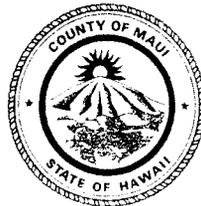


ALAN M. ARAKAWA
MAYOR



KEITH A. REGAN
MANAGING DIRECTOR

DEPARTMENT OF MANAGEMENT
COUNTY OF MAUI

April 19, 2018

Mr. Sananda K. Baz
Budget Director, County of Maui
200 South High Street
Wailuku, HI 96793

Handwritten signature of Mr. Sananda K. Baz in black ink.

Honorable Alan M. Arakawa
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

Handwritten signature of Alan Arakawa in black ink, dated 4/19/18.

2018 APR 20 AM 8:13
OFFICE OF THE
COUNTY CLERK

RECEIVED

For Transmittal to:

Honorable Riki Hokama
Chair, Budget and Finance Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Hokama:

SUBJECT: FISCAL YEAR ("FY") 2019 BUDGET (MD-4) (BF-1)

This letter is respectfully submitted to respond to your questions from your letter dated April 16, 2018:

1. *As it relates to County inventory::*
 - a. *When was the last physical inventory for all Departments conducted?
Who conducted the physical inventory?*

Response:

The Department of Finance (Finance) requires that each department certify, on an annual basis, that the inventory listing maintained by

Finance has been reviewed and the assets confirmed by the director or deputy of each respective department. Each department director signs a "Certificate of Custodian" form, annually, as part of this process. The completed forms are maintained by Finance and the overall process is managed by the Finance Director. A copy of the form has been attached for your records (Attachment A).

- b. *Does the County have a policy for conducting a physical inventory on all vehicles and equipment? If so, please provide a copy of the policy.*

Response:

According to the Charter of the County of Maui, Section 8-4.3.11, the Finance Director shall "prepare and maintain a perpetual inventory of all lands and equipment or other personally owned, leased, rented or controlled by the county." Annually, the Department of Finance issues a request to each department to review and confirm the accuracy of the most current records of assets. We have attached the most recent memorandums issued by the Director of Finance to all departments (Attachment B and C).

2. *What is the status of the Cost Reduction Unit Committee? Provide the recommendations for FY 2019 and the status of the recommendations made in FY 2018.*

Response:

The Cost Reduction Unit was formed in 2017 to identify ways to reduce spending and save taxpayer dollars. The unit identified a number of issues that could be addressed including the use of departmental resources, equipment usage, organizational functions, overtime, spiking, temporary assignments, travel, and vehicle usage. However, the areas identified are complex and due to our limited staff within the Department of Management we could not address them all.

As part of our efforts to address overtime, spiking, and temporary assignments, we worked closely with the mayor to develop the overtime directive which was issued by the mayor on July 27, 2017 (Attachment D). The directive establishes guidelines and reporting requirements for all departments to follow. Departments have been following this directive since its issuance.

Management, based on recommendations from the CRU, established a travel review committee and worked closely with the Department of Finance's Purchasing Division to strengthen the existing travel policy. The travel review committee continues to operate and review mainland travel requests from all departments. The revised travel policy is currently in the consultation phase with our public employee unions.

Finally, the vehicle use policy continues to play an important role in managing our municipal fleet operations. Management continues to provide general oversight and compliance with the policy. As part of vehicle usage, we developed a pilot motorpool project which was successful. Unfortunately, the software/hardware provider for the pilot project canceled the project and, as such, we concluded the pilot project. Based on our experience with the motorpool pilot project, we believe there is merit to implement a motorpool at various county facilities. Funding and management of the program are two areas that would need to be explored prior to a proposal being submitted to Council for consideration.

3. *As it relates to CBS-3236, Hana Civic Center (page 717 of the Program Budget):*

a. *If the project consists of a multi-agency civic center, why is it proposed by the department of Parks and Recreation?*

Response:

It is our understanding that the current multi-agency facility in Hana is under the management and oversight of the Department of Parks and Recreation (Parks). Parks identified the need to replace the existing facility due to its age and condition. Parks presented the project to the mayor and, after much consideration, the mayor agreed to include this project as part of Parks' Fiscal Year 2019 Budget Proposal.

b. *Provide the status of the land for the project. Include a parcel map.*

Response:

According to our research, the project is moving forward under the management and control of Parks. It appears that they are in the process of securing a consultant to assist with various aspects of this project including land acquisition. The Parks Director may have additional information pertaining to this project.

