficiency of operations.</li> </ol> <p>Vice Chair Luck asked whether there was any specific part of the policy that the Department of Finance representatives wanted to draw the Commission’s attention to.</p> <p>Your Commission heard from Mr. Ken Shimonishi, Budget Administrator, who responded that the Travel Policy was adopted before the last four Directors of Finances. Prior to that, the Managing Director signed off on all travel requests. The purpose of the Policy was to streamline the process, while still having some control over travel expenses. The Policy itself is primarily administered by the Accounting Division to review the documentation submitted by each department. For out-of-state travel, if the travel is not specifically enumerated in the Operating Budget as travel to a specific conference or location, that travel still needs Managing</p>	

SUBJECT	DISCUSSION	ACTION
	<p>Director approval.</p> <p>Mr. Rodighiero stated that the Travel Policy appeared to be very thorough. He noted that there were a couple of outdated items, but overall, it was sufficient.</p> <p>Mr. Shimonishi stated that he cannot take credit for the Policy but gave credit to former Director of Finance Steven Hunt.</p> <p>Mr. Rodighiero noted that the Policy references “ride sharing” so the Policy cannot be that old. Chair Lister clarified that prior to Uber and other current companies, “ride sharing” simply meant people carpooling. Mr. Shimonishi did mention that the Policy had been revised since the Policy was first created, but that he could not say what those exact revisions were.</p> <p>Vice Chair Luck asked whether the County had any way of evaluating the benefits or value of the travel expenditures for trips, conferences, etc.</p> <p>Your Commission heard from Ms. Michelle Lizama, Director of Finance, who responded that the department and division heads are responsible for ensuring that the employees traveling to the conferences and seminars are getting the best knowledge and experience necessary to continue their job duties and responsibilities. She felt confident that the benefits of any travel were being realized.</p> <p>Ms. Waikoloa mentioned that at a previous meeting she had brought up a question about whether the County used a travel agency to book travel or whether that was done by individual employees. Mr. Shimonishi stated that he was not aware of any travel agencies being utilized. He reviewed</p>	

SUBJECT	DISCUSSION	ACTION
	<p>the Policy regarding employees obtaining multiple quotes for out-of-state travel, taking the best or most direct route, etc.</p> <p>Ms. Waikoloa asked whether there would be any consideration made by the County to use a travel agent rather than having employees take the time to look for multiple quotes, travel routes, etc. given that it is the expertise of a travel agent and may be more efficient. Mr. Shimonishi responded that he was unaware of the use of a travel agent or the discussion around researching the option of making travel arrangements. He further stated that using such a service may require additional procurement of the outside services of a travel agency, which may need to be looked into further.</p> <p>Vice Chair Luck stated that on page 6 of the Policy, there is a reference to lodging costs. The Policy mentions the applicable Procurement Code thresholds when room prices exceed a certain amount, and price quotes need to be obtained. Vice Chair Luck asked whether those thresholds were set by department level and what those thresholds were. Mr. Shimonishi stated that he was not knowledgeable of the exact threshold amounts. Ms. Lizama stated that in her experience dealing with room accommodations, employees minimize costs by rooming with someone of the same gender.</p> <p>Vice Chair Luck stated that when she was reviewing the information related to travel expenditures, she focused her attention on the General Fund. She noted that the Kaua'i Police Department spends a lot on travel compared to other departments as they more than likely have many training trips to attend. She further noted that much attention is given to Police and Fire as they have larger budgets compared to other departments.</p>	



SUBJECT	DISCUSSION	ACTION
	<p>Chair Lister stated that Police also must travel to other islands and states to interview and speak to those people involved in various cases, testifying in cases, etc. He noted that he was unaware whether those kinds of expenses came out of the County's budget.</p> <p>Your Commission heard from Chris Donahoe, Deputy County Attorney, who stated that in his experience with the Office of the Prosecuting Attorney if he wanted to secure a witness from another state, those expenses fell on the local jurisdiction wanting to secure the witness.</p> <p>Ms. Waikoloa asked about the travel expenditures for the Department of Liquor Control. She asked whether those expenses were related to the Commissioners traveling annually to conferences. Mr. Shimonishi stated that Ms. Waikoloa was correct. He noted that the travel expenses under the Department of Liquor Control would only be for Commissioners or the Director for travel related to their roles.</p> <p>Vice Chair Luck stated that as far as the Policy, she noted that there is no section on virtual options for training versus attending in-person to reduce costs and recommended that the Administration possibly investigate a virtual option in place of traveling recommendation, though she does understand that a virtual option for training may not necessarily be the best option albeit the cheaper option. Mr. Rodighiero agreed with Vice Chair Luck regarding a virtual option suggestion and possibly explore a section in the Policy regarding recommending a virtual option.</p> <p>Chair Lister asked what it would take to update the Policy. He noted that there is a revision date of May 11, 2023, and asked whether the Policy was revised in its entirety or just in part.</p>	

