

Paul Kailiponi  
Chair



**COST OF GOVERNMENT COMMISSION**

COUNTY OF MAUI  
2145 WELLS STREET, SUITE 106  
WAILUKU, MAUI, HAWAII 96793

RECEIVED

2017 JUN 22 AM 10: 22

OFFICE OF THE  
COUNTY CLERK

June 20, 2017

Honorable Mike White, Chair  
and Members of the Maui County Council  
200 South High Street  
Wailuku, Hawaii 96793

Dear Chair White and Members:

**SUBJECT: COST OF GOVERNMENT COMMISSION — ANNUAL REPORT FOR COMMISSION TERM 2016 – 2017**

Pursuant to its mandate in Section 3-9.3.3 of the County Charter, the Cost of Government Commission ("Commission") is transmitting for your review its Annual Report for Commission Term 2016 – 2017.

Please note that the Commission has decided to adjust the process by which it conducts its investigations and submits its findings and recommendations. Rather than be confined to a deadline that requires all investigations be completed prior to the release of the Annual Report, the Commission has decided to release smaller reports on individual topics as it completes its work. An Annual Report will still be presented to the County Council pursuant to County Charter Sec. 3-9.3(3), but individual investigations will stand on their own. To that end, the attached Annual Report highlights two topics that are still under investigation: (1) compliance losses and risk management; and (2) energy usage of County facilities. Once these individual reports are completed, they will be transmitted to the County Council for review.

To further improve the Commission's effectiveness, we welcome your feedback on the report. Should you have any questions or comments, feel free to contact Shelley Pellegrino, Technical Writer for the Commission, at (808) 344-3348. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Kailiponi".

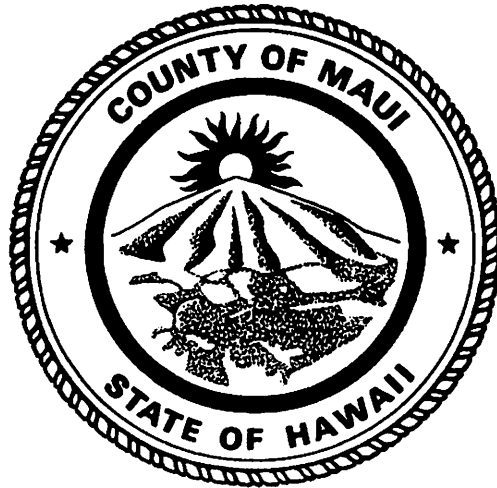
PAUL KAILIPONI  
Chair

Attachment

cc: Ed Kushi, First Deputy Corporation Counsel

COUNTY COMMUNICATION NO. 17-253

# **COUNTY OF MAUI**



## **COST OF GOVERNMENT COMMISSION**

### **ANNUAL REPORT**

**2016 – 2017**

# **COST OF GOVERNMENT COMMISSION COUNTY OF MAUI**

## **Annual Report 2016 – 2017**

*The Commission shall have the power and duty to:  
Study and investigate the organizations and methods of operations of all departments,  
commissions, boards, offices, and other instrumentality of all branches of the county government  
and determine what changes, if any, may be desirable to accomplish the policy set forth herein.<sup>1</sup>*

Paul Kailiponi, Chair  
Bradley Bunn, Vice Chair<sup>2</sup>  
Sharron Courter, Member  
Paula Heiskell, Member  
Stanford Lantias, Member  
Bobbie Patnode, Member  
Dale Thompson, Member  
John Watling, Member

---

<sup>1</sup> Charter, County of Maui, Section 3-9.3 (2017 Edition)

<sup>2</sup> Bradley Bunn began his term as Vice Chair in February 2017. Former Commissioner Annie Alvarado served as Vice Chair from April 2016 – January 2017.

# COST OF GOVERNMENT COMMISSION

## 2016 – 2017 ANNUAL REPORT

### I. INTRODUCTION

The Cost of Government Commission (“COGC” or “Commission”) was created in 1976. In its final report dated February 19, 1976, the Charter Commission stated, “The Cost of Government Commission would provide a cyclical review of cost and efficiency of the both the legislative and executive branches of County government. The [Charter] Commission believes that this Commission [COGC], if adopted, will be one of the first of its kind in local government.” Report of the Maui County Charter Commission, p. 5 (1976). See Exhibit A.

The County Charter states the Commission “shall be advisory to the county auditor.” Charter, County of Maui, Section 3-9.3 (2017 Edition). See Exhibit B. According to the County Charter, the purpose of the Commission is to “[s]tudy and investigate the organizations and methods of operations of all departments, commissions, boards, offices, and other instrumentality of all branches of the county government and determine what changes, if any, may be desirable to accomplish the policy set forth herein” Id., Section 3-9.3(1). These responsibilities correspond to the County’s policy “to promote economy, efficiency and improved service in the transaction of the public business in the legislative and executive branches of the county.” Id., Section 3-9. The Commission develops an annual report that outlines avenues through which economy and efficiency can be established through policy or operational change.

The Commission encourages the Mayor and the Maui County Council to implement policies that will continue to give taxpayers the best value for their money. Best management practices are strongly recommended to increase systemic efficiencies while reducing uneconomical or wasteful expenditures. The Mayor and the Maui County Council should collaborate to improve government processes, increase efficient implementation of these processes and policies, and balance spending against the efficiency of the provided service. The Commission endorses sound methodologies of analysis that are transparent and evidence based. The Commission acknowledges the need for involvement of all stakeholders to these issues (e.g. government sector, private sector, public) so that all viewpoints are considered in any analysis.

During this term, the Commission solicited ideas and/or potential subject areas from the Administration and the Maui County Council. Representatives from both branches came before the Commission to acknowledge the invitation and provide feedback. The Commission met with Managing Director Keith Regan, Director of Water Supply Dave Taylor, Deputy Corporation Counsel Patrick Wong, Risk Manager Lydia Toda, Energy Commissioner Frederick Redell, and Director of Parks and Recreation Ka’ala Buenconsejo. Individual commissioners also met separately with Council Chair Mike White and Councilmember Riki Hokama to discuss potential areas of study. Written testimony was also received from members of the public.

The Commission is made up of nine (9) volunteers with various educational and employment backgrounds. The cumulative wisdom and experience of its members are notable and, collectively, the commissioners have dedicated their time and knowledge to improving the quality of governance in Maui County. Unfortunately, the Commission has limited time and resources, which precludes a full examination of these complex and difficult subjects. Nonetheless, the Commission believes its recommendations should be a catalyst for more in-depth discussions and a foundation for the development of legislation and improved processes and/or policies on the subject investigated. The Commission encourages County management to implement its recommendations where possible and necessary, or to find an alternative approach to any problems or challenges in the finding of facts identified by this Commission.

The Commission will continue to investigate government processes and operations, recommending where efficiency, economy, and improved service can be realized and, where necessary, providing advice to the Office of the County Auditor on what it believes could be fruitful subjects for a more detailed study and review after a preliminary investigation.

## II. EXECUTIVE SUMMARY

Any investigation undertaken by the Commission must follow a clear set of criteria in order to uphold the highest standards of professionalism and utility for Maui County. The aforementioned factors must also take into consideration the limitations of the Commission, including limited availability of time given the voluntary nature of Commission members and a fluid set of skills available to the Commission due to the changing make-up of its members. In order to institutionalize quality and utility as primary components of investigations, the Commission has decided to adjust the way in which it processes investigations.

Prior to this year, Commission investigations mirrored County budgeting periods. Investigations were started, worked on, and completed prior to the start of budget deliberations for the upcoming fiscal year. The inclusion of two to three different topics led to a rush to complete work by these deadlines.

This year, the Commission decided to permit the continued investigation of topics and to eliminate the Commission-imposed deadline associated with the County budget period. While an annual report will continue to be presented to the County Council according to County Charter Sec. 3-9.3(3), investigations will be de-bundled from a single report and stand on their own. These investigations also will be allowed to run until completion instead of being bound by the budgetary calendar or annual Commission term. These changes will allow the commissioners additional time to work within their voluntary status and improve the quality and breadth of current investigations. It will also allow for a better allocation of limited resources as individual commissioners will be allowed to remain on a specific topic for an increased duration instead of moving on to another topic annually. Above all, the change in process will relieve pressure from our Commission members and lead to active, satisfied work that can increase meeting attendance and lower member turnover.

The purpose of this report is to discuss the current list of topics that are under investigation by the Commission. It will discuss actions taken during the 2016–2017 term that have led to substantive movement in each investigation. These activities have the potential of leading to policy recommendations that can save Maui County money through the efficient provision of services and improvements to management policies.

### III. COGC INVESTIGATIONS

#### A. COMPLIANCE LOSSES AND RISK MANAGEMENT

Risk management policies are vitally important for large organizations in limiting the liability of that organization against workplace and compliance litigation. Apart from protecting the organization against potential litigation, risk management policies protect the safety and well-being of County employees. In order to investigate the role played by risk management in the County, the Commission spoke with Corporation Counsel Patrick Wong and Risk Manager Lydia Toda. See Exhibit C, pp. 2–3.

Mr. Wong provided the Commission with access to the 2016 Sedgwick Stewardship Report and risk officers within Corporation Counsel. Commissioner Watling and Commissioner Bunn took responsibility for the investigation and began compiling a set of national standards and statistics that could be used to compare loss rates of the County against other comparable organizations.

Commissioners Bunn and Watling stated that their overall goals include the following: (1) evaluating the state of the safety program for the County of Maui; (2) determining whether there is a safety culture or not, and if so, how robust it is; and (3) determining whether this safety culture includes all departments or is department specific. See Exhibit D, p. 3. During Commission meetings, the focus of risk management data has been on the level of personal injury incidents reported across different departments. This area of risk management best fits the economic losses shown in County reporting as well as the responsibility of the County to its employees and their personal safety.

#### B. ENERGY USAGE OF COUNTY FACILITIES

Reduced energy costs can be a significant cost saver for the County and also achieves State of Hawaii goals to reduce Hawaii’s dependence on fossil fuels. In order to explore this topic and potential areas for energy savings, the Commission met with Energy Commissioner Frederick Redell, as well as with representatives from Re-Heat LLC, a company specializing in the sale of cogeneration energy solutions.

Energy Commissioner Redell appeared before the Commission at its October 2016 meeting. Mr. Redell highlighted the challenges presented by the planning process. He stated that the Guernsey Report,<sup>1</sup> which the County commissioned, identified different ownership structures, and concluded that the County might want to consider an independent system operator (ISO). Mr. Redell suggested a number of different options for energy savings including: (1) operational energy policies to lower electrical demand within County offices; (2) the development of a government or not-for-profit system operator to regulate interconnection and reliability; and (3) increased replacement of the County vehicle fleet towards hybrid/electric vehicles. See Exhibit E, pp. 2–5.

The Commission also had a conversation with Nigel Dickens and Thomas Devine of Re-Heat LLC in December 2016. See Exhibit F, pp. 4–5. Re-Heat LLC specializes in cogeneration systems for buildings. A cogeneration system is one that produces electricity and heat simultaneously. Both forms of energy can be used for specific building types in the County (e.g. swimming pools, large office buildings). The Commission decided to evaluate County buildings for an appropriate list of locations that would fit the requirements for an appropriate cogeneration system.

Commissioners Lanas and Thompson are leading the investigation and will be exploring energy-savings policies, alternative energy technology (e.g. cogeneration, high-capacity batteries), and County building energy usage.

## C. OTHER TOPICS CONSIDERED

### 1. Biennial Budget

Reform of the budget system has been suggested as far back as 2011. At that time, the Charter Commission actively investigated a Charter change from the annual budget process to a biennial budget. See Exhibit G. Although the Charter Commission chose not to fully investigate this topic, it came to the attention of the COGC through previous Budget Director Sandy Baz. See Exhibit H, p. 5. The Commission discussed the matter on two separate occasions in 2016 and 2017. See Exhibit I, pp. 4–5; Exhibit J, pp. 3–4. Commissioner Bobbie Patnode also interviewed Council Chair Mike White and Budget and Finance Committee Chair Riki Hokama.

Following discussion with the above Councilmembers and additional research performed by Commissioner Patnode and Chair Kailiponi, the Commission decided that previous research into the topic was sufficient and that alternative budget reform policies should be explored in lieu of the pursuit of a biennial budget Charter amendment. Given these findings, the Commission decided to file the topic.

---

<sup>1</sup> Guernsey, Analysis of Alternative Forms of Ownership and Alternative Business Models for Maui County's Electric Utility Company, RFP 14-15/P-92 (Dec. 23, 2015). <http://www.co.maui.hi.us/documentcenter/view/101985>.

2. Parking Fees for County Recreation Facilities

During the Commission meeting of December 8, 2016, Ka'ala Buenconsejo, Director of the Department of Parks and Recreation, discussed a possible policy to institute parking fees at a select number of County parks. The topic was brought forward by former Commissioner Annie Alvarado based on a meeting she attended where Director Buenconsejo discussed upcoming plans for Kanaha Beach Park.

Director Buenconsejo stated that there had always been some type of discussion within the Department about whether to charge fees to use County parks. Director Buenconsejo stated that other parks (both State and the City and County of Honolulu) have visitor parking fees and generate revenue in excess of \$20,000 per month (in the case of Iao Valley State Park). See Exhibit F, pp. 2–3. A primary driver towards the revision of County park fees is the increased commercialization of County facilities.

Director Buenconsejo made clear that the proposed parking fee structure would focus on a very limited number of County parks and that the fee would only go toward non-residents in a similar fashion to how fees are administered at Iao Valley State Park. He also stated that his department would benefit from a parking fee structure for Kanaha, Kepaniwai, Hookipa, and Hana Bay. These parks were identified because of their heavy use by visitors and commercial vendors.

Since his presentation, the Commission lost the services of Commissioner Alvarado. Concurrently, the Department of Parks and Recreation also presented alternative revenue-generating activities. Both of these factors led the Commission to file the proposed investigation.

## IV. REVIEW OF COGC 2015-2016 REPORT

### A. COUNCIL-MANAGER SYSTEM OF GOVERNMENT IN MAUI COUNTY

During its 2015 – 2016 term, the Commission focused on the expressed values of stakeholders concerning a possible change from a Mayor-Council form of government to a Council-Manager form of government. Pursuant to its Charter mandate to support the County's declaration of policy, the Commission decided to investigate whether a change in the form of government would lead to substantive improvements to the transaction of public business in Maui County government.<sup>2</sup>

---

<sup>2</sup> Cost of Government Commission, 2015 – 2016 Annual Report (May 12, 2016). <http://www.mauicounty.gov/DocumentCenter/View/103826>.



Based on the findings summarized in its Annual Report, the Commission offered the following recommendations:

1. The decision to change the form of local governance for Maui County should not be based solely on issues of economy/efficiency or cost savings between Council-Manager or Mayor-Council forms of government. Instead, the decision should also include values concerning:
  - a. Minimizing political influence on County officials
  - b. Accountability of County officials
  - c. Representativeness of County officials to their respective constituencies
  - d. Retaining checks and balances between legislative and executive branches of government
  - e. Ensuring that any change goes through proper due process and evaluation

The Commission encourages the Maui County Council and Special Committee on Local Governance to systematically evaluate the above values against various forms of government to inform their decisions as to possible change to Maui County's form of government.

2. Update existing department-level performance measures to make them more operational, accessible, frequent and commensurate with County-wide plans and executive vision.
3. Grant the Maui County Council the right to vet mayoral appointments either by letter or in a formal hearing. The vetting process would necessitate that the Mayor's Office provide relevant job descriptions and appointment qualifications for appointees. The vetting process would not be mandatory but could be called with the Council having the right to provide an opinion on the qualification of appointees without the right of refusal for the appointee.
4. If a Charter amendment to move toward a Council-Mayor form of government is deemed appropriate by the Maui County Council, it should be proposed by the Charter Commission.

See Exhibit K, p. 4.

Prior to the Maui County General Election of 2016, the Maui County Council forwarded a Charter amendment stating:

*Shall the Charter be amended to require Council approval of the Mayor's appointment of the Managing Director, Director of Finance, Director of Public Works, Director of Parks and Recreation, Planning Director, Director of Housing and Human Concerns, Director of Transportation, and Director of Environmental Management and to allow additional qualifications for department directors to be established by ordinance?*

See Exhibit L, p. 3. The above amendment is consistent with the recommendations given by the Commission and was passed into law by popular vote in November 2016. See Exhibit M.

## V. ACKNOWLEDGEMENTS

The Commission would like to thank the members of the Arakawa Administration who always respond promptly and professionally to the requests for information made by the Commission. The Commission is grateful for Mayor Alan Arakawa's attentiveness to the Commission's duties and functions, and the support for allowing the Commission to continue meeting in the Mayor's Conference Room.

The Commission would also like to thank the members of the Maui County Council who supported the Commission in its work during the term of this report. The Commission would like to especially thank Council Chair Mike White and Councilmember Riki Hokama for their input and feedback. The Commission is also thankful for the participation of Managing Director Keith Regan, Department Directors Patrick Wong, Ka'ala Buenconsejo, and Dave Taylor, Energy Commissioner Frederick Redell, and Risk Manager Lydia Toda for their willingness to meet with the Commission.

The Commission also thanks First Deputy the Corporation Counsel Edward Kushi for his guidance, advice, and assistance in ensuring that the Commission is adhering to all matters correctly and efficiently.

The Commission would like to thank John Buck, Executive Assistant to the Mayor and Ex-Officio Member of the Commission. His time, attention, and assistance in communicating our concerns and questions to the Mayor are greatly appreciated.

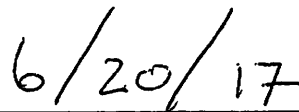
The Commission thanks the Office of the County Auditor, particularly County Auditor Lance Taguchi and Administrative Officer Camille Sakamoto, for their continued guidance and administrative support.

Finally, the Commission would like to extend its appreciation to Shelley Pellegrino, technical writer and consultant to the Commission. Her professional experience, skills, and knowledge of County government have been an extremely important and incredible asset. Ms. Pellegrino's support in assisting with the annual report is valued and recognized.