- c. *Identify which departments and agencies that will occupy the space.*

Response:

At this time, based on our research, there are a number of agencies that are housed at the current location. These include, but may not be limited to, Department of Health, UH Maui College, Queen Lili'uokalani Children's Center, Maui Federal Credit Union, Maui Economic Opportunity, Maui Day Care Center, Hui No Keola Pono, Hana Youth Center, Hana Arts, and Alu Like. The Parks Director may have additional information on which departments and/or agencies are being considered for inclusion in the new project.

We thank you for your inquiry and would be happy to address any further questions you may have regarding this subject.

Sincerely,

A handwritten signature in black ink, appearing to read 'KEITH A. REGAN', with a long horizontal flourish extending to the right.

KEITH A. REGAN
Managing Director

Attachments



COUNTY OF MAUI

STATE OF HAWAII

CERTIFICATE OF CUSTODIAN

State of Hawaii,)
County of Maui)

I, _____, being first duly sworn, state upon my oath that I am the custodian responsible for making the inventory attached hereto; that I know the contents thereof; that the same is full, true and complete, and that the items enumerated therein are at present under my control and that the value set opposite the various items is true and correct to the best of my knowledge and belief.

Custodian

Sworn before me this _____ day of _____, A.D. _____,

Notary Public, State of Hawaii

My commission expires _____ of _____, _____.

Certificate of Custodian pursuant to HRS 106-3. Please complete this form and return the notarized original to Dawn Winter. The form should be signed by the Department/Agency Director or Deputy. Please note *only one* form per department should be submitted. Division and section submissions will no longer be accepted.

ALAN M. ARAKAWA
Mayor



DANILO F. AGSALOG
Director

MARK R. WALKER
Deputy Director

COUNTY OF MAUI
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

MEMORANDUM

DATE: JULY 17, 2017

TO: ALL DEPARTMENTS & DIVISIONS

FROM: DANILO F. AGSALOG, DIRECTOR OF FINANCE

A handwritten signature in black ink, appearing to be "DAG", written over the printed name of Danilo F. Agsalog.

SUBJECT: INVENTORY OF PERSONAL PROPERTY - JUNE 30, 2017

Enclosed for your review is a ***draft*** of your Department's inventory listing as of 6/30/17:

1. Fixed Assets - BLDG (Building) / IMPRV (Improvements) / LAND
2. Fixed Assets - Vehicles
3. Fixtures and Equipment
4. Certificate of Custodian pursuant to HRS 106-3. The form should be notarized and signed by the Department/Agency Director or Deputy.

Please review your reports carefully and let us know of any inconsistencies of assets on the report. **Be advised that FY17 inventory is still being revised at this time.** Items not indicated on a report, should be reflected on the next available report.

***In order for us to comply with HRS 103D-1208 Annual Inventory Reporting by County Officers to Council, it is imperative that we receive your signed certification along with a *copy* of your inventory lists (updated or not) by August 15, 2017.**

ALAN M. ARAKAWA
Mayor



DANILO F. AGSALOG
Director

MARK R. WALKER
Deputy Director

COUNTY OF MAUI
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

MEMORANDUM

DATE: JULY 17, 2017
TO: DAVID TAYLOR, DIRECTOR OF DEPT OF WATER SUPPLY
FROM: DANILO F. AGSALOG, DIRECTOR OF FINANCE 
SUBJECT: INVENTORY OF PERSONAL PROPERTY - JUNE 30, 2017

*In order for us to comply with HRS 103D-1208 Annual Inventory Reporting by County Officers to Council, it is imperative that we receive your signed Certification of Custodian along with a detailed listing of your fixed asset inventory by August 15, 2017.

Your compliance to the deadline is much appreciated.