SUBJECT	DISCUSSION	ACTION
	<p>Mr. Shimonishi responded that the Policy was revised in part. Chair Lister asked whether it was the Department of Finance’s responsibility to overhaul the Policy. Ms. Lizama responded that the Policy does fall under the Department of Finance and, more specifically, the Accounting Division as they oversee all of the documentation and approvals for travel. Ms. Lizama stated that the County has an extensive system and process for travel expenditure submission and approval, and based on the Travel Policy, the Accounting Department scrutinizes each request to ensure Policy compliance. Chair Lister clarified that he was not inferring that the Policy needed to be overhauled, but that perhaps it could be updated to factor in newer technology, processes, etc. of the last several years.</p> <p>Mr. Rodighiero stated that he would like to see a statement in the Policy that if there are virtual options for training and attendance at a conference, that the option should be explored for viability to reduce travel expenditures. Vice Chair Luck stated that the case could be made for virtual attendance instead of in-person, but that it does depend on the situation. Mr. Rodighiero further stated that the Commission could recommend his suggestion to the Council, and they could recommend that to the Administration for incorporation into the Policy.</p> <p>Vice Chair Luck stated that based on the month-to-month information provided to the Commission, there does not seem to be a pattern to spend down budgeted allocations towards the end of the fiscal year as reflected in Exhibit 3.a. Chair Lister stated that the request for information was made by the Commission to see if departments were ramping up spending so that they do not lose their current budget level in the ensuing fiscal year. Vice Chair Luck stated that based on her review, there does not seem to be a pattern of that occurring in the County.</p>	

SUBJECT	DISCUSSION	ACTION
	<p>Ms. Waikoloa asked what the per diem is and how that is calculated. Mr. Shimonishi and Ms. Lizama stated that the per diem is calculated by the Accounting Division, so they were unable to answer.</p> <p>Mr. Rodighiero noted that the Policy clearly states what is allowable, but it omits specific language on exclusions. He felt that this might be an area to improve upon within the Policy itself. He noted that by receiving a per diem and not being specific, that per diem could be spent on anything the employee wanted to spend it on. Any per diem unspent is kept by the employee. Ms. Lizama pointed the Commission item 6.2 on page 8 of the Policy that referenced per diem calculations based on collective bargaining agreements and the collective bargaining agreements also detailed additional detail information.</p> <p>Ms. Lizama stated that on page 8, section 19, Per Diem Calculations, showed how per diem is calculated.</p> <p>Chair Lister had an inquiry on Exhibit 3. a and asked for an explanation of a 13<sup>th</sup> month. He asked what the 13<sup>th</sup> month was for. Mr. Shimonishi explained that the 13<sup>th</sup> accounting period is used for end-of-year adjustments, accruals, or expenditures that did not make it into the last month, but those figures need to be reflected in the proper year, regardless. Mr. Shimonishi stated that a 13<sup>th</sup> period is not uncommon in the accounting world. Mr. Rodighiero stated that there are also a lot of reclassifications of costs, etc. that are done in that period. Mr. Shimonishi further explained that the period 13 expenditures may have been costs discovered in July of a year, but which should have been booked in June of the previous fiscal year. Period 13 is meant to be kept open to catch any year-end adjustments necessary to properly account for costs in the right</p>	