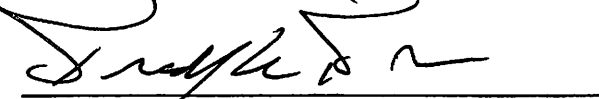
**Respectfully Submitted:**



**Paul Kailiponi, CHAIR**  
**2016 – 2017 COMMISSION TERM**



**DATE**



**Bradley Bunn, VICE CHAIR**  
**2016 – 2017 COMMISSION TERM**



**DATE**

## COST OF GOVERNMENT COMMISSION

### LIST OF EXHIBITS

- Exhibit A Report of the Maui County Charter Commission (1976) (excerpts)
- Exhibit B Charter, County of Maui, Sections 3-9 – 3-9.3 (2017 Edition)
- Exhibit C Meeting Minutes, Cost of Government Commission, County of Maui (Sept. 8, 2016)
- Exhibit D Meeting Minutes, Cost of Government Commission, County of Maui (Nov. 10, 2016)
- Exhibit E Meeting Minutes, Cost of Government Commission, County of Maui (Oct. 13, 2016)
- Exhibit F Meeting Minutes, Cost of Government Commission, County of Maui (Dec. 8, 2016)
- Exhibit G Agenda Material, Charter Commission, County of Maui (December 12, 2011 Regular Meeting) (excerpts), <http://www.co.maui.hi.us/ArchiveCenter/ViewFile/Item/15934>
- Exhibit H Meeting Minutes, Cost of Government Commission, County of Maui (June 12, 2014)
- Exhibit I Meeting Minutes, Cost of Government Commission, County of Maui (July 14, 2016)
- Exhibit J Meeting Minutes, Cost of Government Commission, County of Maui (April 13, 2017)
- Exhibit K Annual Report 2015 – 2016, Cost of Government Commission, (May 12, 2016) (excerpts), <http://www.mauicounty.gov/DocumentCenter/View/103826>
- Exhibit L Public Notice, PROPOSED AMENDMENTS TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED (Sept. 2, 2016)
- Exhibit M General Election 2016 Results, State of Hawaii Office of Elections (Nov. 8, 2016)

# Exhibit A

Report of the Maui County Charter Commission (1976) (excerpts)

REPORT  
of the  
MAUI COUNTY CHARTER COMMISSION

I. GENERAL

A. BACKGROUND

The Maui County Charter Commission was appointed in February, 1975, according to the provisions of Sec. 14-3 of the Charter of the County of Maui. It proceeded with its work on the assumption that the present Charter is basically a sound document, and therefore, no wholesale changes would be proposed.

A thorough study and review of the operation of the County government under the present Charter was made. The operations of local government under existing charters in other counties were studied. Informative talks were had with public officials, including the County Council members in Maui and other Counties of the State. Studies of various forms of local government were also made and some of the best printed materials available were gone over in the process.

After this preliminary study and review, the Charter Commission singled out those areas of the Charter that it believed needed revisions, or where it felt that alternative choices should be presented to the voters.

These proposals were presented at public hearings both early in its deliberations and later after it had refined its work, alternatives were discussed, advantages and disadvantages were laid out.

Although the Commission was somewhat disappointed in the small numbers of Maui County residents that turned out for these public meetings, nonetheless a feeling of general concern amongst the people was determined. Accordingly, those concerns were taken into account by the Commission in its final draft of proposed revisions.

B. ACCOUNTABILITY, RESPONSIVENESS, EFFICIENCY

The discussions within the Commission centered mainly on

three recurring themes:

1. Accountability, and
2. Responsiveness of public officials to the needs and desires of the citizens of Maui, and
3. Maximizing efficiency of governmental operations.

How to bring about an increase of these attributes in County government was an overriding concern. While there are no radical changes in the proposed revised Charter within the context of these three areas, there are a number of proposed amendments that are deemed significant. The proposals represent a serious effort to achieve the desired characteristics. While no Charter, however carefully drafted can guarantee these attributes, the Commission does believe that its proposals will go far towards attaining these desirable results.

## II. LEGISLATIVE BRANCH

### A. COUNCIL COMPOSITION

A major concern, and one that aroused the greatest response at public hearings, was that of council composition.

The unique geography of Maui County does not easily permit traditional or pure textbook district representation which would be acceptable to residents of outlying areas.

At the same time, it seemed evident that there was a general feeling of a need for more responsiveness and identity of Council representatives with a particular residency, all the while recognizing the need for Council members that would represent the County at large.

The Commission believes that proposed composition of the Council represents a reasonable compromise between pure districting and the existing councilmanic representation. Moreover, the proposal realistically takes into account our unique geographic characteristics.

All Council members will run at large; seven will have residency requirements and two will not.

## B. TERM OF OFFICE

Corollary to the question of Council Composition was the issue of term of office.

The Commission voted to place two alternatives (options) before the people of the County to allow the voters to determine whether they prefer a two-year or four-year term for Council members. Because community discussions seemed divided on the issue of Council terms, the Commission preferred not to decide the issue arbitrarily, but to leave it to the voters of the County to decide.

## C. OFFICE OF COUNCIL SERVICES

In order to strengthen the County Council in its policy making role, the Commission has proposed a new Office of Council Services to be filled as the need may arise. It will allow the legislative body to carry on its own study and research independent of the executive branch and thereby generate some ideas and proposals independent of what may be presented to it by the administration.

## III. EXECUTIVE BRANCH

### A. OFFICE OF THE MAYOR

In its efforts to assure more accountability in our County government, the Commission also realized that the responsibility for this goal would rest finally with the Mayor as the chief administrator.

The Commission felt therefore, that the Mayor should be given time to fully plan, develop and effectively carry out programs beneficial to the County. Long-range planning and the time needed to successfully implement these, prompted the Commission to increase the Mayor's term of office from two to four years with a limitation of two consecutive terms.

### B. OTHER EXECUTIVE PROPOSALS

Two new departments, a new chief administrative officer, a new commission, and new board are proposed.

#### 1. DEPARTMENT OF CORPORATION COUNSEL AND PUBLIC PROSECUTOR

In keeping with one of the golden threads that weaves its way through the Commission's deliberations, it was proposed to

separate the civil law functions from the criminal law functions presently handled by a single department, viz., the County Attorney's Office. It was the belief of the Commission that greater expertise could and would be developed in each of these fundamental areas of the law, if each was entrusted to a separate department. Thus, there would be greater efficiency, and perhaps more accountability as well, in the operations of these areas of County government. The Commission therefore, proposed a new Department of the Prosecuting Attorney, and a Department of Corporate Counsel.

## 2. DEPARTMENT OF HUMAN CONCERNS

Under the existing Charter, with the passage of time, there appeared to be a variety of functions carried on by different departments and agencies that had to do with what the Commission characterized as "human concerns." It was felt that for greater efficiency, the elimination of overlap, and for the purpose of giving greater attention to these human concerns, the time had come for the centering of these responsibilities in a single department. A new Department of Human Concerns has therefore been proposed.

## 3. MANAGING DIRECTOR

The Commission felt that the size of operations of the executive branch of County government, together with the ever increasing demands being made upon the time available to the Mayor, that greater efficiencies in the executive branch would be effected in providing the Mayor with a chief administrative officer. Thus, the Commission has provided for a Managing Director who will act as the Chief Administrative Assistant to the Mayor who will be responsible for the coordination and efficiency in the various departments and agencies of the executive branch of County government. This office has proven successful in the County of Hawaii and the City and County of Honolulu.

## 4. COST OF GOVERNMENT COMMISSION

Something entirely new has been proposed by way of a Cost of Government Commission. The Charter Commission is of the be-



belief that the problem of ever increasing costs of operating local government on the one hand, with limited financial resources to meet those costs on the other hand, has given rise to the need to keep the cost of government minimized, and to maximize its efficiency.

The Cost of Government Commission would provide a cyclical review of cost and efficiency of both the legislative and executive branches of County government. The Commission believes that this Commission, if adopted, will be one of the first of its kind in local government.

#### 5. BOARD OF ETHICS

A complete revision of the Code of Ethics is proposed. One of its chief characteristics is to provide for a Board of Ethics.

In general, the Code of Ethics requires public disclosure by public servants, so that, should conflicts of interest arise they would be made generally known to the public.

The Board of Ethics is empowered to initiate on its own, or receive complaints from the public and to hear and investigate alleged violations of the Code of Ethics and to make its findings known to the prosecuting attorney for appropriate action.

#### IV. FINANCIAL ACCOUNTABILITY

The Commission has proposed a newly drafted section calling for the annual auditing of all accounts and financial transactions of the County by independent certified public accountants.

The audit shall include both financial accountability and adequacy of the County's financial and accounting system. In short, this function together with the services of the Cost of Government Commission and a newly drafted provision for statements to be provided by the Director of Finance to the County Council should provide a sound "watch dog" service over the public purse.

#### V. PLANNING

##### A. PRESENT CHARTER PROVISIONS

The existing Maui Charter gives the County Planning Director little guidance other than to direct him to "Prepare a general plan to guide the development of the County by district or districts."

## B. COMMISSION PROPOSAL

The Commission is aware that the present planning process has concerned itself with more than mere physical planning. Indeed, after a review of what in fact our Planning Department is doing, the Commission has proposed a definition of the General Plan, and the General Plan process, that is both in keeping with current practices by the Planning Department and with current advanced thinking by professional planners elsewhere. In essence, the Commission's proposal is a codification, if you will, of the best thinking in this dynamic area of local government functions. It speaks in terms of a broad long-range statement of development policies and the effects that such policies might have on the social, economic, and environmental aspects of our community.

The Commission believes that this recognition of the impact that general planning will have on the social, economic and environmental character of the County is indeed being responsive to the needs and desires of the people of Maui. This responsiveness is further preserved by the continuation of a lay Planning Commission which is obliged to hold public hearings on any proposed General Plan or revisions thereto.

The Commission also believes that accountability to the people is further strengthened by providing for the appointment of the Planning Director directly by the Mayor rather than by a multimember Planning Commission appointed under staggered terms.

If the Planning Director is not performing in keeping with the desires of the voters of Maui, the latter can direct its displeasure to the elected appointing authority.

This same reasoning caused the Commission to propose the direct appointment by the Mayor of the head of the Board of Water Supply and the head of the Department of Personnel Services.

## VI. CONCLUSION

Therefore, this Commission presents the proposed new Charter as the culmination of a year's study and discussion. The Commission made every effort to structure a County government based on the elected officials who would always be accountable to the

people for the actions of government.


In view of this accountability theme therefore, the highest administrator (the Mayor) would be held responsible for all departments of the County administration. In the same way, the legislative branch of the County government as the policy making body, would be responsible for all matters pertaining to legal enactments and legal appropriations made by them.

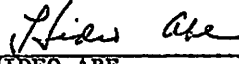
The Commission believes that the proposed Charter will give the citizens of Maui County the kind of responsive and sensitive government that the public has made clear it desired.

Dated this 27th day of  
February, 1976; County of  
Maui, State of Hawaii.


Respectfully submitted,

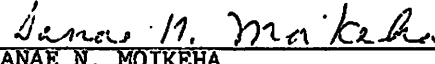
  
MONSIGNOR CHARLES A. KEKUMANO,  
CHAIRMAN

  
EDWINA U. BRIGHT,  
VICE CHAIRMAN

  
HIDEO ABE

  
CATALINO AGLIAM

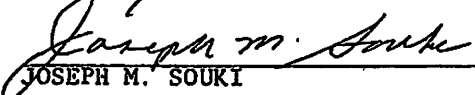
  
MARGARET CAMERON


  
SANA E. MOIKEHA

  
RALPH M. MURAKAMI

  
STEPHEN PETRO

  
LLOYD K. SODEKANI

  
JOSEPH M. SOUKI

  
ALLAN R. SPARKS

# Exhibit B

Charter, County of Maui, Sections 3-9 – 3-9.3 (2017 Edition)

**CHARTER**  
**COUNTY OF MAUI**

**2017 EDITION**

## FOREWORD

This edition sets forth the Charter of the County of Maui, effective as of January 1, 1983, as it was revised by the Charter Commission in 1982 and approved by a majority of the voters at the General Election held on November 2, 1982. This edition also incorporates amendments to the Charter proposed by the County Council and approved by a majority of the voters at the General Elections of 1984, 1986, 1988, 1990, 1994, 1996, 1998, 2002, 2006, 2010, 2012, 2014, and 2016, as well as an amendment proposed by a Special Charter Commission and approved by a majority of the voters at the General Election of 1988. Also incorporated in this edition are: amendments proposed by the Charter Commission in 1992 and approved by a majority of the voters at the General Election of 1992, which amendments became effective on November 24, 1992; amendments proposed by the Charter Commission in 2002 and approved by a majority of the voters at the General Election of 2002, which amendments became effective on December 5, 2002; and amendments proposed by the Charter Commission in 2012 and approved by a majority of the voters at the General Election of 2012, which amendments became effective on December 6, 2012. This 2015 edition of the Charter, therefore, replaces all previous editions and contains all those Charter provisions in effect as of January 2, 2015.

This Charter, as revised, establishes the structure and organization of the government of the County of Maui. It is a constitutional document, drafted in accordance with the will of the people, which defines the responsibilities of our local government.

**ELECTED OFFICIALS COUNTY OF MAUI  
STATE OF HAWAII**

**MAYOR**

ALAN M. ARAKAWA

**COUNTY COUNCIL**

MICHAEL B. WHITE, Chair

ROBERT CARROLL, Vice-Chair

ALIKA ATAY

ELEANORA COCHRAN

S. STACY CRIVELLO

DONALD S. GUZMAN

G. RIKI HOKAMA

KELLY T. KING

YUKI LEI KASHIWA SUGIMURA

JANUARY 2, 2017

## TABLE OF CONTENTS

	Page
PREAMBLE	1
Article 1 INCORPORATION AND GEOGRAPHICAL LIMITS	1
Article 2 POWERS OF THE COUNTY	1
Article 3 COUNTY COUNCIL	2
Article 4 ORDINANCES AND RESOLUTIONS	11
Article 5 COUNTY CLERK	14
Article 6 EXECUTIVE BRANCH	14
Article 7 OFFICE OF THE MAYOR	16
Article 8 COUNTY DEPARTMENTS	19
Chapter 1 Department of Management	19
Chapter 2 Department of the Corporation Counsel	19
Chapter 3 Department of the Prosecuting Attorney	20
Chapter 4 Department of Finance	21
Chapter 5 Department of Public Works	23
Chapter 6 Department of Parks and Recreation	23
Chapter 7 Department of Fire and Public Safety	24
Chapter 8 Department of Planning	25
Chapter 9 Department of Personnel Services	29
Chapter 10 Department of Housing and Human Concerns	30
Chapter 11 Department of Water Supply	31
Chapter 12 Department of Police	33
Chapter 13 Department of Liquor Control	34
Chapter 14 Department of Transportation	35
Chapter 15 Department of Environmental Management	36
Chapter 16 Maui County Emergency Management Agency	37
Chapter 17 Salary Commission	37
Article 9 FINANCIAL PROCEDURES	37
Article 10 CODE OF ETHICS	45
Article 11 INITIATIVE	48
Article 12 RECALL	52
Article 13 GENERAL PROVISIONS	54
Article 14 CHARTER AMENDMENT	59
Article 15 TRANSITIONAL PROVISIONS	61



2. The attorneys within the office of council services, in addition to the attorneys within the department of the corporation counsel, may serve as legal advisors to the council and its members. (Amended 2016)

**Section 3-8. Restrictions on Council and Council Members.**

1. Unless otherwise provided in this charter, neither the council nor any of its members shall, in any manner, dictate the appointment or removal of any officer or employee appointed by the mayor or by the mayor's subordinates.

2. Neither the council nor its members shall give orders to any county employees or county officers other than those appointed pursuant to Section 3-7 or Article 5, either publicly or privately. Any willful violation of the provisions of this subsection by a member of the council shall be sufficient grounds for the councilmember's removal from office by impeachment. (Amended 2016, 2002)

**Section 3-9. Declaration of Policy.** It is declared to be the policy of the county to promote economy, efficiency and improved service in the transaction of the public business in the legislative and executive branches of the county by:

1. Limiting expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions.

2. Eliminating duplication and overlapping of services, activities, and functions.

3. Consolidating services, activities, and functions of a similar nature.

4. Abolishing services, activities, and functions not necessary to the efficient conduct of government. (Amended 2012)

**Section 3-9.1. Office of the County Auditor and County Auditor.**

1. There is established an office of the county auditor, to be headed by a county auditor who shall be appointed by the county council, by a majority vote of its membership, and shall serve for a term of six years. The county auditor may be re-appointed, or a successor appointed, by the council for subsequent terms of six years. The county auditor may hold over until a successor is appointed. The salary of the county auditor shall be determined by the salary commission. The council, by a two-thirds vote of its membership, may remove the county auditor from office at any time for cause. The county auditor shall be exempt from civil service.

2. The county auditor shall possess adequate professional proficiency for the office, demonstrated by relevant certification as a certified

internal auditor or certified public accountant, and have at least five years of experience in the field of auditing, evaluation, or analysis. The county auditor shall have a bachelor's degree in accounting, business administration, or public administration or related field.

3. Except for exercising the right to vote, neither the county auditor nor any staff member of the office of the county auditor shall support, advocate, or aid in the election or defeat of any candidate for county public office.

4. The county auditor shall appoint the necessary staff as shall be authorized by law. Persons appointed to such positions shall be exempt from civil service and shall serve at the pleasure of the county auditor. (Amended 2012)

### **Section 3-9.2. Powers, Duties, and Functions.**

1. The county auditor shall have the duty and power to conduct or cause to be conducted:

a. The independent annual financial audit of the county, as authorized by Section 9-13 of this charter;

b. Other program, financial, or performance audits or evaluations regarding county organizations, operations, and regulations; and

c. Performance or financial audits of the funds, programs, or activities of any agency or function of the county, as the county auditor deems warranted; provided that, before each fiscal year, the auditor shall transmit a plan of the audits proposed to be conducted during the fiscal year to the mayor and the council, for review and comment, but not approval.

2. Audit findings and recommendations shall be set forth in written reports of the county auditor, a copy of which shall be transmitted to the mayor and to the council, which shall be public records, except as provided by law.

3. For the purposes of carrying out any audit, the county auditor shall have full, free, and unrestricted access to any county officer or employee and shall be authorized to examine and inspect any record of any agency or operation of the county, to administer oaths and subpoena witnesses, and compel the production of records pertinent thereto. If any person subpoenaed as a witness or compelled to produce records shall fail or refuse to respond thereto, the proper court, upon request of the county auditor, shall have the power to compel obedience to any process of the county auditor and to punish, as a contempt of the court, any refusal to comply therewith without good cause. Notwithstanding Section 3-6.6, the county auditor may, without council approval, retain special counsel to represent the county auditor in implementing these powers.