ALAN M. ARAKAWA
MAYOR



KEITH A. REGAN
MANAGING DIRECTOR

OFFICE OF THE MAYOR

Ke'ena O Ka Meia
COUNTY OF MAUI – Kalana O Maui

July 27, 2017

MEMORANDUM

TO: All Directors
Herman Andaya, Chief of Staff

FROM: Alan M. Arakawa, Mayor *ac*

RE: OVERTIME DIRECTIVE

Our administration is committed to operating an efficient and cost effective government, cognizant of our fiduciary responsibility to taxpayers, and has made it a priority to identify ways to reduce spending and save taxpayer dollars. This directive addresses overtime.

We appreciate the departments that have already made efforts to limit overtime. However, considering the increase in overall labor expenses combined with the ever tightening of our operational budgets by the County Council it is important that we continue to strive towards greater efficiency and the reduction of expenditures.

Granted, there are times when overtime may be necessary. However, the use of overtime work should be kept at a minimum and restricted to emergencies or when completion of essential services in a timely manner is critical and no alternatives are available. Each department should have written overtime policies and procedures. We also believe that it is imperative that necessary administrative controls are established and enforced, and that accurate records are maintained.

Accordingly, we are requesting that each department examine their respective overtime policies and procedures to confirm, or see to it, that the following are incorporated and enforced:

1. **Overtime, with the exception of emergency situations, shall be pre-approved.**
 - a. Departments shall have developed overtime pre-approval procedures which include pre-approval by the employee's immediate supervisor.
 - b. Pre-approval shall be in writing and signed by the employee and immediate supervisor.
 - c. Pre-approval shall include:
 - i. Justification for overtime, and
 - ii. An approximation of overtime hours necessary to complete the work.
 - d. Employees may work overtime without written pre-approval in emergencies as determined by the director, provided that written authorization by the director or immediate supervisor is given within three working days following the emergency.

2. Records of overtime, justification and reporting.

- a. It shall be the responsibility of the director, or an authorized representative, of each department to collect and maintain a record of all authorized overtime.
- b. Records shall be kept for each employee working overtime and shall include:
 - i. Dates for each overtime period;
 - ii. Actual overtime hours worked;
 - iii. Justification for each overtime authorized;
 - iv. The manner in which the employee was compensated for overtime work; and,
 - v. Monthly totals of overtime worked by department division, and for each employee accruing overtime.
- c. On a monthly basis, directors shall notify the Director of Finance and the Managing Director in writing of all employees accruing eight or more hours of overtime in any week. Notification may be transmitted via email and shall include the amount of overtime accrued per employee for each week and justification for it (including any unfilled positions contributing to the need for overtime).

3. Prohibitions and oversight.

Departments shall take the necessary steps to see to it that the use of overtime work is kept at a minimum and restricted to emergencies or when completion of essential services in a timely manner is critical and no alternatives are available. This shall include:

- a. Operations personal shall be prohibited from working during vacations, unless it is an emergency; and,
- b. No overtime shall be authorized until employees have worked a regular forty-hour work week.

4. Periodic review.

Directors, or authorized representatives, shall conduct periodic reviews in a manner prescribed by the director no less than twice annually. Reviews should include:

- a. Closely monitoring overtime being authorized to top overtime earners;
- b. Closely monitoring overtime being authorized regularly and/or excessively to certain divisions or employees;
- c. Assessing whether to hire and train new employees to fill vacancies; and,
- d. An analysis of overtime used to better allocate workload and staffing.

Please know that nothing in this directive shall be construed to infringe on, contradict, preempt or otherwise conflict with any valid provisions of any collective bargaining agreement or to infringe upon any rights to negotiate collective bargaining agreements in the collective bargaining process.

Mayor Arakawa
Overtime Directive
July 27, 2017
Page 3 of 3

After reviewing your department's overtime policies and procedures, please provide the following information: (1) whether the policies and procedures discussed herein are currently incorporated and enforced in your department? (2) If not, when will they be incorporated and enforced in your department? We urge that each department incorporate these policies and procedures as soon as possible. Please have this information to me and Managing Director Keith Regan by the close of workday, Friday, August 4, 2017.