SUBJECT	DISCUSSION	ACTION
	<p>fiscal year.</p> <p>Chair Lister stated that the Office of the Prosecuting Attorney had a fairly large adjustment in period 13.</p> <p>Mr. Rodighiero stated that the Office of the County Clerk had the largest amount of lapsed funds which is why information was requested on that department. Ms. Luck stated that the Office of the County Clerk lapsed 21.4% over the last six fiscal years. Chair Lister stated that it appears in Fiscal Year 2023, the Office of the County Clerk either started to dial back their budget or spend more.</p> <p>Ms. Waikoloa asked Mr. Shimonishi to explain the “sliver of the budget in its entirety” example that he referenced in a previous meeting. Mr. Shimonishi responded that travel accounted for approximately less than 1% of the total budget for the entire County expenditures to see the magnitude of what was being reviewed.</p> <p>Vice Chair Luck stated that the Office of the County Clerk’s budget is small compared to the entire County budget, but it does represent a large amount of budgetary lapse over the last 5 or 6 years. She wondered if a recommendation could be made to the Council that the Office of the County Clerk continue to look at ways to optimize their budget proposal to reflect more accurately what they can spend during the year. Mr. Rodighiero stated that he recognized the same trend and felt that perhaps a recommendation could be made that if budgets are significantly underspent two fiscal years in a row, the budget gets reduced. He stated that this would be a policy recommendation that if department travel budgets are underspent for two fiscal years in a row, the ensuing fiscal</p>	

SUBJECT	DISCUSSION	ACTION
	<p>year's budget would automatically get reduced to the actual amount spent or something similar.</p> <p>Vice Chair Luck stated that she had thought the lapse in the Office of the County Clerk was due to budgeted amounts for personnel vacancies that were not filled. Mr. Rodighiero clarified that his suggestion was just related to travel. Chair Lister clarified that 3. a was related to travel and that 4a was the Office of the County Clerk's entire budget and lapse.</p> <p>Vice Chair Luck asked whether the County had ever tried to implement a policy whereby if a department underspends consistently, there is a trigger to reduce the budgetary appropriation for the ensuing fiscal year. Mr. Shimonishi responded that he does not recall that being done. He did clarify that during the budgetary process, the Council does receive a 3-year trend of expenditures, including information on the prior fiscal year's budget, the proposed upcoming budget, and the variance between the two fiscal years. This information is reviewed in the Administration's budget reviews with the departments along with being provided to the Council during their budget review process. Mr. Shimonishi further noted that back in 2012 when he first started at the County, none of that trend analysis took place during the budgeting process, but it was something he helped to initiate and incorporate into the process to help decision makers with making better decisions on budgeted amounts to reduce budgetary lapse. Mr. Shimonishi stated that the review that the Administration does with their departments is not done with the departments under the Council's purview.</p>	

SUBJECT	DISCUSSION	ACTION
	<p>Chair Lister stated that he observed large lapse fluctuations from year-to-year, specifically with the Department of Human Resources and Office of the Prosecuting Attorney showing how fiscal years can differ in terms of needed budgetary expenditures. Vice Chair Luck stated that Chair Lister's point was well taken, but the Office of the County Clerk's lapse is consistently high each year. Chair Lister stated that it could be viewed that the Office of the County Clerk's lapse is a small amount in the grand scheme of the County's entire Operating Budget and that the lapse will always go back to the General Fund. Vice Chair Luck stated that the reason this discussion is occurring is to help the Commission achieve its goal of cutting costs across the County and this is one mechanism to help achieve that goal.</p> <p>Mr. Rodighiero asked what was done with the annual budgetary lapse each year. Mr. Shimonishi explained that the budget once appropriated is there to be expended or encumbered throughout the fiscal year. Whatever is leftover from the budget is what is referred to as "the lapse," or how much was not used. The Administration tracks which departments are underspending and not using their appropriated budget. This does not mean that at the end of the year, the County has a positive bottom line. What determines a positive bottom line is the revenue that is brought in throughout the fiscal year, how much is expended in that fiscal year, and whether revenues cover expenditures. Looking at what was unspent does not necessarily mean that the bottom line will be positive. If the budget is unspent, that does not necessarily mean it can be budgeted again. If the County's bottom line is not positive from the actual results, you are ultimately digging yourself into a deeper hole. Mr. Shimonishi explained that when he first started at the County, the method of creating the budget was to look at how much revenue and resources were there to balance the</p>	