4. The county auditor shall submit its budget to the county council and its budget shall include the cost of government's budget subject to Article 9, Section 9-2.1. (Amended 2012)

**Section 3-9.3. Cost of Government Commission.** For the purpose of carrying out the policy set forth herein, in accordance with section 13-2 of this charter, the mayor with the approval of the council shall appoint a cost of government commission consisting of nine members. The commission shall be advisory to the county auditor.

The commission shall have the power and duty to:

1. Study and investigate the organizations and methods of operations of all departments, commissions, boards, offices, and other instrumentality of all branches of the county government and determine what changes, if any, may be desirable to accomplish the policy set forth herein.

2. Be authorized to secure directly from any department, commission, board, office, or any other instrumentalities of all branches of the county government or from any individual officer or employee of the county, information, suggestions, estimates, and statistics necessary to carry out its duties.

3. Submit an annual report of its findings and recommendations to the mayor, council, and county auditor. (Amended 2012)

**Section 3-9.4. Definitions.** For the purpose of this section, the following definitions shall apply:

"Agency or operation of the county" includes any executive agency, semi-autonomous agency, council office, and other establishment of county government supported, in whole or in part, by county or public funds.

"Council office" includes the council itself, the office of a council member and the council member's immediate staff, the office of the county clerk, and the office of council services. This definition shall not be construed as excluding the office of the county auditor from the legislative branch.

"Record" includes any account, book, paper, and document, and any financial affair, notwithstanding whether any of the preceding is stored on paper or electronically. (Amended 2012)

## ARTICLE 4 ORDINANCES AND RESOLUTIONS

**Section 4-1. Actions of the Council.** Every legislative act of the council shall be by ordinance, unless otherwise provided for herein. Other acts of the council may be by resolution.

## Exhibit C

Meeting Minutes, Cost of Government Commission, County of Maui  
(Sept. 8, 2016)

**COST OF GOVERNMENT COMMISSION  
MINUTES/REPORT  
Kalana O Maui Building, 9<sup>th</sup> Floor, Mayor's Conference Room, Waihe'e Side  
Thursday, September 8, 2016**

**PRESENT:** Paul Kailiponi, Chair  
Annie Alvarado, Vice Chair (left at 11:26 a.m.)  
Bradley Bunn, Member (arrived at 10:14 a.m.)  
Emmanuel Baltazar, Member  
Stanford Lantias, Member  
John Watling, Member

**EXCUSED:** Dale Thompson, Member

**STAFF:** Ed Kushi, Deputy Corporation Counsel

**OTHER:** John Buck, Ex-Officio Member, Office of the Mayor  
Camille Sakamoto, Administrative Officer, Office of the County Auditor  
Patrick Wong, Corporation Counsel  
Lydia Toda, Risk Manager, Department of the Corporation Counsel

**I. CALL MEETING TO ORDER**

Chair Kailiponi called the meeting to order at 10:09 a.m.

**II. PUBLIC TESTIMONY**

There was no public testimony.

**III. MINUTES**

**A. Review and Approve June 9, 2016 and July 14, 2016 Meeting Minutes**

The Commission unanimously approved the June 9, 2016 and July 14, 2016 regular meeting minutes, and the July 14, 2016 Executive Session minutes.

**B. Review August 12, 2016 Meeting Minutes/Report**

The Commission unanimously approved the minutes/report of the August 12, 2016 meeting.

**IV. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED**

There was no correspondence received.

**V. COUNTY AUDITOR'S UPDATE**

Camille Sakamoto, Administrative Officer for the Office of the County Auditor, stated that her office had nothing new to report.

## **VI. CONTINUE DISCUSSION OF POTENTIAL TOPICS FOR 2016 – 2017 COMMISSION TERM**

### **A. Presentation and Discussion of Compliance Losses and Risk Management by Patrick Wong, Department of the Corporation Counsel**

Patrick Wong introduced Lydia Wong, Risk Manager, who accompanied him to the meeting. He then distributed a copy of an organizational chart for the Department of the Corporation Counsel. He also read from Sections 8-2.3 and 8-2.4 of the County Charter, which defines the powers, duties, and functions of the Department.

Mr. Wong also distributed a copy of the County of Maui's general claim form, which is required to be completed by those making property damage or personal injury claims against the County. Mr. Wong explained that if the value of a claim is less than \$7,500, then the Maui County Code authorizes the Corporation Counsel to settle claims without County Council approval (the Mayor's approval and signature is required). Any claim valued above \$7,500 requires County Council approval. The Department prepares a resolution and submits it to the Council's Committee of the Whole. The Department usually presents factual information in open session, but strategic information is presented to the Committee in Executive Session. The Committee then decides whether to authorize a settlement, and the resolution is transmitted to the full Council. At that point, the litigators are aware of what their settlement authority is and whether they have to continue with litigation.

Commissioner Bunn asked Mr. Wong to summarize the types of litigation in which his Department is involved. Mr. Wong stated that there are three general types of claims: personal injury claims (e.g., premises liability; adverse action by an employee such as a vehicle collision), real property litigation, and environmental litigation (e.g., water, wastewater, solid waste, parks). With respect to environmental claims, often there is direct negotiation with the Department of Health (DOH) or the Environmental Protection Agency (EPA) to resolve the issue or the issue is litigated in state (including the environmental court) or federal court. The bulk of the claims are personal injury claims. Mr. Wong added that the Risk Management Division tries to look at the mechanism that caused the injury and then provide safety instructions or educational tools or recommendations to the department in question.

Commissioner Watling inquired whether the Department hires outside counsel if necessary. Mr. Wong stated that the Charter allows the engagement of special counsel typically when there is an internal conflict that cannot be cured. Special counsel is also hired when litigation involves injection wells. Otherwise, he believes that litigation attorneys have a broad range of experience and are skilled in litigating other issues to trial. The County Council (through the Committee of the Whole) has the authority to approve the hiring of special counsel.

Commissioner Bunn asked how departments manage safety issues following an incident. Mr. Wong stated that some departments (i.e., Parks, Water, Public Works, and Environment Management) have their own safety officers work who directly within their department's chain of command and are charged with making sure their employees are up to speed on safety-related issues. Departments can also ask for assistance from the Risk Management Division within the Department of the Corporation counsel. Ms. Toda stated that incident reports are provided to the Division on a daily basis. The Division

monitors loss data to pinpoint areas that need improvement, and will typically have a safety specialist work with the department in a consultative role. Mr. Wong stated that for OSHA-related issues, Senior Safety Officer SeaRay Beltran will meet with department safety specialists and provide training where necessary. He also meets with OSHA representatives when necessary.

Vice-Chair Alvarado asked about increased insurance costs. Ms. Toda stated that she does a cost of risk analysis on a regular basis. In addition, the Division tries to resolve issues as quickly as possible once an incident report is received. Mr. Wong added that the County is self-insured to \$500,000 and has excess coverage as well. There has been no uptick in premiums as of late.

Commissioner Bunn asked what the County's OSHA reportable incident rate per 100 employees is. Ms. Toda responded that statistics are available, but she did not have the information at that time. Commissioner Bunn asked whether the Department tracks "near misses" or indicators of possible risk area before they turn into an incident. Ms. Toda responded that the incident report form allows for documenting this type of information, and that departments are encouraged to provide such information.

Ms. Toda stated that she provides new employee training as well as training for supervisors, who are also asked to lead by example and model good practices. Vice-Chair Alvarado noted her prior experience with mandatory performance standards for safety that required managers to keep employees safe. She added that the public often feels that the County is doing something wrong, but in the public sector, the staff is most in jeopardy because they are on the front line. Mr. Wong stated that the Department will secure restraining orders against individuals if necessary to protect County employees.

Commissioner Bunn inquired whether there is a safety handbook. Ms. Toda responded that there is. Commissioner Bunn asked whether there are written procedures regarding high-risk activities. Mr. Wong stated that there are written procedures and that immediate self-reporting is required with the State Department of Health if a department falls below or is at risk of falling below a particular standard.

Chair Kailiponi asked what percentage of Risk Management Division work is reactive as opposed to anticipatory. Ms. Toda stated that answering the question is difficult because it is difficult to measure something that was prevented. She stated that most work tends to be reactive, but that she can identify patterns from incident reports that allow them to be more proactive.

Chair Kailiponi asked how often the Department collaborates with other counties. Mr. Wong responded that he meets with his counterparts quarterly, and that they call each other when necessary as well.

Vice-Chair Alvarado asked whether specific types of training (e.g., lead-based paint, OSHA) are available on Maui. Mr. Wong replied that Mr. Beltran usually goes to Honolulu for training and that there is no available training on the island. Vice-Chair Alvarado pointed out that travelling to outer islands can be cost prohibitive.

**The Commission recessed at 11:12 a.m. and reconvened at 11:22 a.m.**

Vice-Chair Alvarado moved that the Commission go into Executive Session pursuant to HRS Section 92-5(a)(4) and (6), and Commissioner Bunn seconded the motion.

**The Commission recessed its Regular Meeting at 11:24 a.m. Following the Executive Session, Chair Kailiponi called the regular meeting back to order at 12:02 p.m.**

**B. Energy Usage of County Facilities**

The Commission deferred discussion of this item.

**C. Consideration of Additional Potential Topics**

The Commission deferred discussion of this item.

**D. Process of Investigation for Agreed Topics for 2016 – 2017 Commission Report**

The Commission deferred discussion of this item.

**VII. DETERMINE NEXT MEETING DATE AND AGENDA**

The next meeting is scheduled for Thursday, October 13, 2016, in the Mayor's Conference Room, Waihe'e side, at 10:00 a.m. The Commission decided to invite Frederick Redell, the newly-appointed Energy Commissioner, to the next meeting.

**VIII. ADJOURNMENT**

The meeting adjourned at 12:05 p.m.



## Exhibit D

Meeting Minutes, Cost of Government Commission, County of Maui  
(Nov. 10, 2016)

**COST OF GOVERNMENT COMMISSION  
MINUTES/REPORT  
Kalana O Maui Building, 9<sup>th</sup> Floor, Mayor's Conference Room, Waihe'e Side  
Thursday, November 10, 2016**

**PRESENT:** Paul Kailiponi, Chair  
Annie Alvarado, Vice Chair  
Emmanuel Baltazar, Member  
Bradley Bunn, Member (arrived at 10:30 a.m.)  
Stanford Lantias, Member (arrived at 10:14 a.m.)  
Bobbie Patnode, Member  
Dale Thompson, Member  
John Watling, Member

**STAFF:** James Giroux, Deputy Corporation Counsel (left at 10:30 a.m.)  
Ed Kushi, First Deputy Corporation Counsel (arrived at 10:30 a.m.)  
  
Shelley Pellegrino, Technical Writer for the Commission

**OTHER:** John Buck, Ex-Officio Member, Office of the Mayor  
Camille Sakamoto, Administrative Officer, Office of the County Auditor

**I. CALL MEETING TO ORDER**

Chair Kailiponi called the meeting to order at 10:08 a.m.

**II. PUBLIC TESTIMONY**

There was no public testimony.

**III. MINUTES**

**A. Review of September 8, 2016 Regular Session Minutes**

Commissioner Watling moved to approve the September 8, 2016 Regular Session Minutes, and Commissioner Baltazar seconded the motion. The minutes were approved unanimously.

**B. Review of October 13, 2016 Regular Session Minutes**

Commissioner Patnode moved to approve the October 13, 2016 Regular Session Minutes, and Commissioner Watling seconded the motion. The minutes were approved unanimously.

**C. Review of September 8, 2016 Executive Session Minutes**

Vice-Chair Alvarado moved that the Commission go into Executive Session, and Commissioner Baltazar seconded the motion.

**The Commission recessed its Regular Meeting at 10:13 a.m. Following the Executive Session, Chair Kailiponi called the regular meeting back to order at 10:20 a.m.**

**IV. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED**

There was no correspondence received.

**V. COUNTY AUDITOR'S UPDATE**

Camille Sakamoto, Administrative Officer for the Office of the County Auditor, stated that her office had nothing new to report.

**VI. UPDATE ON DEADLINES FOR FISCAL YEAR 2017 PROPOSED BUDGET**

Chair Kailiponi stated that this matter related to the timing of providing information to the Budget Director for the Cost of Government Commission. Ms. Sakamoto stated that the deadline to submit minor revisions to the proposed 2017 Budget is mid-January. The annual deadline for submitting budget proposals is October. Chair Kailiponi and the commissioners agreed that the Commission should include a discussion of its annual budget in future August and December meeting agendas.

Commissioner Patnode inquired whether a record existed of Commission expenditures in years past. Chair Kailiponi explained that expenditure figures were available for the years in which the Commission had a budget (i.e., the last three years). The Commission also discussed the complex nature of the Commission's work last year (especially with respect to the work being done concurrently by the Special Committee on County Governance) and the amount of time expended by the Technical Writer to complete the annual report. Vice-Chair Alvarado stated that she wanted to ensure that the Commission had adequate funds to meet its needs.

**VII. CONTINUE DISCUSSION OF POTENTIAL TOPICS FOR 2016 – 2017 COMMISSION TERM**

**A. Compliance Losses and Risk Management (Commissioners Bunn & Watling)**

Commissioner Watling distributed a copy of the 2016 Sedgwick Stewardship Report to the Commission. Commissioners Watling and Bunn provided a general overview of the report. Commissioner Waling stated that he and Commissioner Bunn set a goal of evaluating safety and best practices within County government. He stated that there is still not enough information to evaluate trends. He added that one of the impressions he drew from the report is that there does not appear to be a robust safety culture across the County. He thought the next step the Commission should take is to dig deeper into how the various departments address safety issues.

Vice-Chair Alvarado stated that based on her prior experience in the public sector, new employees were required to take certain classes depending on their classification. Commissioner Watling stated that cultural change is important because it should not cost much money at the front end and could result in potential savings on the back end. Commissioner Bunn added that the departments of Public Works and Parks and

Recreation as had been highlighted as departments that could use more training opportunities.

Chair Kailiponi stated that he had contact information for the department safety officers. Commissioners Bunn and Watling stated that they would conduct further research over the next month and report their findings to the Commission at its December meeting.

Commissioners Bunn and Watling stated that their overall goals included the following: (1) evaluating the state of the safety program for the County of Maui; (2) determining whether there a safety culture or not, and if so, how robust it is; and (3) determining whether this safety culture includes all departments or is department specific. Vice-Chair Alvarado also asked that the Commission evaluate whether the Department of the Corporation Counsel has enough capacity or help.

Commissioners Watling suggested that the Commission send a list of requests for information to County safety officers. Chair Kailiponi agreed and asked Commissioners Watling and Bunn to provide him with the list of questions to review prior to them sending them to the safety officers. Chair Kailiponi also stated that the Commission should also look into the number of employees by department and by job description, as well as find comparable private industries or municipalities. Chair Kailiponi stated that he would assist with researching department employee information. With respect to the comparables, Commissioner Bunn stated that the OSHA website provides a wealth of information and that he would provide a link to the website to the Commission.

**The Commission recessed at 11:21 a.m. and reconvened at 11:30 a.m.**

**B. Energy Usage of County Facilities (Commissioner Lantias)**

Commissioner Lantias indicated that there are many energy-related topics that could be evaluated. Consequently, he thought it would be beneficial to hone in on a few topics for further research. He suggested that the Commission review battery storage systems and cogeneration. Commissioner Baltazar agreed to look at the viability of battery storage systems. Commissioner Lantias stated that he would research cogeneration.

**C. Analysis of Potential Sources of Revenue to Reinvest in Parks (Vice-Chair Alvarado)**

Vice-Chair Alvarado stated that she had recently attended a public hearing regarding the Kanaha Park proposed master plan. She saw that there were a number of capital improvements that needed to be done, but that she did not see additional revenue being generated proportional to the number of park users. She noted that at any given day, Hawai'i families can be seen enjoying the park, but that a large number of kite surfers, many from other parts of the world, use the park as well. Occasionally, there is a conflict between the multiple groups using the park. She subsequently wrote a letter to the County suggesting that it charge visitors a parking fee; the funds, in turn, would go toward maintaining the park.

Vice-Chair Alvarado stated that she also spoke with Ka'ala Buenconsejo, the Director of the Department of Parks and Recreation, as well as with Councilmember Don Guzman, who chairs the Economic Development, Energy, Agriculture and Recreation Committee. She stated that Councilmember Guzman suggested that she bring the issue before the Commission. She added that she would like to speak further with Mr. Buenconsejo and Councilmember Guzman to identify two parks where parking fees might be feasible, and

then talk with Diamond Parking. She also suggested looking at Haleakalā National Park (managed by the Federal government) and 'Īao Valley (managed by the State), both of which charge parking fees.

Commissioner Lanas expressed concern about the possibility of parking fees, stating that it might discourage residents and visitors from visiting the park. Commissioner Patnode added that she would expect a park that imposed a parking fee to be particularly beautiful, and that there is a cost associated with creating the proper infrastructure to ensure the park is beautiful. She also raised the issue of whether administering a parking fee system would be too costly for the County. Finally, she raised the issue of the Transient Accommodations Tax (TAT), which visitors are already asked to pay, but which is not being administered as well as it could be.

John Buck, Ex-Officio Member of the Commission, stated that he would be happy to speak further with Vice-Chair Alvarado. He also raised the issue of commercial operators who use County parks and who operate under Commercial Operators Recreational Activity (CORA) rules.

Vice-Chair Alvarado reiterated her opinion that this is a good topic to research and analyze. Chair Kailiponi asked Vice-Chair Alvarado to speak further with Mr. Buenconsejo and Mr. Buck to see what parks they are interested in reviewing for potential parking fees. He also stated that he is interested in learning whether and how the County measures park usage. Finally, he stated that he was interested in obtaining a list of parks and the number of parking spaces assigned to each park. Vice-Chair Alvarado agreed to move forward with researching the issues raised.

**D. Consideration of Additional Potential Topics**

Chair Kailiponi stated that he prefers that the Commission focus on the three topics it has chosen thus far, but commissioners are welcome to email him at any time with potential topics that can be put on future agendas.

**E. Process of Investigation for Agreed Topics for 2016 – 2017 Commission Report**

The Commission deferred discussion of this item.

**VIII. DETERMINE NEXT MEETING DATE AND AGENDA**

The next meeting is scheduled for Thursday, January 12, 2017, at 10:00 a.m.

**IX. ADJOURNMENT**

Commissioner Baltazar moved to adjourn the meeting, and Commissioner Watling seconded the motion. The meeting adjourned at 12:03 p.m.

## Exhibit E

Meeting Minutes, Cost of Government Commission, County of Maui  
(Oct. 13, 2016)

**COST OF GOVERNMENT COMMISSION  
MINUTES/REPORT  
Kalana O Maui Building, 9<sup>th</sup> Floor, Mayor's Conference Room, Waihe'e Side  
Thursday, October 13, 2016**

**PRESENT:** Paul Kailiponi, Chair  
Annie Alvarado, Vice Chair  
Bradley Bunn, Member  
Stanford Lantias, Member  
Bobbie Patnode, Member  
Dale Thompson, Member

**EXCUSED:** Emmanuel Baltazar, Member  
John Watling, Member

**STAFF:** Ed Kushi, Deputy Corporation Counsel  
Shelley Pellegrino, Technical Writer for the Commission

**OTHER:** John Buck, Ex-Officio Member, Office of the Mayor  
Camille Sakamoto, Administrative Officer, Office of the County Auditor  
Frederick Redell, Energy Commissioner, County of Maui

**I. CALL MEETING TO ORDER**

Chair Kailiponi called the meeting to order at 10:08 a.m.

**II. PUBLIC TESTIMONY**

There was no public testimony.

**III. MINUTES**

**A. Review of September 8, 2016 Regular Session Minutes**

Vice-Chair Alvarado requested that her statement regarding the importance of staff being trained when working with the general public be included in the pertinent section of the minutes. Approval of the minutes was deferred until the November meeting.

**B. Review of September 8, 2016 Executive Session Minutes**

Vice-Chair Alvarado asked that the word "import" be changed to "importance" in the third paragraph of Section VI.A. Commissioner Bunn moved to approve the September 8, 2016 executive session minutes. Commissioner Thompson seconded the motion. Chair Kailiponi and Commissioners Bunn, Lantias, and Thompson voted to approve the minutes. Vice-Chair Alvarado and Commissioner Patnode abstained from voting because they were not present at the September meeting. The Commission deferred approval of the minutes to the November meeting.

**IV. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED**

There was no correspondence received.

**V. COUNTY AUDITOR'S UPDATE**

Camille Sakamoto, Administrative Officer for the Office of the County Auditor, stated that her office submitted a Fiscal Year 2018 proposed budget figure of \$20,000 on behalf of the Commission to the Budget Director. Chair Kailiponi stated that the \$20,000 figure supports travel expenses for the Lana'i Commissioner and for work performed by the Technical Writer, and has remained unchanged over a number of years. John Buck, Ex-Officio Member, stated that prior to the establishment of the County Auditor's Office in 2013, funds for the Commission came from the Mayor's operating budget.

Vice-Chair Alvarado stated that she thought the budget proposal should not remain flat and that a three percent increase might be warranted in the future. Commissioners noted that travel costs could rise and the Technical Writer might be asked to perform other types of research that might take more time.

Chair Kailiponi stated that the remaining balance for Fiscal Year 2017 is \$12,000. He suggested that a discussion of the budget item be placed on the Commission's November agenda.

Vice-Chair Alvarado asked about deadlines associated with budget submissions. In response, Ms. Sakamoto stated that the first deadline was October 7, but that the Budget Director provided the Auditor's Office with some leeway to make adjustments. She added that the any proposed adjustments would need to be justified by the Commission itself (i.e., not the Auditor's Office).

Commissioner Patnode suggested setting the budget once the Commission knows what its agenda is. Ms. Sakamoto also pointed out that the Technical Writer's expenditures are limited by contract and that a contract amendment would need to be done should expenditures exceed the contracted amount.

Chair Kailiponi requested that the Auditor's Office provide a specific date regarding when the proposed Fiscal Year 2018 budget can be amended, as well as the renewal date for the Fiscal Year 2019 budget. The Commission also decided to add to future August meeting agendas a discussion of its annual budget.

**VI. CONTINUE DISCUSSION OF POTENTIAL TOPICS FOR 2016 – 2017 COMMISSION TERM**

**A. Presentation and Discussion of Energy Usage of County Facilities by Frederick Redell, Energy Commissioner, County of Maui**

Mr. Redell and the Commissioners introduced themselves and provided brief information about their backgrounds.

Chair Kailiponi asked Mr. Redell to begin by addressing questions that had been provided to him by the Commission prior to the meeting.

The first question Mr. Redell addressed concerned the County's plans for 2017 to begin reducing energy costs for County facilities. Mr. Redell began by noting the price of energy



in the islands (27 cents per kilowatt hour on Maui; 31 cents/kwh on Lana'i), and pointing out that the price is historically low largely because of oil prices and not because of the way utilities are doing business. He also stated that there are certain County policies that drive energy usage, such as pumping water uphill or wastewater treatment plant processing. He pointed out the County's IT policy that computers remain on all the time so that updates can be performed when necessary, but which can cost the County upwards of \$160,000 per year to keep the computers in "standby mode." At the same time, he noted that such policies have a purpose and that, for example, the failure to conduct an update could lead to even greater expenditures should the system be attacked or crash. A balance, then, is necessary.

Mr. Redell stated that the demand-response concept is something he is evaluating. He also noted that the Department of Public Works is looking at LED lighting replacing sodium lighting, which could save approximately \$1 million per year. He added that a study is currently underway and that there are a number of stakeholders involved.

Mr. Redell then addressed the short- and long-term goals for reducing energy costs for Maui County. He stated that he is working with MECO to obtain information to track actual costs savings made by contracts the County has recently entered into (which are in the 17 cent/kwh range; MECO's price is 27 cents/kwh). He also stated that he would like the County to take advantage of community-based renewable energy projects (CBRE), and that he is trying to move the concept forward through the Public Utilities Commission (PUC). He described a CBRE as follows: one or more power plants could deliver into the utility at some credit price. Then, either direct owners, subscribers, or leaseholders would get credit for that energy that went into the grid. The credit, however, would not be at the net energy retail price, but at something less. Mr. Redell noted that a CBRE project could benefit individuals who are in lease or rental situations, or a commercial space owner that might have a large roof, but no load, but who could now provide power to a subscriber. Mr. Redell then explained how a CBRE project could benefit the County, and used a 200-acre finished landfill as an example. The landfill itself has no benefit on the surface because no one would want to live there, but the County could turn it into a PV project that puts power into the grid that could then benefit low-income citizens. He also pointed out that the project could be solar or wind or something else.

Mr. Redell also highlighted the challenges presented by the planning process. He stated that the Guernsey Report, which the County commissioned, identified different ownership structures, and concluded that the County might want to consider an independent system operator (ISO). Mr. Redell stated that he reviewed the report and agreed with many of its points, but that he did not think it would be possible to have a "classic" ISO on the island. Maui is different than California, for example, because Maui does not have multiple bulk energy grids connected together nor does it have something that classifies as transmission according to FERC. Mr. Redell characterized Maui's system as a large distribution system with generators.

Mr. Redell stated that he looked back and found that in 2012, the Hawaii Electricity Reliability Administrator (HERA) was put into law, but has not been used yet. The HERA is an entity in which someone could open a not-for-profit business and create something like the California ISO and then get authorization from the PUC to be the independent authority over interconnection and reliability. Right now, stated Mr. Redell, MECO controls who interconnects, when they interconnect, what is required to be interconnected, and how reliable our system is. This allows MECO to be able to make investments.

Mr. Redell emphasized that somebody independent should be being the advocate for the transmission or the distribution grid, and it is one of the areas that he is pursuing.

Mr. Redell then addressed the type of technologies or products he is evaluating. He stated that he thinks solar is still one of the cheapest ways to make energy, even though it does not necessarily provide everything one needs (e.g., voltage or power on demand or frequency at all moments). Mr. Redell highlighted biofuels as one example of solar. He also highlighted energy storage and demand-response. He also stated that Mayor Arakawa had asked him to look at whether the County should be seeking to add to or replace its electric vehicle fleet.

Vice-Chair Alvarado inquired about hybrid vehicles and the Tesla. Mr. Redell responded that hybrid electric vehicles seemed to have disappeared from people's thoughts once the electric vehicle industry moved forward, but that it would still be included in his evaluation. With respect to the Tesla, Mr. Redell stated that investors are more interested in the battery than the car itself, and that they are looking into the vehicle being more affordable.

Mr. Redell then turned to the question of whether he thought it was possible for the State and County to reach 100% renewable energy by 2040. Mr. Redell thought that reaching the goal is possible, though it is dependent on cost. He noted that the State is ahead of the goal, but that it does not mean that more cost-effective solutions are not currently available. Mr. Redell stated that he thinks Hawaii's high dependence on fossil fuels drives price volatility. Consequently, removing the use of fossil fuels will remove volatility risk.

Mr. Redell turned to the question of whether he has any staff working with him. He replied that his position is singular and that he is provided with no staff support. He also stated that there is a County Energy Coordinator, Kal Kobayashi, who is in a civil service position. Mr. Kobayashi reviews projects for departments and is beneficial to the County for his institutional knowledge. Mr. Redell's appointed role is to review the Mayor's initiatives and evaluate how the County can reduce price for its citizens and costs for the County itself.

Mr. Redell then turned to the issue of financing. He noted that developers will want to sell services to the County that replaces MECO, but that such developers will need to be held to the same standard and not be given carte blanche to escalate costs for the County or to create other issues that somehow benefit themselves.

Commissioner Alvarado stated that Maui has an active environmental community that can sometimes be a barrier to progress, and that the County should try to work with this community to ensure their concerns are met so that projects can move forward. Mr. Redell agreed and stated that he has been in contact with many in the environmental community.

Commissioner Patnode asked where Mr. Redell stood on the Anaergia proposals. Mr. Redell responded that he had not looked at a specific contract and did not have enough information to comment. Commissioner Patnode asked whether Mr. Redell had an opinion about the product (combustible bricks). Mr. Redell responded that the bricks are for the Central Maui Landfill, and noted that the difficulty with waste to energy is the fluctuation of the energy content versus the fluctuation of the moisture content. He added that he thought the technology has been successful and that it should work, but that it is a matter of price and risk.

Commissioner Thompson asked whether Mr. Redell thought the grid was well managed. Mr. Redell responded that he thought a better job could be done and referred back to his earlier discussion of demand-response.

Commissioner Thompson asked whether Mr. Redell thought there is collusion between our electrical companies the PUC. Mr. Redell responded that he did not know.

Commissioner Lanas asked about what Mr. Redell thought about the County's opportunities with cogeneration. Mr. Redell responded that he had not looked deeply enough yet to see where the obstacles were, but that it is an efficient way to get something done, especially if you have the right heat for the process that you need.

Chair Kailiponi requested that Mr. Redell forward the HECO and MECO reports, including the Power Supply Improvement Plans, to the Commission. He also requested literature or information regarding the planning process. Mr. Redell agreed to send any pertinent information he has to the Commission.

**B. Compliance Losses and Risk Management**

The Commission deferred discussion of this item.

**C. Consideration of Additional Potential Topics**

Commissioner Alvarado stated that she had a conversation with Councilmember Guzman and he is interested in the Cost of Government Commission pursuing parking fees for certain parks. The fees would apply to visitors. Chair Kailiponi stated that the Commission could begin looking into the matter.

The Commission deferred further discussion of this item until the next meeting.

**D. Process of Investigation for Agreed Topics for 2016 – 2017 Commission Report**

The Commission deferred discussion of this item.

**VII. DETERMINE NEXT MEETING DATE AND AGENDA**

The next meeting is scheduled for Thursday, November 10, 2016, at 10:00 a.m.

**VIII. ADJOURNMENT**

Commissioner Patnode moved to adjourn the meeting, and Commissioner Thompson seconded the motion. The meeting adjourned at 12:02 p.m.

## Exhibit F

Meeting Minutes, Cost of Government Commission, County of Maui  
(Dec. 8, 2016)

**COST OF GOVERNMENT COMMISSION  
MINUTES**

**Kalana O Maui Building, 9<sup>th</sup> Floor, Mayor's Conference Room, Waihe'e Side  
Thursday, December 8, 2016**

- PRESENT:** Paul Kailiponi, Chair  
Annie Alvarado, Vice Chair  
Bradley Bunn, Member (arrived at 10:15 a.m.)  
Stanford Lanas, Member (arrived at 10:14 a.m.)  
Bobbie Patnode, Member  
Dale Thompson, Member  
John Watling, Member
- EXCUSED:** Emmanuel Baltazar, Member
- STAFF:** Ed Kushi, First Deputy Corporation Counsel (arrived at 10:30 a.m.)  
Shelley Pellegrino, Technical Writer for the Commission
- OTHER:** John Buck, Ex-Officio Member, Office of the Mayor  
Camille Sakamoto, Administrative Officer, Office of the County Auditor  
Ka'ala Buenconsejo, Director, Department of Parks and Recreation

**I. CALL MEETING TO ORDER**

Chair Kailiponi called the meeting to order at 10:07 a.m.

**II. PUBLIC TESTIMONY**

There was no public testimony.

**III. MINUTES**

**A. Review of November 10, 2016 Meeting Minutes**

Commissioner Patnode moved to approve the November 10, 2016 Regular Session Minutes, and Commissioner Thompson seconded the motion. The minutes were approved unanimously.

Vice-Chair Alvarado moved to approve the November 10, 2016 Executive Session Minutes, and Commissioner Patnode seconded the motion. The minutes were approved unanimously.

**IV. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED**

There was no correspondence received.

## **V. COUNTY AUDITOR'S UPDATE**

Camille Sakamoto, Administrative Officer for the Office of the County Auditor, stated that her office had nothing new to report.

## **VI. DISCUSSION OF 2016 – 2017 ANNUAL REPORT**

### **A. Presentation and Discussion of the Feasibility of Charging Park Entrance Fees at County Parks by Ka'ala Buenconsejo, Director, Department of Parks and Recreation**

Vice-Chair Alvarado began the discussion by stating that she attended a public hearing regarding Kanaha Park in August 2016, at which time a master plan for the park was discussed. While she was at the meeting, she noted that there appeared to be no plan for maintaining the park. She testified at the hearing and inquired why the County did not charge parking fees when being charged at state and national parks. She then briefly discussed her ideas with the Director of Parks and Recreation and Maui County Council staff, and they suggested that she bring her ideas to the Cost of Government Commission, which she did at its October 2016 meeting. The Commission subsequently invited Mr. Buenconsejo to speak at its meeting, and Vice-Chair Alvarado provided him a list of questions that she hoped he could discuss.

Mr. Buenconsejo stated that there has always been some type of discussion within the Department about whether to charge fees to use County parks. He stated that current funding for the Department is through the County General Fund. The only source that is an enterprise fund is the Waihe'e Golf Course. He added that the Department is working with the County Council on language for concessionaires, where the funds received will return to the park at which the funds were generated.

Mr. Buenconsejo stated that the entrance fee for visitors to Iao Valley State Park is \$5, and approximately \$20,000 per month is generated from this fee. He noted that there is no infrastructure at Iao, so visitors often use the facilities at Kepaniwai Park, which is managed by the County. Haleakala National Park charges an entrance fee of \$25 per vehicle. On Oahu, the City and County of Honolulu charges a visitor entrance fee of \$7.50 per car plus \$1.00 for parking at Hanauma Bay.

Mr. Buenconsejo stated that he thought the two areas on Maui that might benefit from some type of parking fee are Kanaha Beach Park and Kepaniwai Park. He also stated that the County might benefit from working with the State to share some of the revenue by moving the "guard shack" from the Iao Valley entrance to the entrance of Kepaniwai Park.

Chair Kailliponi asked if the Parks Department is a "net contributor" to the general fund. Mr. Buenconsejo stated that County parks are for everyone to enjoy and that they provide a service to residents and visitors. Mr. Buenconsejo distributed a copy of the fees assessed for Park facilities and pointed out that fees are minimal, so the Department does not recover their costs.

Vice-Chair Alvarado emphasized that because Maui County residents are already paying for these services through taxes, they should not be required to pay any type of park entrance fee, and that these fees should be assessed on visitors. She stated that when she was previously a visitor to the island, she would have gladly paid a fee that would have gone to protect and maintain the park and the environment around it.

Commissioner Patnode asked about the Transient Accommodation Tax (TAT), which she thought was supposed to be for maintenance. Vice-Chair Alvarado stated that the TAT is only a small percentage of the total budget, and that the parks expenditures are much higher, so the TAT is not a large enough funding source.

Mr. Buenconsejo added that County parks are becoming increasingly commercialized, but the County is not capturing any revenue from commercial activities. He noted that commercial buses and tours regularly drive to Ho'okipa Beach Park to visitors can snap photos of green sea turtles. Commissioner Lanius also pointed to the Maui Invitational Basketball Tournament, whose organizers generate millions of dollars in revenue, but only pay \$5,000 plus utility costs for the three-day tournament.

Commissioner Watling asked whether the Department had prepared a pro forma to determine what type of revenue could be generated by parking fees? Mr. Buenconsejo responded that a pro forma had been done for the Commercial Ocean Recreation Activities (CORA) permits.

Commissioner Bunn agreed that the County is undercharging for access to water-based activities.

Commissioner Patnode inquired whether the County has any policy that states that it intentionally keeps fees low to continue to attract visitors to Maui.

Vice-Chair Alvarado stated that the green space created by parks is beneficial and necessary, but that the County is not charging enough to maintain them.

Commissioner Watling asked what would be required to cover the maintenance portion of the Parks budget? Mr. Buenconsejo responded that the Parks Department is the only department that continues to grow in acreage, but that the Parks staff has not grown in three years.

Mr. Buenconsejo stated that his department would benefit from a parking fee structure for the following parks: (1) Kanaha; (2) Kepaniwai; (3) Ho'okipa; and (4) Hana Bay. These parks were identified because of their heavy use by visitors and commercial vendors.

Chair Kailiponi asked Mr. Buenconsejo to provide any written information available regarding the issues discussed.

**The Commission recessed at 11:08 a.m. and reconvened at 11:31 a.m.**

**B. Compliance Losses and Risk Management (Commissioners Bunn & Watling)**

The Commission deferred discussion of this topic to the next meeting. Chair Kailiponi requested that Commissioners Bunn and Watling send their follow-up questions to the department directors prior to the next meeting.