SUBJECT	DISCUSSION	ACTION
	<p>amount that was to be spent. However, the revenues could be less than what was needed to be spent because there was an Equity-Fund Balance that was going to be used. This was seen as the County's savings account and allowed the County to think they could spend more because they had this "savings account" that could cover it. In essence, what was occurring was that the County would spend more than its "paycheck" amount, and this caused a future deficit because the "savings account" continually was used to balance the future year's budget. Mr. Shimonishi reiterated to the Commission that a large lapse does not automatically mean a positive bottom line for the County.</p> <p>Mr. Rodighiero asked how the County has done in the last few years. Mr. Shimonishi responded that since 2015, the County has always had an excess of revenues over expenditures in the Annual Comprehensive Financial Report. Mr. Shimonishi explained that until the pandemic years and when the State of Hawai'i withheld funding from the County, the County had an excess of revenues over expenditures with those years experiencing a decline in the bottom line. However, in subsequent years, the revenue exceeded expenditures again following the pandemic years. Mr. Shimonishi stated that the goal is to always budget accurately and spend accordingly, however, some areas could be tightened up as well, and that just because the budget is not spent, that does not automatically mean equity is increased as well.</p> <p>Ms. Lizama clarified in response to Chair Lister's statements regarding page 27, Exhibit 5. f, General Fund Lapse by Department, that the various exhibits provide information on lapses broken down into different categories and that all the information provided is not only related to travel expenditures.</p>	

SUBJECT	DISCUSSION	ACTION
	<p>Mr. Shimonishi further clarified that the information is reflected in Exhibit 5. f is the lapse by the department for their entire budget.</p> <p>Mr. Rodighiero stated that Exhibit 5.d is strictly a lapse of salaries, wages, overtime, and benefits, which usually represents a majority of a department's lapse.</p> <p>Mr. Shimonishi walked the Commission through each exhibit that he provided and stated the following:</p> <ul style="list-style-type: none"> <li>• The exhibits are numbered based on the email he received requesting the information.</li> <li>• Exhibits 2. a and 2. b represent travel by department and division from Fiscal Year 2018 through Fiscal Year 2023. <ul style="list-style-type: none"> <li>○ The first category reflects how operating funds are categorized.</li> <li>○ The second column represents the fund's referenced number.</li> <li>○ The third column represents the department and division.</li> <li>○ The yellow-colored row is the departmental subtotal.</li> <li>○ The blue-colored row is the fund subtotal.</li> <li>○ The peach-colored row represents the total of all of the Operating Budget funds.</li> <li>○ The next set of funds are grant funds and other funds.</li> <li>○ The next set includes capital grant funds.</li> <li>○ The dark, blue-colored total at the end represents the total of all funds per fiscal year.</li> <li>○ Exhibit 2. b represents information by the division level.</li> </ul> </li> </ul>	



SUBJECT	DISCUSSION	ACTION
	<p>Mr. Rodighiero stated that since Fiscal Year 2018, travel spending has decreased overall for the General Fund.</p> <p>Mr. Shimonishi continued with his review of the exhibits as follows:</p> <ul style="list-style-type: none"> <li>• Exhibit 3. a represents the month-to-month expenditures by department. <ul style="list-style-type: none"> <li>○ Periods 2, 4, 11, and 12 had the highest expenditure amounts for the year.</li> </ul> </li> </ul> <p>Chair Lister asked about Exhibit 2. b under the G.E. Tax Fund, and why there was an approximately \$13,000 expenditure for travel when historically there was no travel budget expended from that Fund. Mr. Shimonishi responded that the G.E. Tax Fund was implemented in 2019 as a holding Fund for the 0.5% surcharge that the State Legislature allowed the counties to implement to then fund any type of highway- and transportation-type of operations. This would be travel related to a Public Works, Highways Division, or Transportation Agency travel that could be charged to that specific Fund.</p> <p>Mr. Shimonishi continued with his review of the exhibits as follows:</p> <ul style="list-style-type: none"> <li>• Exhibit 4. a represented the Council’s budget and expenditure for Fiscal Year 2018 through Fiscal Year 2023.</li> <li>• The request for the Council’s budget includes the Office of the County Clerk, Council Services Division, and Elections Division.</li> </ul> <p>Vice Chair Luck asked for the reasons behind the Council Services requested budget being so much higher than the annual amount used each year. Mr. Shimonishi responded that his previous testimony would reflect that he stated that the Council creates their budget, and the Administration does</p>	