C. Energy Usage of County Facilities (Commissioner Laniyas)

The Commission participated in a presentation via Skype by Nigel Dickens from Re-Heat LLC regarding cogeneration. Thomas Devine, a business associate of Mr. Dickens, facilitated the discussion. Mr. Dickens has been working in the field of cogeneration worldwide for approximately 30 years, and has done three projects in Hawaii. His business is in the currently working on a project at the Westin Maui in Kaanapali.

Mr. Dickens explained the general process of cogeneration and noted that the technology is not a new concept. He stated that the benefit of the system is the protection from energy costs and hedging against future oil price increases.

Mr. Dickens then explained how his business could work with the County to develop a cogeneration system. He stated that the County would not be required to purchase any equipment or make any type of investment. Instead, his business will design, install, own, operate, and maintain the system, and they will sell power to the County rather than the County purchasing electricity from Maui Electric Company. The County, in turn, would provide the fuel (propane). His company would sell power to the County at a deeply discounted price, and the thermal energy is provided free of charge. If the machine did not produce the amount of kilowatt hours per year that is projected in the contract, then the County would be compensated for any shortfall at the end of each year (provided it is the fault of the machine). His business would incur all of the upfront costs, and the County would not be charged until the first quarter that it received power from the system. Mr. Dickens stated that based on today's energy prices, the County would save approximately \$32,000.

Mr. Dickens explained that the next step in the process would be to see if there is any interest by the County in moving forward. If so, then the County would need to identify some of the buildings to review and provide some energy data (e.g., historical electric bills). Mr. Dickens' company would then do some studies, follow up with site visits, and negotiate a contract.

The Commission asked about other municipalities with which Re-Heat LLC had worked. Mr. Dickens responded that his business had done municipal work in England, but none in the United States. His work in the U.S. has concentrated on the hospitality industry.

The Commission asked whether there were any upfront costs in constructing the system. Mr. Dickens responded that there would be no upfront costs.

The Commission inquired about the viability of this type of system for County swimming pools, even though they do not operate for a 24-hour period. Mr. Dickens responded that swimming pools would be a good application, especially because pools need to be heated.

The Commission asked about a timeframe for a contract, and what happens to the equipment if the County decides not to renew the contract? Mr. Dickens responded that the normal contract length is 10 years because the company needs to amortize its investment over time. If the contract is not renewed, the equipment can be passed on to the County for an agreed amount.



The Commission asked about the maintenance required for the equipment that is housed in a salt environment. Mr. Dickens responded that maintenance is included in the price of electricity. He acknowledged that salt can create problems with electronics, and that they would try to keep the elements out of the electronics.

The Commission asked whether Mr. Dickens was aware of any state or federal tax breaks. Mr. Dickens responded that tax benefits would be the increased depreciation that the business would take because it owns the equipment.

The Commission inquired that whether the County could still be connected to the grid if there was a failure in the system. Mr. Dickens responded that yes, the system must run parallel to the grid.

The Commission asked about the timing of needed repairs because Re-Heat LLC is not housed in the United States. Mr. Dickens responded that the company that would install the equipment is Power Systems International, which is housed in the U.S. He would also have Maui employees available to maintain or repair the system as needed.

The Commission asked about minimum requirements to startup the system. Mr. Dickens responded that a minimum of 50 – 70 kwh would be required on the smaller end, and that there would be no maximum.

The Commission asked whether Mr. Dickens could provide any references. Mr. Dickens stated that he was currently working with the Sheraton Waikiki and Westin Maui and could provide references if requested.

The Commission requested a copy of Mr. Dickens' PowerPoint presentation.

Finally, Thomas Devine, who was facilitating the Skype presentation, stated that he and another company representative (Greg Atchley) would be on Maui the following week and would be willing to meet with County representatives if they are available.

The Commission conducted some follow up discussion after the presentation. Chair Kailiponi stated that the County would need to come up with the right buildings, but that Re-Heat LLC might be looking for something too big for the County's needs. Chair Kailiponi also asked Commissioner Lantias, who is researching the issue, to follow up with Fred Redell, the County's Energy Commissioner, to see whether he can meet with Greg Atchley when he is on Maui the following week.

D. Consideration of Additional Potential Topics

There was no discussion.

E. Process of Investigation for Agreed Topics for 2016 – 2017 Commission Report

There was no discussion.

**F. Discuss Timeline for Annual Report**

Chair Kailiponi asked that the commissioners who are overseeing the various topics to provide an outline (bulleted points are sufficient) of their portion of the report at the next commission meeting.

**VII. DETERMINE NEXT MEETING DATE AND AGENDA**

The next meeting is scheduled for Thursday, January 12, 2017, at 10:00 a.m.

**VIII. ADJOURNMENT**

Commissioner Lanas moved to adjourn the meeting, and Commissioner Thompson seconded the motion. The meeting adjourned at 12:07 p.m.

## Exhibit G

Agenda Material, Charter Commission, County of Maui  
(December 12, 2011 Regular Meeting) (excerpts)  
<http://www.co.maui.hi.us/ArchiveCenter/ViewFile/Item/15934>

Maui County Charter

Article 9, Financial Procedures

Adopt Biennial Budget and Capital Program in Non-election Years

Proposed Charter Amendment

Shall Section 9.2 of the Charter of the County of Maui be amended to provide that the Budget and Capital Program be prepared on a biennial basis and in non-election years?

[added material is underlined, deleted material is bracketed.]

Section 9-1. Fiscal Year. The fiscal year shall begin on the first day of July and end on the thirtieth day of June of the succeeding year. All fiscal affairs of the county during any fiscal year shall be controlled by a budget ordinance and a capital program ordinance adopted on a biennial basis for that fiscal year.

Section 9-2. Preparation and Submission of Budget and Capital Program.

1. On or before the fifteenth day of March before the ensuing fiscal year begins, in non-election years, the mayor shall submit to the council (a) an operating budget for the ensuing two fiscal year[s], including an executive operating budget and a legislative operating budget, (b) a capital program, and (c) an accompanying message.

2. Upon submission, the budget, the capital program and the message shall be a public record in the office of the county clerk and shall be open to public inspection. The mayor shall at the same time make available copies of the budget, the capital program and the message for distribution to interested persons.

Section 9-3. Scope of Budget and Message.

1. The budget shall present a complete financial plan for the operations of the county and its departments for the ensuing two fiscal year[s], showing all county funds on hand whether encumbered or unencumbered and estimated reserves and revenues. It shall be set up as provided by the council after consultation with the mayor.

2. The estimated revenues, proposed expenditures and total appropriations for the ensuing two fiscal year[s] shall be equal in amount.

3. The mayor's message shall explain the budget both in fiscal terms and in terms of work to be done. It shall outline the proposed financial policies of the county for the ensuing two fiscal year[s] and describe the most important features of the budget plan. It shall indicate any major changes in financial policies and in expenditures, appropriations and revenues as compared with the two fiscal year[s] currently ending, and shall set forth the reasons for the changes. The message shall include a list of pending and proposed capital improvements together with the mayor's comments on such list. The message shall also include such other supporting or explanatory material as the mayor deems desirable.

111411 - Deferred <sup>1</sup>  
112811 - Item No. IV.J. pgs 1-2  
121211 - Item No. IV.A. 7 pgs 1-2

Section 9-5. Budget: Council Action.

1. After the public hearing, the council may pass the budget with or without amendment. In amending, it may add new items or increase items in the budget. It may decrease or delete items, except appropriations required by law and appropriations to pay any indebtedness. In all cases the estimated revenues, proposed expenditures and total appropriations for the ensuing fiscal year shall be equal in amount.

2. The council shall pass the budget on or before the thirty-first day of May of the fiscal year currently ending in a non-election year. If it fails to do so, the budget submitted by the mayor shall be deemed enacted as the budget for the ensuing two fiscal year[s].

3. The enacted budget shall be in effect on and after the first day of the two fiscal year[s] to which it applies. By virtue of the adoption of the budget, the several amounts listed in the budget column entitled "Appropriations" shall be appropriated to the specified departments and programs.

Section 9-6. Capital Program: Scope; Council Action.

1. The capital program shall contain at least the following:

a. A simple, clear general summary of the detailed contents of the program.

b. The capital improvements pending or proposed to be undertaken within the ensuing two fiscal year[s], together with the estimated cost of each improvement and the pending or proposed method of financing it.

c. The capital improvements proposed for the five (5) years next succeeding the ensuing fiscal year, together with the estimated cost of each improvement and the proposed method of financing it.

2. Capital expenditures to be financed from current revenues in the ensuing two fiscal year[s] shall be included in the budget as well as in the capital program. Appropriations for such expenditures shall be included in the budget.

3. After the public hearing on the capital program, the council may pass the program with or without amendment.

4. The council shall pass the capital program on or before the thirty-first day of May of the fiscal year currently ending in a non-election year. If it fails to do so, the program submitted by the mayor shall be deemed enacted as the program for the ensuing two fiscal year[s]. The enacted program shall be in effect on and after the first day of that fiscal year in a non-election year.

5. At any time during a fiscal year the capital program may be amended by ordinance.

## Exhibit H

Meeting Minutes, Cost of Government Commission, County of Maui  
(June 12, 2014)

**COST OF GOVERNMENT COMMISSION  
MINUTES  
Kalana O Maui Building, 9<sup>th</sup> Floor, Mayor's Conference Room  
Thursday, June 12, 2014**

**PRESENT:** Tina Gomes, Chair  
Garrett Evans, Member  
Kent Hiranaga, Member  
Gabriel Hoeffken, Member  
Stanford Lantias, Member  
Dale Thompson, Member  
John Watling, Member

**EXCUSED:** Yuki Lei Sugimura, Vice Chair  
Gayle Long, Member

**STAFF:** Edward Kushi, Jr., First Deputy Corporation Counsel  
Shelley Pellegrino, Technical Writer for the Commission

**OTHER:** Scott Kaneshina, Senior Analyst, Office of the County Auditor  
Camille Sakamoto, Administrative Officer, Office of the County Auditor  
John Buck, Executive Assistant, Office of the Mayor  
Michele McLean, Deputy Director, Department of Planning  
Jo-Ann Ridao, Director, Department of Housing and Human Concerns  
Rudy Esquer, Grants Management Division Head, Department of Housing and Human Concerns  
Sandy Baz, Budget Director, Office of the Mayor  
Chancy Hopper, Legislative Analyst, Office of Council Services  
Jordan Molina, Legislative Analyst, Office of Council Services  
Michele Yoshimura, Legislative Analyst, Office of Council Services

**I. CALL MEETING TO ORDER**

Chair Gomes called the meeting to order at 1:33 p.m. Chair Gomes then requested that Items V and VI on the agenda be moved so that they follow Item XII. There were no objections to her request.

**II. PUBLIC TESTIMONY**

There was no public testimony.

**III. INTRODUCTION OF NEW COMMISSIONER DALE THOMPSON**

Commissioner Dale Thompson introduced himself to the Cost of Government Commission ("Commission" or "COGC").

**IV. REVIEW AND APPROVE MAY 8, 2014 MEETING MINUTES**

Commissioner Lanius moved that the May 8, 2014 minutes be approved, and Commissioner Evans seconded the motion. The minutes were approved without objection.

The May 8, 2014 Executive Session minutes were approved without objection.

**V. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED**

***\*\*Note: Agenda Item V taken out of order. For a summary of the Item V discussion, see below.***

**VI. DISCUSSION OF PROPOSED AMENDMENTS TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), BEING CONSIDERED BY THE MAUI COUNTY COUNCIL POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE, REGARDING THE COST OF GOVERNMENT COMMISSION**

***\*\*Note: Agenda Item VI taken out of order. For a summary of the Item VI discussion, see below.***

**VII. COUNTY AUDITOR'S UPDATE**

Scott Kaneshina, Senior Analyst with the Office of the County Auditor, stated that the closing date for the analyst position is June 16, 2014.

**VIII. DISCUSSION WITH MICHELE MCLEAN, DEPUTY DIRECTOR, DEPARTMENT OF PLANNING, REGARDING MULTI-ISLAND PLANNING COMMISSIONS AND THE COMMUNITY AND GENERAL PLAN PROCESS**

Michele McLean, Deputy Director of the Department of Planning, appeared before the Commission. Commissioner Hiranaga asked Deputy Director McLean how often the Molokai and Lanai Planning Commissions meet, as well as the general length of time and content of the meetings that have been held since the beginning of Fiscal Year 2014.

According to Deputy Director McLean, the Maui Planning Commission meets twice per month all day, with a break for lunch. The Lanai Planning Commission meets from 5:30 p.m. to 8:30 p.m. once per month. The Molokai Planning Commission meets twice per month beginning at noon, and meetings can be as short as 15 minutes or as long as about two hours. Recently, the Molokai Planning Commission agreed to meet only once per month if necessary.

Deputy Director McLean also explained that the Maui Planning Commission has delegated some of its authority to the Planning Director. Such delegated authority includes reviewing permit exemptions and Special Management Area (SMA) minor permits. In contrast, the Lanai and Molokai Planning Commissions have not delegated their authority to the Planning Director.



The cost per visit to staff (one attorney and three Planning Department staff) a Molokai Planning Commission meeting is approximately \$1,800. The cost per visit to staff the Lanai Planning Commission is \$4,000 because it includes an overnight stay.

Commissioner Watling inquired whether the Planning Department had considered video conferencing as an option to reduce costs. Deputy Director McLean responded that the Department had considered this option, but that the Molokai and Lanai Planning Commissions prefer in-person contact. First Deputy Kushi also clarified that the intent of the video conferencing option is to encourage public participation, not to make it more convenient for staff. Video conferencing can also be used when a commissioner cannot be physically present at the meeting, but can be available via video conference to ensure quorum is met.

First Deputy Kushi noted that a more pertinent question might be why the Lanai Planning Commission insists on meeting at night rather than during the day. In response, Deputy Director McLean stated that the Lanai Planning Commission members have indicated that they are unable to meet during the day because they work, but she also noted that there have been occasions where the Lanai Planning Commission has been unable to meet quorum during its night meetings, which has cost the County money for staff time and an overnight stay.

Commissioner Hiranaga inquired whether the Planning Department had considered reducing the number of commissioners from seven to five to help with quorum issues. Deputy Director McLean responded that this option made sense from her perspective, and that doing so would require a Charter amendment.

Commissioner Hiranaga pointed out that prior to the creation of the Lanai and Molokai Planning Commissions, there was a single Maui Planning Commission which had representatives from Molokai and Lanai. He asked whether the Planning Department had considered returning to a single commission, with the proviso that if there were a major project under consideration for Molokai or Lanai, the Maui Planning Commission would travel to that island to hold public hearings. In response, Deputy Director McLean noted that the Maui Planning Commission has a Hana Advisory Committee, and when there are larger projects that require a public hearing, the Hana Advisory Committee conducts the hearing on the project in Hana and the Maui Planning Commission has final authority. She added that this might be a model that could be followed.

Commissioner Hoeffken asked whether it would be worthwhile for the COGC to look into some of these issues regarding neighbor-island planning commissions. Deputy Director McLean responded that the Department has worked successfully with the Molokai Planning Commission to find solutions to many issues, but has been less successful with the Lanai Planning Commission, so the latter might be worth looking into further.

First Deputy Kushi asked what the Planning Department's response might be if the COGC recommended adopting an ordinance that all planning commissions meet during the day. Deputy Director McLean responded that the Department would be amenable to such a proposal.

Deputy Director McLean then turned to the General Plan and Community Plan process. She asserted that the current review and approval process is cumbersome, burdensome, and expensive. She pointed out that it takes approximately two years to get each plan through the process, so it would take approximately 15 years before all the community plans are complete. She stated that the Planning Department is planning to send the County Council one or two proposals to shorten the process.

**IX. DISCUSSION WITH JO-ANN RIDAO, DIRECTOR, DEPARTMENT OF HOUSING AND HUMAN CONCERNS, AND RUDY ESQUER, GRANTS MANAGEMENT DIVISION HEAD, REGARDING GRANTS REVIEW PROCESS**

Jo-Ann Ridao, Director of Housing and Human Concerns, appeared before the Commission. She began by stating that until Fiscal Year 2015, there were two ways an agency could obtain a County grant: (1) the grants review process; and (2) line-item grants. The grants review process was eliminated in early 2014 with the elimination of the County Grants Review Committee. Consequently, the only way an agency can obtain a County grant is for the fund to be specifically identified in the County budget.

Budget Director Sandy Baz interjected that in addition to the line item grants that are listed for specific organizations, there is also a "pot" of grant funds for specific programs (e.g., substance abuse programs) that are not designated to a specific agency.

Chair Gomes inquired whether there are some issues surrounding the grants review process that the COGC might consider reviewing. In response, Director Ridao stated that some agencies complain that it takes too long to obtain funding. However, she noted that oftentimes these agencies are new to the grants process and unaware that before they can obtain County funding, they must fill out an application and finalize an agreement with the County. This process can take upwards of three months.

Director Baz explained that his office is in the process of creating uniformity to the process. First, the Budget Office proposed the creation of Grants Management Division within the Finance Department to eliminate the need to have grants managers across multiple departments. The County Council's Policy and Intergovernmental Affairs Committee has had this proposal for the past two years, but has not acted on it. Second, Director Baz is reviewing various software systems to help streamline the grants process.

First Deputy Kushi asked how much money the County grants to agencies annually as compared to other counties in the State. Director Baz stated that Maui County appropriated \$27 million in grants for Fiscal Year 2015, which includes approximately \$4 million for capital projects. The largest single grant is \$6 million to MEO for transportation services. Director Ridao responded that the City and County of Honolulu grants \$3 million.

Commissioner Evans asked whether the County conducts reviews to determine if grant recipients are using County grant funds wisely. Director Ridao responded that the County monitors grant recipients on a quarterly basis.

***Chair Gomes recessed the meeting at 2:50 p.m. and reconvened the meeting at 3:00 p.m.***

**X. DISCUSSION WITH SANDY BAZ, BUDGET DIRECTOR, REGARDING MAUI COUNTY BUDGET PROCESS**

Budget Director Baz provided the COGC with a brief background of the County budget process and distributed two handouts to the Commission: (1) Budget Process Calendar; and (2) Overview of the Budget Process and Analysis of Biennial Budget System PowerPoint Summary.

Chair Gomes asked Director Baz for his thoughts on whether the County should consider moving to a biennial budget process. In response, Director Baz first stated that the County budget must be balanced. With respect to County revenues, Director Baz expressed some concern about his ability to project real property tax revenue (the majority of the County's revenue) 18 months out. Other revenue figures — e.g., wastewater fees, fuel tax — would be easier to estimate. He suggested that one way to better estimate revenues would be to amend the Charter so that real property tax rates change every two years rather than every year. With respect to County expenditures, Director Baz stated that the largest single expenditure is salaries, and that union contract negotiations can affect salaries in unforeseen ways. Director Baz concluded by saying that forecasting expenditures would be less challenging than forecasting revenues.