SUBJECT	DISCUSSION	ACTION
	<p>not get involved in that budget. The Administration does not direct them to cut their budget as the two separate branches of government premises are respected. His position as the Budget Administrator is not to question what the Council is doing and any questions regarding the Council's budget and spending should be directed to the Council. Mr. Shimonishi reminded the Commission that he previously recommended that perhaps there could be a secondary review of the Council's budget. Ms. Luck responded that after seeing the numbers provided, she feels it makes a lot of sense to recommend a secondary review since their annual lapse is so high. Mr. Rodighiero pointed out that for the Office of the County Clerk, a large share of their lapse comes from salaries, wages, overtime, and benefits.</p> <p>Vice Chair Luck stated that she assumes the Office of the County Clerk's budget comes out of the General Fund. Mr. Shimonishi stated that Vice Chair Luck was correct.</p> <p>Mr. Rodighiero suggested that the Commission send a message to the Council to clean up their budget. Vice Chair Luck suggested that this be done diplomatically and suggested a secondary review process so that the review of the Council's budget is reviewed each year.</p> <p>Mr. Shimonishi continued with his review of the exhibits as follows:</p> <ul style="list-style-type: none"> <li>• Exhibits 5.a-5.d reflect the lapsed amount attributable to vacancies.</li> <li>• Exhibit 5.a reflects the Regular Salaries account where salaries are budgeted.</li> <li>• Exhibit 5.b reflects the Salaries, Wages, Overtime, and Benefits and could be tied to vacancies as well.</li> </ul>	

SUBJECT	DISCUSSION	ACTION
	<ul style="list-style-type: none"> <li>○ The County could do a better job budgeting for benefits as there is still a large lapse in those accounts.</li> <li>○ The practice has been to include any collective bargaining increases that potentially could occur in that fiscal year, however, many of the budgeting amounts are estimates that could be considered in arbitration.</li> <li>○ The County could possibly not include those amounts in the budget and pass an amendment when the actual costs are known.</li> </ul> <p>Chair Lister asked whether his understanding of the County lapsing approximately \$45 million for Salaries, Wages, Overtime, and Benefits for the last 6 years was accurate. Mr. Shimonishi confirmed that Chair Lister’s understanding was correct. Mr. Shimonishi pointed out that an advisable route for the County to follow is that recurring expenditures should be supported by recurring revenues to lead to a balanced budget. In the past, the fund balance of the County was depended on to balance the budget. Since 2016, that practice was no longer followed so the “savings” was not used in balancing the budget.</p> <p>Vice Chair Luck asked where the pandemic hazard payments would come from, how would those payments be tracked, and whether the County anticipated having to pay for more of those types of payments in the future. Mr. Shimonishi stated that the budgets have not reflected any type of hazard payments in the budgets or expenditures. At this point, the final amounts are not yet known. If those payments occur, the result would more than likely mean that the amount needed would be taken from the County’s Reserve Fund or the County’s equity fund Balance.</p>	

SUBJECT	DISCUSSION	ACTION
	<p>Ms. Lizama stated that the large lapse in salaries, wages, etc. could also be due to attrition due to retirements, employees leaving the County, etc. Mr. Shimonishi concurred with Ms. Lizama’s sentiment. Mr. Shimonishi further stated that during the budgetary process, adjustments are made to account for planned retirements, positions being vacated mid-year, etc. Positions are sometimes short-funded knowing there will be a recruitment period involved with a 9-month budgeted amount instead of a full 12-month budgeted amount. Unfortunately, a flat amount to account for attrition cannot just be entered into the budget such as 5% for these types of occurrences throughout the year. The budget must be adjusted per position.</p> <p>Vice Chair Luck stated that when reviewing the information, she was surprised by how much more Exhibits 5. a and 5. b were when you add overtime and benefits into the calculation. The difference in Fiscal Year 2023 alone was approximately \$9 million.</p> <p>Mr. Rodighiero thanked Mr. Shimonishi for reviewing the exhibits one-by-one as it could be easily misinterpreted. He also mentioned the fact that the Council recently voted to raise real property tax rates even after a year that reflected a surplus. Chair Lister clarified that the rate increases were on rental properties. Mr. Rodighiero stated that the rates were still raised and that perhaps if the budgets were tighter, there may not have been the need to raise any tax rates. Mr. Rodighiero stated that regardless of whose tax rates went up, perhaps that could have been prevented with better budgeting practices or through other funding means and methods.</p>	

SUBJECT	DISCUSSION	ACTION
	<p>Vice Chair Luck stated that she would like to see the budgeting practices tightened up so that any unnecessary budgeted amounts can be reallocated to the areas that may need it.</p> <p>Mr. Rodighiero asked, being the Cost Control Commission, whether it is within the Commission’s purview to recommend lowering the budget as a cost-savings measure.</p> <p>Vice Chair Luck stated that it is hard to ignore the exhibits that were provided by Mr. Shimonishi and the amount of lapsed funds by various departments.</p> <p>Mr. Shimonishi continued with his review of the exhibits as follows:</p> <ul style="list-style-type: none"> <li>• Exhibit 5. c reflects the General Fund Lapse of Regular Salaries by department.</li> <li>• Exhibit 5.d reflects the General Fund Lapse of Salaries, Wages, Overtime, and Benefits by department.</li> <li>• Exhibit 5. f shows in totality, the General Fund lapse of each department’s overall budget. <ul style="list-style-type: none"> <li>○ The shading was to show percentages over a certain amount based on the overall fund. The higher percentages are in red with the darker shades applied to the higher percentages.</li> </ul> </li> </ul> <p>Mr. Rodighiero thanked Mr. Shimonishi for Exhibit 5. f as he proclaimed the exhibit to be awesome.</p> <p>Chair Lister inquired about Exhibit 5.d and why the Police Department’s lapse over the 6 years is more than double any other department. He stated that he understands that the Police Department has had difficulty</p>	

SUBJECT	DISCUSSION	ACTION
	<p>filling positions and that sometimes their recruitment class did not bring in enough officers to be fully staffed. Chair Lister asked whether the Police Department’s budget annually is for a fully staffed police force. Mr. Shimonishi stated that the County’s practice is to budget 100% of the salary amount for all filled positions. If there are any vacancies at that time, the positions may be short funded depending on the recruitment cycle and the time needed to fill those positions. For the Police Department and others related to public safety, they may be a little more sensitive to short-funding numerous positions and may choose to request that those positions be closer to fully funded for unanticipated filling of the positions. Mr. Shimonishi explained the nuances of the budgeting process as it relates to salaries and benefits making up the largest portion of the County’s budget and the process of short-funding certain positions.</p> <p>Mr. Rodighiero noticed that the Department of Parks and Recreation had a large increase in their lapse related to personnel costs and attributed that to a few positions not being filled. Chair Lister stated that the lapse is probably due to people leaving positions during and after the pandemic as well. Mr. Shimonishi stated that it might not always be easy to look at dollar amounts to figure out what is going on with a department and that there may be underlying justification for certain figures when it comes to budgeting and expenditures.</p> <p>As it relates to Mr. Rodighiero’s suggested recommendation, Mr. Donahoe stated that under Section 28.04 of the Charter of the County of Kaua’i, one of the functions of the Cost Control Commission is to “Review to eliminate programs and services available or more efficiently supply the other governmental organizations...” which would mean that the recommendation would have to be more specific to each department. The</p>	

SUBJECT	DISCUSSION	ACTION
	<p>Charter then says, "Eliminate or consolidate overlapping or duplicate programs and services..." which would indicate that an overall general analysis of the budget may be too much of a general recommendation. The only thing that the proposed recommendation may fit under is the last statement in Section 28.04 which is, "Scrutinize to look for reduction in any County operation," and arguable, any County operation could include the budget. Mr. Donahoe further noted that for efficiency purposes, the Commission should come up with a more specific approach related to specific departments as to recommendations, as opposed to a general overall directive related to the entire budget. Though the argument could be made that the County's budget is a County operation, an argument could be made that the recommendation could lead to more questions than answers.</p> <p>Vice Chair Luck stated that she is interested in proposing an overall strategy to help achieve the goal of optimizing the budget projections and amount spent. Mr. Donahoe stated that Vice Chair Luck's recommendation would fall under the auspices of the Charter guidance for the Commission. Mr. Donahoe noted that the recommendation could be perceived as trying to help the County run more efficiently and cut costs. Mr. Donahoe encouraged the Commission to think about who the recommendation would be made to and to do what specifically concerning the budget.</p> <p>Vice Chair Luck stated that she would like the County to implement a process to regularly review data and charts such as the encumbrance data provided by Mr. Shimonishi, and to use that information to assist with the budget process moving forward. She feels this will incentivize the departments to be more stringent in their budget-making and decision-making.</p>	