Commissioner Watling asked how much is expended by the County for the budget process annually. Director Baz replied that he estimated approximately \$1 million in County funds were expended on the Fiscal Year 2015 budget deliberation process.

Chair Gomes inquired about what the COGC could do to review the County budget process. Director Baz responded that the COGC could review the budget processes used by other counties.

Commissioner Hiranaga asked Director Baz's opinion on amending the Charter to shorten the budget process timeline. Director Baz responded that the Charter was recently amended to lengthen the time period so that the County could receive necessary State budget information prior to finalizing the County's budget. He suggested possibly adjusting the time period so that the Mayor would submit his budget on April 15th rather than late March 25th.

**XI. DISCUSS IDEAS FOR 2014-2015 ANNUAL REPORT**

Chair Gomes stated that Dave Taylor, Director of the Department of Water Supply, could not appear before the Commission in June, but was willing to appear at the Commission's July meeting. Chair Hiranaga requested that the Department's manager for the pipe replacement program also appear at the July meeting.

Chair Gomes requested that the Commission defer Item XI to its July meeting. There were no objections.

**XII. DISCUSS, PROPOSE, AND APPROVE PRESENTATION OF 2013-2014 ANNUAL REPORT TO COUNTY COUNCIL MEMBERS MEETING**

Without objection, the Commission decided not to make any formal presentations to the County Council regarding the Commission's 2013-2014 Annual Report.

**V. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED**

***Note: Agenda Item V taken out of order per Chair Gomes' request.***

Chair Gomes distributed a copy of a transmittal from G. Riki Hokama, Chair of the Policy and Intergovernmental Affairs ("PIA") Committee, to the PIA-10 File, attaching a proposed resolution entitled, "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, RELATING TO ABOLISHING THE COST OF GOVERNMENT COMMISSION."

Commissioner Gomes also distributed a copy of a May 31, 2014 e-mail she sent to PIA Committee Chair Hokama and to the remaining eight County Council members regarding the proposed resolution. She explained that she sent the e-mail because she felt that when she testified on her own behalf before the PIA Committee on May 15, 2014, she had not been clear about the Commission trying to establish a better relationship with the County Auditor over the past few months. Chair Gomes stated that in her e-mail, she explained that the Commission has been trying to build a positive relationship with the County Auditor since the beginning of the 2014-2015 term.

**VI. DISCUSSION OF PROPOSED AMENDMENTS TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), BEING CONSIDERED BY THE MAUI COUNTY COUNCIL POLICY AND INTERGOVERNMENTAL AFFAIRS COMMITTEE, REGARDING THE COST OF GOVERNMENT COMMISSION**

***Note: Agenda Item VI taken out of order per Chair Gomes' request.***

Chair Gomes explained that there was a subsequent PIA Committee meeting on June 5, 2014, in which Chair Hokama submitted a second proposed resolution to limit the scope of the Commission's duties. A copy of the proposed resolution entitled, "PROPOSING AN AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, TO CLARIFY THE DUTIES OF THE COST OF GOVERNMENT COMMISSION," was distributed to the COGC. Chair Gomes added that the proposed resolution was not distributed to PIA Committee members prior to the meeting, so PIA Committee members had limited opportunity to review the proposal. Nonetheless, the proposed resolution was passed out of the PIA Committee and will be before the County Council at its June 20, 2014 meeting.

Commissioner Hoeffken opined that he would not want to be a member of the COGC should the COGC's work be dictated by the County Auditor as delineated in the proposed resolution. Chair Gomes added that the proposed resolution seems to go against the County Auditor's position that he be independent from the Commission.

Commissioner Hiranaga stated when he was first approached to serve on the COGC, he never envisioned the COGC having oversight over the County Auditor. Rather, he thought the COGC and County Auditor would operate on parallel paths. He questioned the haste with which the County Council is attempting to limit the role of the COGC and thought it would be more prudent to give the COGC and County Auditor some time to work out their respective roles.

Chair Gomes stated that, to date, she has been testifying before the Council on her own behalf, but not on behalf of the COGC. Commissioner Hiranaga requested that a written communication from the Chair on behalf of the COGC be drafted and transmitted to the County Council.

Commissioner Evans highlighted language from the 2011-2012 Charter Commission report, which stated that the Charter Commission considered and rejected a County Council request to abolish the COGC. He added that the Charter Commission concluded that retaining the COGC was necessary to provide further protection in a system of checks and balances.

Commissioner Hoeffken moved that Chair Gomes write a letter to the County Council regarding the proposed resolution and use language from the Charter Commission's final report to oppose the proposed amendment clarifying the duties of the COGC. Commissioner Thompson seconded the motion.

During discussion of the motion, Commissioner Hiranaga stated that he would oppose the motion because he preferred the COGC have an opportunity to review and approve the draft letter. First Deputy Kushi suggested that the Chair recess the COGC meeting and subsequently reconvene to review the draft letter to the County Council.

Commissioner Hoeffken withdrew his motion and Commissioner Thompson withdrew his second.

(Inaudible) moved to defer Item VI and Commissioner Evans seconded the motion. The motion to defer passed without objection.

### **XIII. REVIEW AND DISCUSS PROCUREMENT PROCESS FOR HIRING OF INDEPENDENT CONSULTANT TO ASSIST COMMISSION IN FISCAL YEAR 2015**

Commissioner Evans moved that the Commission go into Executive Session and Commissioner Watling seconded the motion. The Commission voted to go into Executive Session for the purpose of consulting with the Commission's attorney on questions or issues regarding the Commission's powers, duties, privileges, immunities and liabilities in accordance with Section 92-5(a)(4), Hawaii Revised Statutes.

***A recess was called at 4:22 p.m. Following its Executive Session, the Commission called its regular meeting back to order at 4:30 p.m.***

### **XIV. REVIEW AND DISCUSS COMMISSION "HOUSEKEEPING ITEMS"**

Chair Gomes deferred Item XIV until the meeting reconvenes on June 17, 2014.

**XV. DETERMINE NEXT MEETING DATE, TIME, AND AGENDA**

Chair Gomes deferred Item XV until the meeting reconvenes on June 17, 2014.

**XV. ADJOURNMENT**

Chair Gomes recessed the meeting at 4:35 p.m. The meeting will reconvene on June 17, 2014, at 10:00 a.m., in the Mayor's Conference Room, Waikapū side.

# Exhibit I

Meeting Minutes, Cost of Government Commission, County of Maui  
(July 14, 2016)

**COST OF GOVERNMENT COMMISSION  
MINUTES  
Kalana O Maui Building, 9<sup>th</sup> Floor, Mayor's Conference Room, Waihe'e Side  
Thursday, July 14, 2016**

**PRESENT:** Paul Kailiponi, Chair  
Annie Alvarado, Vice Chair  
Emmanuel Baltazar, Member (arrived at 10:35 a.m.)  
Bradley Bunn, Member (arrived at 10:10 a.m.)  
Stanford Lantias, Member  
Dale Thompson, Member  
John Watling, Member

**EXCUSED:** Garrett Evans, Member

**STAFF:** Ed Kushi, First Deputy Corporation Counsel

**OTHER:** John Buck, Ex-Officio Member, Office of the Mayor  
Lance Taguchi, County Auditor  
Camille Sakamoto, Administrative Officer, Office of the County Auditor

**HANDOUT DISTRIBUTED:**

- July 6, 2016 Letter from Lance T. Taguchi, County Auditor, to the Cost of Government Commission Regarding the Plan of Audits Proposed to be Conducted During Fiscal Year 2017 (distributed by Lance Taguchi, County Auditor)
- Document Entitled, "YOU-GEN: 100% Renewable Hybrid Generator, Introduction for the Maui County Building" (distributed by Commissioner Lantias)

**I. CALL MEETING TO ORDER**

Chair Kailiponi called the meeting to order at 10:04 a.m.

**II. PUBLIC TESTIMONY**

There was no public testimony.

**III. REVIEW AND DISCUSS JUNE 9, 2016 MEETING MINUTES**

The draft minutes were unavailable for review and deferred to the next meeting.

**IV. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED**

There was no correspondence received.



## **V. COUNTY AUDITOR'S UPDATE**

County Auditor Lance Taguchi distributed information regarding the Plan of Audits Proposed to be Conducted During Fiscal Year 2017. He stated that the plan was also transmitted to the Mayor and the County Council.

Mr. Taguchi stated that his office planned to audit County employee travel as well as the County's inventory of affordable housing.

Chair Kailiponi requested that Mr. Taguchi provide information regarding audits that are still ongoing. Mr. Taguchi stated that he would need to review the information before responding to the Commission.

Chair Kailiponi also asked about the County's use of premium pay and overtime, which is one of the County Auditor's ongoing projects. Specifically, Chair Kailiponi asked whether this audit would include a review of the Police Department. In response, Mr. Taguchi stated that the initial review included all departments, but that his office decided to focus on the Fire Department because of its accelerated rate of overtime.

Chair Kailiponi also asked whether the proposed plan limited the Auditor to reviewing only the projects that were listed. Mr. Taguchi stated that he has the ability to amend the plan during the year.

## **VI. COUNCIL-MANAGER SYSTEM OF GOVERNMENT**

### **A. Update on Communications Plan for Sharing the Commission's Annual Report with the Budget and Finance Committee**

Chair Kailiponi stated that he had a discussion with Budget and Finance (BF) Committee Chair Riki Hokama regarding two topics. The first was the proposed Charter Amendment to place the Cost of Government Commission under the direction of the County Auditor. Chair Kailiponi stated that the proposal was considered and filed by the Policy and Intergovernmental Affairs (PIA) Committee. Nonetheless, Chair Kailiponi stated that Councilmember Hokama had lingering concerns about the relationship between the Commission and the County Auditor, and noted that this issue would be discussed later in the meeting.

The second topic of discussion involved the Commission's Annual Report and whether Chair Kailiponi (or another representative) would testify before the Budget and Finance Committee. Chair Kailiponi stated that because the County Manager form of government issue now seems to be moot, the Commission will no longer be asked to make a presentation.

- B. Update on Proposed Charter Amendment Regarding the County Manager Form of Governance (PIA-10(16)) (Special Committee on County Governance proposal)

Chair Kailiponi informed the Commission that the PIA Committee deferred placing the proposed Charter Amendment proposing a County Manager form of government on the November ballot.

## **VII. DISCUSS RELATIONSHIP BETWEEN COST OF GOVERNMENT COMMISSION AND COUNTY AUDITOR**

Chair Kailiponi began the discussion by summarizing Councilmember Riki Hokama's concern that the Commission duplicates the work being done by the County Auditor, and that the relationship between the two entities is not always clear. Prior Cost of Government Commission members thought that the COGC should be able to evaluate the Auditor and have a say on his or her hiring and firing.

County Auditor Taguchi stated that the overriding independence of his office and position is of primary importance, and that he prefers no oversight by the Commission because the County Council has the ability to hire, fire, and review the Auditor's work.

Chair Kailiponi asked whether discussing this relationship is a useful exercise. Vice-Chair Alvarado responded yes, because the Commission should maintain a positive working relationship with County Auditor and not overstep its authority. She also wants to ensure that the County Council knows that the Commission understands its relationship with the Auditor.

Commissioner Watling added that the Commission is a public body where people can air their concerns and the Commission can decide whether to follow up. In contrast, the Auditor's "rules of engagement" are much more narrow than that of Commission because the Auditor is required to abide by specific standards. Commissioner Watling noted that while the Commission and Auditor should communicate with other another, the Auditor should not be required to "report" to the Commission.

Commissioner Lantias agreed with Commissioner Watling's statement that the Commission is a voice for the public.

Mr. Taguchi provided a brief background regarding the creation of Office of the County Auditor. He then stated that during that time, the Commission laid out its own plan based on its belief that the Commission should be more of an oversight commission (such as the Police Commission). Mr. Taguchi explained that the Charter did not set up the Commission that way, and that both sides agreed to disagree. He added that the Auditor's Office complies with the Yellow Book standard, which requires independence.

Mr. Taguchi also explained that he did not support the Council's proposal that the Auditor direct work of the Commission.

Mr. Taguchi stated that he does not have a preference with respect to the Commission memorializing its relationship with the Auditor. He did, however, say that he would not want to sign any type of agreement.

Vice-Chair Alvarado stated that because of Commission turnover over time, she thought the Commission should further define and clarify its role so that there is no misinterpretation in the future.

Mr. Taguchi pointed out that he does not think that the Commission can do anything binding on future commissions.

Chair Kailiponi stated that this was an issue that the Commission could work on over the next year. He asked whether this relationship should be discussed in the Commission's annual report or memorialized in some other way. Vice-Chair Alvarado thought that a paragraph in the annual report would suffice.

Chair Kailiponi concluded by stating that the Commission would not rehash prior discussions, but that the Commission would craft a forward-looking paragraph about the Commission's relationship with the Auditor. The Commission would then share this with the Auditor, but he would not be required to sign it.

#### **VIII. DISCUSS PROCEDURES REGARDING COST OF GOVERNMENT COMMISSION AND TECHNICAL WRITER**

Chair Kailiponi stated that he had been advised by First Deputy Corporation Counsel Ed Kushi that this item should be discussed in Executive Session. There was no objection.

**The Commission recessed its Regular Meeting at 10:41 a.m. Following the Executive Session, Chair Kailiponi called the regular meeting back to order at 11:05 a.m.**

#### **IX. CONTINUE DISCUSSION OF POTENTIAL TOPICS FOR 2016 – 2017 COMMISSION TERM**

##### **A. Presentation of Research Completed on the Following Topics:**

1. Ability to use the Hawai'i Electronic Benefit Transfer Program at farmers' markets in Maui County (Commissioner Evans)

Because Commissioner Evans was excused from the meeting, this topic was deferred.

2. Biennial budget (Chair Kailiponi)

Chair Kailiponi provided a brief background into the biennial budget process. He stated that Budget Director Sandy Baz had previously appeared before the Commission and explained that the annual budget process is cumbersome and costly.

Vice-Chair Alvarado noted that department heads who have to spend time at budget hearings must be creative about how they get their work done.

Commissioner Bunn stated that there are also associated travel costs, including neighbor island travel, with the budget process.

Chair Kailiponi highlighted other stated advantages of the biennial budget process, which include using the second session for program oversight and review. Commissioner Alvarado responded by stating that the biennial budget reduces accountability to the public. Another stated advantage according to Chair Kailiponi is that a biennial budget allows better long-term planning by agencies. Critics state that by having to review and potentially amend the budget during the second year, the departments will be replicating the work they would have done had they been on an annual budget cycle.

Chair Kailiponi pointed out that biennial budgets typically exist at the state level (19 states currently) as opposed to the county level. He concluded by saying that based on his cursory review, it appears there is little evidence that a biennial budget would lead to its stated advantages. He therefore recommended that the Commission not investigate this issue.

The Commission decided not to evaluate this issue further.

3. Energy usage of County facilities (Commissioner Lantias)

Commissioner Lantias distributed a document entitled, "YOU-GEN: 100% Renewable Hybrid Generator, Introduction for the Maui County Building" to provide further information on what was discussed at the June meeting. He discussed the concept of a Power Purchase Agreement (PPA) and used the County Building as an example of what the County could save over 20 years (approximately \$8,521,026) with a PPA.

Chair Kailiponi asked Commissioner Lantias to look at other vendors, obtain case studies of the implementation of this type of system, and try to find a possible pilot building on Maui that is smaller than the County Building. Vice-Chair Alvarado stated that she thought the building should still be of a substantial size. The Kihei Police Station was raised as a possibility.

4. Review of Kona landfill program and its applicability to the Maui landfill (Commissioner Thompson)

Commissioner Thompson stated that he thought the program was a great idea, but that it was subsidized by Hawai'i County. Chair Kailiponi asked that Commissioner Thompson further research solid waste information on the Big Island and Maui, and that they both could analyze the information once it is received.

5. County Council salaries (Commissioner Watling)

Commissioner Watling stated that he spoke with Joseph Talon, Chair of the Salary Commission, who stated that his commission will be reviewing the issue of whether council members are part-time or full-time employees. As such, Commissioner Watling recommended that the COGC defer to the Salary Commission and not investigate the issue further.

6. Compliance losses by the County (Commissioner Bunn)

Commissioner Bunn stated that he was unable to fully investigate the issue because he had been ill the past month. He stated that he would continue to research the issue and report to the Commission at its August meeting.

7. Upcycling County office equipment and supplies (Vice-Chair Alvarado)

Vice-Chair Alvarado stated that the topic she was researching seemed to be a low priority as compared to other topics being discussed. Nevertheless, the Commission asked that she gather a little more information prior to the next meeting.

B. Consideration of Additional Potential Topics

There were no additional topics raised.

C. Process of Investigation for Agreed Topics for 2016 – 2017 Commission Report

There was no discussion on the process of investigation other than the discussion under Item IX.A. above.

**X. DETERMINE NEXT MEETING DATE AND AGENDA**

The next meeting is scheduled for Thursday, August 11, 2016, in the Mayor's Conference Room, Waihe'e side, at 10:00 a.m.

**XI. ADJOURNMENT**

The meeting adjourned at 11:52 a.m.

## Exhibit J

Meeting Minutes, Cost of Government Commission, County of Maui  
(April 13, 2017)

**COST OF GOVERNMENT COMMISSION  
MINUTES**

**Kalana O Maui Building, 9<sup>th</sup> Floor, Mayor's Conference Room, Waihe'e Side  
Thursday, April 13, 2017**

**PRESENT:** Paul Kailiponi, Chair  
Bradley Bunn, Vice Chair  
Paula Heiskell  
Bobbie Patnode, Member  
Dale Thompson, Member

**EXCUSED:** Emmanuel Baltazar, Member  
Stanford Lantias, Member  
John Watling, Member

**STAFF:** Ed Kushi, First Deputy Corporation Counsel  
Shelley Pellegrino, Technical Writer for the Commission

**OTHER:** John Buck, Ex-Officio Member, Office of the Mayor  
Sharron Courter, Incoming Commissioner, Cost of Government Commission

**I. CALL MEETING TO ORDER**

Chair Paul Kailiponi called the meeting to order at 10:17 a.m.

**II. PUBLIC TESTIMONY**

There was no public testimony.

**III. MINUTES**

Review of March 9, 2017 Meeting Minutes

Commissioner Thompson moved to approve the March 9, 2017 regular session meeting minutes, and Commissioner Patnode seconded the motion. The minutes were approved unanimously.

Commissioner Thompson moved to approve the March 9, 2017 executive session meeting minutes, and Commissioner Patnode seconded the motion. The minutes were approved unanimously.

**IV. REVIEW AND DISCUSS CORRESPONDENCE RECEIVED**

A. Email dated March 20, 2017, from Faith Chase, regarding "Overflowing Commission Meetings, Audio Feed Request."

The Commissioners reviewed the email and there was no discussion. Commissioner Patnode moved to file the correspondence. Commissioner Thompson seconded the motion. The motion was approved unanimously.

- B. Special Report transmitted by Chair Paul Kailiponi entitled, "Costs of Public Employment in the Aloha State," prepared by the Grassroots Institute of Hawaii (2017).

Chair Kailiponi indicated that he had been invited to attend a presentation on this issue. Although he could not attend, he obtained a copy of the report that was presented and transmitted it to the Commission. Commissioner Patnode stated that she attended the presentation, which was primarily about Hawaii's unfunded liabilities due to the high wage and benefit pay for State and County employees. Commissioner Patnode stated that she thought the report and accompanying presentation introduced the issue, but did not provide enough detailed information (such as breaking down the information by job type rather than department) on how the County can address it.

Chair Kailiponi asked whether the Commission wanted to explore the topic further. Commissioner Patnode suggested that the information be retained as reference material. Vice Chair Bunn stated that he would be interested in reviewing the issue further. Chair Kailiponi asked that the issue be added to the Commission's potential topic list. Ex-Officio Member John Buck stated that he would also forward the document to the Salary Commission.

#### **V. COUNTY AUDITOR'S UPDATE**

There was no representative present from the County Auditor's Office.

#### **VI. ELECTION OF COMMISSION CHAIR AND VICE CHAIR FOR THE 2017 – 2018 TERM**

Chair Kailiponi opened nominations for Commission Chair. Commissioner Patnode nominated Paul Kailiponi, and Commissioner Heiskell seconded the motion. The motion was approved unanimously.

Chair Kailiponi opened nominations for Commission Vice Chair. Commissioner Thompson nominated Bradley Bunn, and Commissioner Patnode seconded the motion. The motion was approved unanimously.

#### **VII. DISCUSSION OF UPCOMING REPORTS**

- A. 2016 – 2017 Annual Report

Chair Kailiponi stated that he will have a draft report ready for review next month.



**B. Compliance Losses and Risk Management**

Vice Chair Bunn prepared a PowerPoint presentation entitled, "Compliance Losses and Risk Management Practices: Behavior Based Safety." Vice Chair Bunn first provided a working outline of the work he and Commissioner Watling had done thus far. He then reviewed the knowledge gleaned from the Sedgwick Report regarding the Departments of Public Works, Environmental Management, and Parks and Recreation. He added that the focus of the report would be on prevention and best practices. Vice Chair Bunn stated that he and Commissioner Watling still plan to meet individually with the safety workers from relevant departments.

Vice Chair Bunn pointed to his page entitled, "Focus Narrows," and stated that they looked at a behavior-based safety programs and the importance of changing employee behavior. They also reviewed various best practices studies. All of the information will be provided in the report. Finally, he reviewed information received to date by County departments in response to questions posed by Commissioner Watling and him.

Commissioner Patnode asked Vice Chair Bunn what he hopes to happen as a result of the information gathered. Vice Chair Bunn responded that although the County has safety professionals in place, he hopes the County would perhaps direct its efforts toward supporting the adoption of a best practices program. Chair Kailiponi stated that he wants to ensure that the report identifies (1) the percentage the County could save by using best practices and (2) the costs the County would incur to adopt a best practices program.

Commissioner Bunn stated that he and Commissioner Watling hope to prepare a written draft soon. Chair Kailiponi also asked that Commissioners Bunn and Watling share their recommendations with Corporation Counsel Patrick Wong and Risk Manager Lydia Toda.

**C. Energy Usage of County Facilities**

The Commission deferred reviewing this topic because Commissioner Lantias, who has taken the lead on researching the issue, was excused from the meeting.

**D. Discuss Timeline for Reports**

Chair Kailiponi stated that the Commission will be able to review an abbreviated Annual Report at its next meeting and that the report on Compliance Losses and Risk Management will be prepared soon.

**VIII. DISCUSSION OF POTENTIAL TOPICS TO REVIEW DURING 2017 – 2018**

**A. Biennial Budget**

Commissioner Patnode stated that she met with Council Chair Mike White and Councilmember Riki Hokama regarding the biennial budget process. She provided a written summary of her meeting, which included the pros and cons they identified. Some of the pros included: (1) allowing the Administration and Council to work on other important issues; (2) allowing for better long-term planning by departments; and (3) allowing for better

continuance of public services. Some of the cons included: (1) requiring forecasting far ahead of expenditures so budgets are likely to be less accurate; (2) less budget oversight; and (3) budget decisions becoming more important and possibly more contentious.

Commissioner Patnode also noted that there are other hybrid approaches to the budget process, such as modified annual budgets and bifurcated biennial budgets. She stated that both Chair White and Councilmember Hokama indicated that they were not in favor of moving to a biennial budget. Chair White pointed to his ability to access the County's accounting system, which he could not do prior to his becoming Chair. He added that the Council now approves funding moves between accounts.

According to Commissioner Patnode, Councilmember Hokama suggested other possible topics for the Commission to review, including: (1) compensatory time; (2) temporary assignments; (3) requiring supervisors to do the ground work to manage termination of employees; (4) the number of appointees in the Mayor's office; (5) County funds to nonprofit organizations; and (6) unfunded liabilities.

#### B. Consideration of Additional Topics

Commissioner Patnode indicated that she would like to look further into the valuation of agricultural properties, and the regulation and enforcement of agricultural properties.

Commissioner Heiskell stated that she would be interested in looking at employee compensatory time. First Deputy Corporation Counsel Ed Kushi noted that many employees are covered by union contracts or civil service regulations, so any recommendations the Commission makes might be limited. Chair Kailiponi stated that the any review of comp time and overtime be reviewed with extreme care.

The commissioners discussed whether the issue regarding grants was the process of receiving grant funds or the number of nonprofit organizations that receive County grants. Chair Kailiponi asked that grants process to nonprofits, including duplication of services, also be added to the list of potential topics.

### **IX. DETERMINE NEXT MEETING DATE AND AGENDA**

The next meeting is scheduled for Thursday, May 11, 2017, at 10:00 a.m.

### **X. ADJOURNMENT**

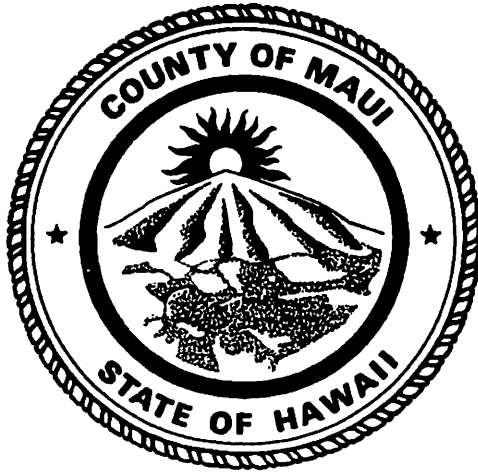
Vice Chair Bunn moved to adjourn the meeting, and Commissioner Thompson seconded the motion. The meeting adjourned at 11:52 a.m.

## Exhibit K

Annual Report 2015 – 2016, Cost of Government Commission,  
(May 12, 2016) (excerpts)

<http://www.mauicounty.gov/DocumentCenter/View/103826>

# **COUNTY OF MAUI**



## **COST OF GOVERNMENT COMMISSION**

### **ANNUAL REPORT**

**2015 – 2016**

# **COST OF GOVERNMENT COMMISSION COUNTY OF MAUI**

## **Annual Report 2015 – 2016**

*The Commission shall have the power and duty to:  
Study and investigate the organizations and methods of operations of all departments,  
commissions, boards, offices, and other instrumentality of all branches of the county government  
and determine what changes, if any, may be desirable to accomplish the policy set forth herein.<sup>1</sup>*

Paul Kailiponi, Chair<sup>2</sup>  
Annie Alvarado, Vice Chair<sup>3</sup>  
Bradley Bunn, Member  
Garrett Evans, Member<sup>4</sup>  
Stanford Lantias, Member  
E. Gayle Long, Member  
Dale Thompson, Member  
John Watling, Member

---

<sup>1</sup> Charter, County of Maui, Section 3-9.3 (2015 Edition)

<sup>2</sup> Paul Kailiponi began his term as Chair in April 2016. He served as Vice Chair during the Commission's 2015 –2016 Term (April 2015 – March 2016).

<sup>3</sup> Annie Alvarado began her term as Vice Chair in April 2016.

<sup>4</sup> Garrett Evans served as Chair during the Commission's 2015 – 2016 Term (April 2015 – March 2016).

# COST OF GOVERNMENT COMMISSION 2015 – 2016 ANNUAL REPORT

## Evaluation and Recommendations of the Adoption of a Council-Manager System of Government in Maui County

### I. INTRODUCTION

The Cost of Government Commission (“COGC” or “Commission”) was created in 1976. In its final report dated February 19, 1976, the Charter Commission stated, “The Cost of Government Commission would provide a cyclical review of cost and efficiency of the both the legislative and executive branches of County government. The [Charter] Commission believes that this Commission [COGC], if adopted, will be one of the first of its kind in local government.” Report of the Maui County Charter Commission, p. 5 (1976). See Exhibit A.

A Charter amendment establishing the Office of the County Auditor in 2012 states the Commission “shall be advisory to the county auditor.” Charter, County of Maui, Sections 3-9.1, 3-9.3 (2015 Edition). See Exhibit B. According to the County Charter, the purpose of the Commission is to “[s]tudy and investigate the organizations and methods of operations of all departments, commissions, boards, offices, and other instrumentality of all branches of the county government and determine what changes, if any, may be desirable to accomplish the policy set forth herein” Id., Section 3-9.3(1). These responsibilities correspond to the County’s policy “to promote economy, efficiency and improved service in the transaction of the public business in the legislative and executive branches of the county.” Id., Section 3-9. The Commission develops an annual report that outlines avenues through which economy and efficiency can be established through policy or operational change.

The Commission encourages the Mayor and the Maui County Council to implement policies that will continue to give taxpayers the best value for their money. Best management practices are strongly recommended to increase systemic efficiencies while reducing uneconomical or wasteful expenditures. The Mayor and the Maui County Council should collaborate to improve government processes, increase efficient implementation of these processes and policies, and balance spending against the efficiency of the provided service. The Commission endorses sound methodologies of analysis that are transparent and evidence based. The Commission acknowledges the need for involvement of all stakeholders to these issues (e.g. government sector, private sector, public) so that all viewpoints are considered in any analysis.

During this term, the Commission solicited ideas and/or potential subject areas from the Administration and the Maui County Council. Representatives from both branches came before the Commission to acknowledge the invitation and provide feedback. The Commission met with Mayor Alan Arakawa, Managing Director Keith Regan, Director of Water Supply David Taylor, Purchasing Agent Greg King, and Energy Coordinator Calvin Kobayashi to discuss potential areas of study. Written testimony was also received from County Council Chair Mike White and other members of the public.

As a result of this process, the Commission decided to “**Evaluate the Adoption of a Council-Manager System of Local Government for Maui County.**” This topic was chosen at the behest of both Mayor Arakawa and Council Chair White. Public testimony was also received encouraging the Commission to investigate this topic. See Exhibits C – E.

The Commission encourages the Mayor and the Maui County Council to review and consider the Commission’s findings and recommendations in this report.

The Commission is made up of nine (9) volunteers with various educational and employment backgrounds. The cumulative wisdom and experience of its members are notable and, collectively, the commissioners have dedicated their time and knowledge to improving the quality of governance in Maui County. Unfortunately, the Commission has limited time and resources, which precludes a full examination of these complex and difficult subjects. Nonetheless, the Commission believes its recommendations should be a catalyst for more in-depth discussions and a foundation for the development of legislation and improved processes and/or policies on the subject investigated.

The Commission encourages County management to implement its recommendations where possible and necessary, or to find an alternative approach to any problems or challenges in the finding of facts identified by this Commission.

The Commission will continue to investigate government processes and operations, recommending where efficiency, economy, and improved service can be realized and, where necessary, providing advice to the Office of the County Auditor on what it believes could be fruitful subjects for a more detailed study and review.

## II. EXECUTIVE SUMMARY

The form of local government for any municipality should represent the underlying values and aspirations of its constituents. Maui County has historically been led by an elected mayor with responsibility over executive powers (e.g., budget and appointment of department heads) alongside an elected County Council with legislative responsibilities. The question of a change in the form of government has been expressed in various bodies starting with the 1976 Charter Commission until the present day. In September 2015, representatives from both the County Council and Mayor’s Office asked the Commission to evaluate possible changes in the form of government from the current structure to a Council-Manager form of government.

### A. FINDINGS

The Commission has been focused on the expressed values of stakeholders concerning a possible change from a Mayor-Council form of government to a Council-Manager form of government. Pursuant to its Charter mandate to support the County’s declaration of policy, the Commission decided to investigate whether a change in the form of government would lead to substantive improvements to the transaction of public business in Maui County government. Based on its investigation, the Commission offers the following findings.

1. A Council-Manager form of government will not necessarily result in lower expenditures in providing public services. This conclusion is primarily based on the consensus of academic literature and studies that have found there is no substantive difference between a Council-Manager and Mayor-Council form of government in terms of government spending.
2. A Council-Manager form of government is not a necessary condition for professional, qualified management at the Chief Administrative Officer (CAO) level. More stringent qualifications for CAOs are sometimes found in job descriptions, but need not exist in municipal ordinances or charters. The Commission could not determine, using the evidence available, whether the adoption of a Council-Manager form of government would directly lead to more qualified CAOs than a Mayor-Council form of government.
3. A Council-Manager form of government will not necessarily reduce turnover costs at the CAO level. This is because there is little difference in the median turnover rate of CAOs at the national level when compared with the turnover rate of managing directors historically in Maui County. Evidence concerning the average tenure of department heads between a Council-Manager and Mayor-Council form of government could not be found.
4. A Council-Manager form of government will not necessarily result in lower overall executive costs. Even if the Mayor's position were eliminated, there is no guarantee that the council manager's salary and executive administration costs would be lower than that of the Mayor's Office, nor is there a guarantee that department head salaries would be any less. It is possible that executive costs could rise under a Council-Manager form of government. These findings were completed assuming that the current functions and tasks of the Mayor's office would be retained with the change to a Council-Manager form of government.
5. A Council-Manager form of government will likely have no effect on the acquisition of advantageous terms for general obligation bonds or County financing. The financial health of the County has more to do with the County's fiscal policy, tax base, economy and structure of long-term obligations than its form of government.

A discussion of the evidence that underpins each respective finding can be found in the proceeding sections of this report.



## **B. RECOMMENDATIONS**

Based on the findings summarized above and discussed further below, the Commission offers the following recommendations.

1. The decision to change the form of local governance for Maui County should not be based solely on issues of economy/efficiency or cost savings between Council-Manager or Mayor-Council forms of government. Instead, the decision should also include values concerning:
  - a. Minimizing political influence on County officials
  - b. Accountability of County officials
  - c. Representativeness of County officials to their respective constituencies
  - d. Retaining checks and balances between legislative and executive branches of government
  - e. Ensuring that any change goes through proper due process and evaluation

The Commission encourages the Maui County Council and Special Committee on County Governance to systematically evaluate the above values against various forms of government to inform their decisions as to possible change to Maui County's form of government.

2. Update existing department-level performance measures to make them more operational, accessible, frequent and commensurate with County-wide plans and executive vision.
3. Grant the Maui County Council the right to vet mayoral appointments either by letter or in a formal hearing. The vetting process would necessitate that the Mayor's Office provide relevant job descriptions and appointment qualifications for appointees. The vetting process would not be mandatory but could be called with the Council having the right to provide an opinion on the qualification of appointees without the right of refusal for the appointee.
4. If a Charter amendment to move toward a Council-Manager form of government is deemed appropriate by the Maui County Council, it should be proposed by the Charter Commission.

## Exhibit L

Public Notice, PROPOSED AMENDMENTS TO THE REVISED  
CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED  
(Sept. 2, 2016)

## PUBLIC NOTICE

### **PROPOSED AMENDMENTS TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED**

Pursuant to Section 14-2.2 of the Revised Charter of the County of Maui (1983), as amended, the following are amendments to the Charter proposed by the Maui County Council. Each proposed amendment is preceded by the specific question relating to the amendment that will appear on the 2016 General Election ballot.

#### **BALLOT QUESTION: MAUI: Withdrawal of Signature from Supplemental Petition**

**Shall Sections 11-4 and 11-5 of the Charter be amended to correct clerical errors and to provide consistency within the Charter by allowing an individual to withdraw their signature from a supplemental petition?**

#### **PROPOSED CHARTER AMENDMENT**

##### **Section 11-4. Filing and Certification.**

1. Within one hundred eighty (180) days after the filing with the county clerk of the affidavit described in Section 11-2, all papers forming an initiative petition shall be assembled and filed with the county clerk as one instrument. If an individual who has signed the petition wishes to withdraw the individual's signature from the petition, written notice of the withdrawal must be filed with the county clerk within fifteen (15) days after the filing of the [affidavit] petitions described in Section [11-2] 11-3.

##### **Section 11-5. Supplementary Petitions.**

1. In the event the initial petition contains insufficient valid signatures, it may be supported by supplemental signatures of voters signed in the manner required in Section 11-3 of this Article. Such supplementary signatures shall be appended to the initial petition at any time within twenty (20) days after receipt by the petitioners' committee of notification that the county clerk has certified the initial petition insufficient. If an individual who has signed the supplemental petition wishes to withdraw the individual's signature from the supplemental petition, written notice of the withdrawal must be filed with the county clerk within three (3) days of the receipt of the supplementary signatures by the county clerk.