SUBJECT	DISCUSSION	ACTION
	<p>Mr. Donahoe stated that each department goes before the Administration and the Council and gets scrutinized on their budget proposals each year. Vice Chair Luck stated that her recommendation could be in addition to that process. Chair Lister reminded the Commission that the County Council and Office of the County Clerk do not go through the same scrutiny.</p> <p>Mr. Donahoe further stated that the recommendation would be made not necessarily to scrutinize the budget but to make the process more efficient. The recommendation would just need to be made so that it fits within the purview of the Cost Control Commission.</p> <p>Chair Lister stated that it is very difficult to create recommendations based on all the information that has been presented, and thanked Mr. Shimonishi and Ms. Lizama for their time and efforts spent with the Cost Control Commission. He noted that the Commission has no other budget or process to compare the County of Kaua'i to, so it makes it more difficult to know what might work best or not. Chair Lister also expressed the feeling of not quite knowing whether the budgeting process is already optimized for efficiency or whether specific operations are already running at peak performance. Mr. Donahoe reminded the Commission that they can call department heads into the Commission meetings if they see something in the financial information that the Commission might want to hone in on.</p> <p>Mr. Rodighiero asked whether the Office of the County Clerk had a department head. Chair Lister stated that the department head would be the County Clerk.</p>	



SUBJECT	DISCUSSION	ACTION
	<p>Mr. Rodighiero stated that the Transportation Agency performed very well in terms of expenditures matching their budget until recently. Ms. Lizama stated that in the current Fiscal Year, they had difficulty finding bus drivers.</p> <p>Mr. Shimonishi stated that the overall lapse in the General Fund hovered around on average 7%. He further clarified that the reason the Transportation Agency performed so well in the information provided to the Commission was that they currently do not have a budget in the General Fund anymore, and their budget is currently in the Highway Fund and the G.E. Tax Fund.</p> <p>Chair Lister asked whether the infusion of outside grant funding could affect the amount of lapsed funding. Mr. Shimonishi stated that Chair Lister was correct in his analysis, but that typically with grant funds, if the County is already budgeting for an expense, the grant funds would more than likely not cover that expense. Grant funds typically cover additional expenses that were not anticipated to occur because of things like the pandemic, disaster, etc. Grant funds are not meant to be used to supplant already budgeted expenditures.</p> <p>Due to timing constraints, the Commission decided to postpone the discussion related to the CIP budget and further recommendations on cost reductions, containment, or increasing the efficiency of operations (items 4 and 6) to the July 11, 2024, Commission Meeting.</p> <p>Vice Chair Luck stated that concerning the leasing of copiers, the Police Department had approximately 60 copiers, which was quite a lot more than everyone else. Mr. Rodighiero stated that based on his calculations, 123 copiers were being leased by the County. Ms. Lizama explained that the</p>	

SUBJECT	DISCUSSION	ACTION
	<p>Commission also received a handout that contained the Asset List, which are items that were \$5,000+ in value. The Commission also received a list of copiers that are on lease. The second sheet provided are the equipment items that were outright purchased and are valued at \$5,000+.</p> <p>Mr. Rodighiero asked whether there may be more printers in the County than what was not shown on the leased or purchased spreadsheet. Ms. Lizama confirmed that Mr. Rodighiero was correct as the printers or copier would not be listed if they were purchased but were under the \$5,000 value threshold. This may include desktop printers purchased many years ago that may not be a part of a lease agreement.</p> <p>Mr. Donahoe stated that under the Office of the County Attorney, it is listed as the Office having 3 copiers, but he is only aware of 1.</p> <p>Chair Lister asked about the decision-making process as it relates to buying a copier versus leasing a copier. He stated that leasing may include maintenance, supply costs, etc., so is aware of the tradeoffs between leasing versus purchase. Ms. Lizama clarified that each department handles their lease versus purchase decision. She noted that cost savings are going through the lease option as pointed out in the examples that Chair Lister noted. Leases are typically 3-5 years and every 3-5 years the department gets the latest multi-function machine. If a desktop printer is purchased, the department would need to pay for toner, maintenance expenses, etc.</p> <p>Mr. Rodighiero noted that on the spreadsheet, it appears that the number of copiers has tripled based on his analysis of the location and need. It appears as if there is one machine for each set of three items listed on the</p>	