#### **BALLOT QUESTION: MAUI: Review of Supplemental Petition**

**Shall Section 11-5 of the Charter be amended to allow the County Clerk twenty (20) days to review a supplemental petition, instead of ten (10) days?**

#### **PROPOSED CHARTER AMENDMENT**

##### **Section 11-5. Supplementary Petitions.**

2. The clerk shall within [ten (10)] twenty (20) days after such supplementary signatures are filed make a like examination of them and shall promptly issue a certificate as to their sufficiency. Such certificate shall be sent to the petitioners' committee.

**BALLOT QUESTION: MAUI: Emergency Management Agency**

**Shall the Charter be amended to change the name of the Civil Defense Agency to the Maui County Emergency Management Agency?**

**PROPOSED CHARTER AMENDMENT**

**Section 8-7.2. Fire and Public Safety Commission.** The fire and public safety commission shall consist of nine members appointed by the mayor with the approval of the council.

The fire and public safety commission shall:

1. Adopt such rules as it may consider necessary for the conduct of its business and regulation of the matters committed to its charge by law.
2. Review and submit to the mayor the [department's] department of fire and public safety's request for an annual appropriation for the operation of the department.
3. Review the operations of the department of fire and public safety and the [civil defense] Maui County emergency management agency and make recommendations for changes that may be desirable to improve the performance of emergency functions and the provision of public safety services.
4. Receive, review, and investigate any charges brought forth by the public against the conduct of the department of fire and public safety or any of its members and submit a written report of its findings and recommendations to the fire chief for disposition.
5. Annually review and evaluate the performance of the fire chief and submit a report to the mayor and the council.
6. Submit an annual report to the mayor and the council on its activities.
7. Have such other powers and duties as may be provided by law.

Except for purposes of inquiry or as otherwise provided in this charter, neither the commission nor its members shall interfere in any way with the administrative affairs of the department.

**CHAPTER 16**

**[CIVIL DEFENSE] MAUI COUNTY EMERGENCY MANAGEMENT AGENCY**

**Section 8-16.1. Organization and Functions.** There shall be a [civil defense] Maui County emergency management agency whose powers, duties, functions and organization shall be as provided by law. The fire and public safety commission, as established in Section 8-7.2 herein, shall review the operations of the agency and make recommendations for changes which may be desirable to improve the performance of emergency functions and the provision of public safety services. The commission shall receive and investigate any complaints brought forth by the public against the conduct of the agency or any of its members and submit a written report of its findings and recommendations to the [civil defense] Maui County emergency management administrator for the administrator's disposition.

**BALLOT QUESTION: MAUI: Approval of and Qualifications for Various Directors**

**Shall the Charter be amended to require Council approval of the Mayor's appointment of the Managing Director, Director of Finance, Director of Public Works, Director of Parks and Recreation, Planning Director, Director of Housing and Human Concerns, Director of Transportation, and Director of Environmental Management and to allow additional qualifications for department directors to be established by ordinance?**

**PROPOSED CHARTER AMENDMENT**

**Section 6-4. Specific Qualifications of Administrative Heads of Departments.**  
**In addition to any qualifications set forth in this charter, specific qualifications for administrative heads appointed by the mayor may be established by the council by ordinance.**

**Section 3-8. Restrictions on Council and Council Members.**

1. ~~[Neither]~~ Unless otherwise provided in this charter, neither the council nor any of its members shall, in any manner, dictate the appointment or removal of any officer or employee appointed by the mayor or by the mayor's subordinates.

2. Neither the council nor its members shall give orders to any county employees or county officers other than those appointed pursuant to Section 3-7 or Article 5, either publicly or privately. Any willful violation of the provisions of this subsection by a member of the council shall be sufficient grounds for the councilmember's removal from office by impeachment.

**Section 6-2. Appointment and Removal of Officers and Employees.**

1. The administrative head of a department may not appoint more than the staff for which appropriations have been made by the council.

2. No appointing authority shall appoint any person to any office or position exempted from civil service until satisfied by proper investigation that the person to be appointed is fully qualified by experience and ability to perform the duties of the office or position.

3. The term of office of any administrative head of a department who is appointed by the mayor~~[, including the corporation counsel and the prosecuting attorney,]~~ shall end with the term of office of the mayor, except that any such administrative head may be earlier removed as provided for in this charter. Such officers shall not hold over more than sixty (60) days after their respective terms of office, and shall immediately vacate their respective offices at the end of the 60-day period or upon the appointment of a successor in accordance with this charter, whichever occurs first.

4. The mayor shall have the authority to appoint, on a temporary basis, an administrative head of any department, provided that such department is one where the administrative head is appointed by the mayor.

5. Within sixty (60) days of taking office, or within sixty (60) days after a vacancy is created, the mayor shall appoint the managing director, corporation counsel, [and] prosecuting attorney, director of finance, director of public works, director of parks and recreation, planning director, director of housing and human concerns, director of water supply, director of transportation, and director of environmental management, with

written notice of the appointment to the council. The council shall confirm or deny the [confirmation] appointment within sixty (60) days after receiving notice of the appointment by the mayor. If the council does not act within the 60-day period, the appointment shall be deemed to be confirmed. The [corporation counsel and prosecuting attorney] appointee shall take office upon appointment by the mayor but shall not continue in office if the council denies [confirmation.] the appointment. If the appointment is [not confirmed] denied by the council, the mayor shall make a new appointment within sixty (60) days of the council's denial, and the council shall confirm or deny within sixty (60) days after receiving notice of the new appointment by the mayor. If the council does not act within the 60-day period, the appointment shall be deemed to be confirmed.

**Section 8-1.2. Managing Director.** The managing director shall be appointed by the mayor with the approval of the council and may be removed by the mayor. The managing director shall have had a minimum of five years of experience in an administrative capacity, either in public or private business, or both.

**Section 8-2.2. Corporation Counsel.** The corporation counsel shall be appointed by the mayor with the approval of the council and may be removed by the mayor with the approval of the council. The corporation counsel shall be an attorney licensed to practice and in good standing before the Supreme Court of the State and shall have engaged in the practice of law for at least [three] five years.

**Section 8-3.2. Prosecuting Attorney.** The prosecuting attorney shall be appointed by the mayor with the approval of the council and may be removed by the mayor with the approval of the council. The prosecuting attorney shall be an attorney licensed to practice and in good standing before the Supreme Court of the State and shall have engaged in the practice of law for at least [three] five years.

**Section 8-4.2. Director of Finance.** The director of finance shall be appointed by the mayor with the approval of the council and may be removed by the mayor. The director of finance shall have had a minimum of five years of experience in a public or private financial position, at least three [years] of which shall have been in an administrative capacity.

**Section 8-5.2. Director of Public Works.** The director of public works shall be appointed by the mayor with the approval of the council and may be removed by the mayor. The director of public works shall have had a minimum of five years of experience in an administrative capacity, either in public service or private business, or both.

**Section 8-6.2. Director of Parks and Recreation.** The director of parks and recreation shall be appointed by the mayor with the approval of the council and may be removed by the mayor. The director of parks and recreation shall have had a minimum of five years of experience in an administrative capacity, either in public service or private business, or both.

**Section 8-8.2. Planning Director.** The planning director shall be appointed by the mayor with the approval of the council and may be removed by the mayor. The planning director shall have had a minimum of five years of experience in the field of planning, at least three of which shall have been in an administrative capacity~~[.]~~, either in public service or private business, or both.

**Section 8-10.2. Director of [the Department of] Housing and Human Concerns.** The director of [the department of] housing and human concerns shall be appointed by the mayor with the approval of the council and may be removed by the mayor. The director of [the department of] housing and human concerns shall have had a minimum of five years of experience in an administrative capacity, either in public service or private business, or both.

**Section 8-11.5. Director and Deputy Director of Water Supply.** The director of [the department of] water supply shall be appointed by the mayor with the approval of the council, and may be removed by the mayor with the approval of the council. The director of [the department of] water supply shall have had a minimum of five years of experience in a management capacity, either in public service or private business, or both. The deputy director of [the department of] water supply shall be appointed by the mayor and may be removed by the mayor. The director or deputy director of [the department of] water supply shall be a registered engineer.

**Section 8-14.2. Director of Transportation.** The director of transportation shall be appointed by the mayor with the approval of the council and may be removed by the mayor. The director of transportation shall have had a minimum of five years of experience in an administrative capacity, either in public service or private business, or both.

**Section 8-15.2. Director of Environmental Management.** The director of environmental management shall be appointed by the mayor with the approval of the council and may be removed by the mayor. The director of environmental management shall have had a minimum of five years of experience in an administrative capacity, either in public service or private business, or both.

**BALLOT QUESTION: MAUI: Office of Council Services' Attorneys**

**Shall Sections 3-6, 3-7, and 8-2.3 of the Charter be amended to allow attorneys within the Office of Council Services, in addition to the attorneys within the Department of the Corporation Counsel, to serve as legal advisors to the Council and its members, and to allow the Council to designate, by two-thirds vote of its entire membership, attorneys within the Office of Council Services as special counsel to serve as legal representatives for any special matter presenting a real necessity for such employment?**

**PROPOSED CHARTER AMENDMENT**

**Section 3-6. Powers of Council.** The council shall be the legislative body of the county. Without limitation of the foregoing grant or of other powers given it by this charter, the council shall have the power:

1. To legislate taxes, rates, fees, assessments and special assessments and to borrow money, subject to the limitations provided by law and this charter.
2. To legislate appropriations for county purposes subject to the limitations provided by this charter.

3. To conduct investigations of (a) the operation of any department or function of the county and (b) any subject upon which the council may legislate.
4. To fix the salaries of such employees and officers as may be necessary.
5. To require periodic and special reports from all county departments concerning their functions and operations. Such reports shall be requested and submitted by and through the mayor.
6. To retain, [or] employ, or designate, by a vote of two-thirds of its entire membership, special counsel as legal representative for any special matter presenting a real necessity for such employment. Any such employment shall specify the compensation, if any, to be paid for said services.
7. To designate attorneys within the office of council services to serve as legal advisors.

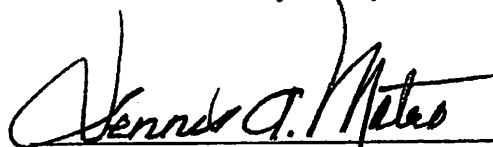
**Section 3-7. Office of Council Services.**

1. There shall be an office of council services. The council may create such positions in the office of council services as it deems necessary to assist it in the exercise of its legislative power. The salaries of such positions shall be fixed by ordinance. Persons appointed to such positions by the council shall be exempt from civil service.
2. The attorneys within the office of council services, in addition to the attorneys within the department of the corporation counsel, may serve as legal advisors to the council and its members.

**Section 8-2.3. Powers, Duties, and Functions.** The corporation counsel shall:

1. Appoint such deputy corporation counsel and necessary staff as shall be authorized by the council. Deputy corporation counsel shall be exempt from civil service and shall serve at the pleasure of the corporation counsel.
2. Be the chief legal advisor and legal representative of the County of Maui; of the council, the mayor, all departments, and all boards and commissions, and of all officers and employees in matters relating to their official duties[.], except as otherwise provided in this charter.
3. Represent the county in all legal proceedings.
4. Perform such other duties and functions as may be incident to the department or required by law.

DONE this 2nd day of September, 2016



DENNIS A. MATEO, COUNTY CLERK  
COUNTY OF MAUI, STATE OF HAWAII



# Exhibit M

General Election 2016 Results, State of Hawaii Office of Elections  
(Nov. 8, 2016)

November 8, 2016

Printed on: 11/14/2016 at 05:55:59 pm

SUMMARY REPORT  
\*\*FINAL SUMMARY REPORT\*\*

<b>President and Vice President</b> 35 of 35		<b>Councilmember (West Maui)</b> 34 of 34		<b>MAUI: Withdrawal of Signature from Supplemental Petition</b> 34 of 34	
(D) CLINTON, Hillary / KAINÉ, Tim	33,480 63.2%	COCHRAN, Elle	31,970 60.4%	YES	33,958 64.1%
(R) TRUMP, Donald J. / PENCE, Michael R.	13,446 25.4%	BALINBIN, Ernest Z. Kanamu	12,575 23.7%	NO	9,561 18.1%
(G) STEIN, Jill / BARAKA, Ajamu	2,390 4.5%	Blank Votes:	8,393 15.9%	Blank Votes:	9,390 17.7%
(L) JOHNSON, Gary / WELD, Bill	2,035 3.8%	Over Votes:	13 0.0%	Over Votes:	22 0.0%
(C) CASTLE, Darrell L. / BRADLEY, Scott N.	594 1.1%	<b>Councilmember (Wailuku-Waihee-Waikapu)</b> 34 of 34		<b>MAUI: Review of Supplemental Petition</b> 34 of 34	
Blank Votes:	980 1.9%	ATAY, Alike	23,322 44.0%	YES	27,863 52.6%
Over Votes:	47 0.1%	KANE, Dain P.	22,513 42.5%	NO	16,239 30.7%
<b>U.S. Senator</b> 35 of 35		Blank Votes:	7,105 13.4%	Blank Votes:	8,839 16.7%
(D) SCHATZ, Brian	37,214 70.3%	Over Votes:	11 0.0%	Over Votes:	10 0.0%
(R) CARROLL, John	10,203 19.3%	<b>Councilmember (Kahului)</b> 34 of 34		<b>MAUI: Emergency Management Agency</b> 34 of 34	
(C) ALLISON, Joy J.	1,302 2.5%	GUZMAN, Don S.	30,784 58.1%	YES	27,616 52.2%
(L) KOKOSKI, Michael A.	1,008 1.9%	MEDEIROS, Vanessa A.	13,787 26.0%	NO	17,310 32.7%
(A) GIUFFRÉ, John M. (Raghu)	188 0.4%	Blank Votes:	8,390 15.8%	Blank Votes:	8,002 15.1%
Blank Votes:	3,015 5.7%	Over Votes:	10 0.0%	Over Votes:	23 0.0%
Over Votes:	42 0.1%	<b>Councilmember (South Maui)</b> 34 of 34		<b>MAUI: Approval of and Qualifications for Various Directors</b> 34 of 34	
<b>U.S. Representative, Dist II</b> 35 of 35		KING, Kelly Takaya	23,641 44.8%	YES	34,591 65.3%
(D) GABBARD, Tulsi	41,046 77.5%	COUCH, Don	22,592 42.7%	NO	10,734 20.3%
(R) KAAIHUE, Angela Aulani	8,713 16.4%	Blank Votes:	6,705 12.7%	Blank Votes:	7,606 14.4%
Blank Votes:	3,190 6.0%	Over Votes:	13 0.0%	Over Votes:	20 0.0%
Over Votes:	23 0.0%	<b>Councilmember (Makawao-Haiku-Paia)</b> 34 of 34		<b>MAUI: Office of Council Services' Attorneys</b> 34 of 34	
<b>State Representative, Dist 8</b> 7 of 7		WHITE, Mike	25,771 48.7%	YES	26,971 50.9%
(D) SOUKI, Joe	6,514 66.7%	FURTADO, Trinetta K.	20,398 38.5%	NO	16,078 30.4%
(R) REBOLLEDO, Gilbert (Gil)	2,575 26.4%	Blank Votes:	6,760 12.8%	Blank Votes:	9,891 18.7%
Blank Votes:	680 7.0%	Over Votes:	22 0.0%	Over Votes:	11 0.0%
Over Votes:	3 0.0%	<b>Councilmember (Upcountry)</b> 34 of 34		<b>REGISTRATION AND TURNOUT</b>	
<b>State Representative, Dist 10</b> 5 of 5		SUGIMURA, Yuki Lei Kashiwa	23,264 43.9%	.....	
(D) MCKELVEY, Angus L.K.	4,716 66.7%	GREIG-NAKASONE, Napua	22,213 42.0%	GENERAL	
(R) MARTEN, Chayne	1,700 24.1%	Blank Votes:	7,450 14.1%	.....	
Blank Votes:	648 9.2%	Over Votes:	24 0.0%	TOTAL REGISTRATION	93,912
Over Votes:	4 0.1%	<b>Councilmember (Lanai)</b> 34 of 34		TOTAL TURNOUT	52,972 56.4%
<b>State Representative, Dist 11</b> 4 of 4		HOKAMA, Riki	23,272 44.0%	PRECINCT TURNOUT	26,496 28.2%
(D) ING, Kaniela	5,835 66.1%	JOHNSON, Gabe	19,092 36.1%	ABSENTEE TURNOUT	26,476 28.2%
(R) PEKUS, Daniel A. (Danny)	2,501 28.3%	Blank Votes:	10,570 20.0%		
Blank Votes:	494 5.6%	Over Votes:	17 0.0%		
Over Votes:	1 0.0%	<b>Councilmember (Molokai)</b> 34 of 34			
<b>State Representative, Dist 13</b> 9 of 9		CRIVELLO, Stacy Helm	22,763 43.0%		
(D) DECOITE, Lynn	5,824 63.1%	RAWLINS-FERNANDEZ, Keani	18,496 34.9%		
(G) NIKHILANANDA, Nick	2,773 30.0%	Blank Votes:	11,682 22.1%		
Blank Votes:	631 6.8%	Over Votes:	10 0.0%		
Over Votes:	4 0.0%	<b>CON AMEND: Jury Trials in Civil Cases</b> 35 of 35			
<b>Hawaii Resident Trustee</b> 35 of 35		YES	24,000 45.3%		
TRASK, Milliani B.	20,618 38.9%	NO	21,484 40.8%		
LINDSEY, Robert K. (Bob)	18,705 35.3%	Blank Votes:	7,460 14.1%		
Blank Votes:	13,638 25.7%	Over Votes:	28 0.1%		
Over Votes:	11 0.0%	<b>CON AMEND: Disposition of Excess Revenues</b> 35 of 35			
<b>At-Large Trustee</b> 35 of 35		YES	27,347 51.6%		
AKINA, Ke'i'i	18,751 35.4%	NO	16,370 30.9%		
APOLIONA, Haunani	18,693 35.3%	Blank Votes:	9,232 17.4%		
Blank Votes:	15,520 29.3%	Over Votes:	23 0.0%		
Over Votes:	8 0.0%	<b>Councilmember (East Maui)</b> 34 of 34			
<b>Councilmember (East Maui)</b> 34 of 34		CARROLL, Robert (Bob)	25,273 47.7%		
CARROLL, Robert (Bob)	25,273 47.7%	SINENCI, Shane	19,119 36.1%		
SINENCI, Shane	19,119 36.1%	Blank Votes:	8,544 16.1%		
Blank Votes:	8,544 16.1%	Over Votes:	15 0.0%		
Over Votes:	15 0.0%				