SUBJECT	DISCUSSION	ACTION
	<p>spreadsheet but perhaps there are three components or costs included for each machine. Mr. Donahoe noted that it appears the spreadsheet reflects the leased price per month for the months noted. Ms. Lizama confirmed that the report shows the monthly cost of the lease each month and each line does not reflect a different machine. Mr. Rodighiero stated that he re-counted based on the realization that each line is not a different machine, but a different month of lease payments, and he calculated 41 total copiers in the County on the lease program.</p> <p>Chair Lister inquired if the lease payments include full service of the copier, including maintenance, toner, etc. Ms. Lizama responded that Chair Lister was correct.</p> <p>Ms. Lizama stated that the copiers are multi-functional machines that include the capability to scan, sort, etc., which is more cost-efficient than buying separate machines for each task.</p> <p>Mr. Rodighiero stated that based on his calculations, the County spends approximately \$100,000 on copiers annually with additional expenses for paper.</p> <p>Vice Chair Luck asked whether the County had a paper reduction policy or environmental policy of any kind, to look at the amount of printing done. Ms. Lizama responded that she was unaware of any policy of that nature but touted the County's recycling programs.</p> <p>Vice Chair Luck inquired who the vendor was for the copier leases.</p>	

SUBJECT	DISCUSSION	ACTION
	<p>Ms. Lizama stated that the State Procurement Office has vendors that have already been qualified to provide multi-functional copier leases.</p> <p>Chair Lister asked whether prices are pre-negotiated through those vendors through the State Procurement Office, or does the County negotiates their prices. Ms. Lizama responded that it depends on the type of machine and features needed. There are certain tiers of machines along with the three top vendors able to provide those types of machines. The departments then contact those vendors for more detailed quotes based on the department's needs.</p> <p>Vice Chair Luck stated that the opportunity to use economies of scale might be lost by not being able to buy in bulk, but that she understands the need for each department to have a machine that fits their specific needs.</p> <p>Mr. Pancho inquired whether there is a push to move employees off standalone printers and towards using a shared multi-functional printer. Ms. Lizama stated that she would love to eliminate all desktop printers. However, each department has specific needs and may need individual printers that they have experience using for many years. There are also certain positions such as those in the DMV who need specialized printers for their job duties to print titles and certificates. Mr. Pancho stated that his company transitioned to consolidated multi-functional printers and eliminated the need for standalone printers.</p> <p>Vice Chair Luck asked whether Mr. Pancho's suggestion could be turned into a recommendation. Mr. Pancho stated that the Commission would need to know how many standalone printers there are.</p>	

SUBJECT	DISCUSSION	ACTION
	<p>Chair Lister added that costs on how much is being spent for standalone printer toner, maintenance, etc. might also be needed. Chair Lister also added that there is probably not a lot of value left in standalone printers after they are purchased and used and that perhaps a consideration might be made to not replace standalone printers as they reach their end of life and to transition to multi-functional printers at that time.</p> <p>Mr. Rodighiero stated that multi-functional copiers/printers can handle a large load as evidenced by the Office of the County Attorney having just 1 copier/printer.</p> <p>Vice Chair Luck stated that she had heard the County has a print shop with sophisticated printers. Mr. Shimonishi stated that the Elections Division does large printing jobs for departments. The Planning Department also has plotter capabilities.</p> <p>Chair Lister stated that the Commission will be reviewing the two recommendations that were not discussed at the next meeting and that further discussion on the other recommendations can be picked up at the next meeting as well. He further thanked Ms. Lizama and Mr. Shimonishi for educating the Commission and answering questions.</p> <p>Mr. Pancho requested that the Commission receive information on the number of standalone printers, including costs spent on toner, maintenance, etc. for those standalone printers. Chair Lister asked that the information be broken down by department and provided to the Commission for its July 11, 2024, meeting.</p>	<p><b>Mr. Rodighiero moved to defer items 4 and 6 to the July 11, 2024, meeting. The motion was seconded by Mr. Pancho. Motion carried 5:0.</b></p>

SUBJECT	DISCUSSION	ACTION
<b>Executive Session</b>	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). There was no Executive Session.	
<b>Adjournment</b>		Vice Chair Luck moved to adjourn the meeting. The motion was seconded by Ms. Waikoloa. Motion carried 5:0.  There being no objections, the meeting was adjourned at 10:47 a.m.

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.