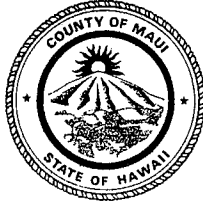


ALAN M. ARAKAWA
MAYOR



KEITH A. REGAN
MANAGING DIRECTOR

DEPARTMENT OF MANAGEMENT
COUNTY OF MAUI

April 5, 2017

Ms. Lynn A. S. Araki-Regan *LR*
Budget Director, County of Maui
200 South High Street
Wailuku, HI 96793

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

APPROVED FOR TRANSMITTAL

Alan M. Arakawa 4/5/17

Mayor Date

For Transmittal to:

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

Dear Chair Hokama:

SUBJECT: FISCAL YEAR ("FY") 2018 BUDGET (MD-3) (BF-1)

This is in response to your letter dated March 30, 2017 requesting response/answers to requests made by the Budget and Finance Committee. We have provided you with the following answers to your questions:

1. Explain the function and duties of the Cost Reduction Unit. Include names and titles of the members of the unit:

Response: We have attached the basic framework (Attachment 1) developed as a means to guide and direct the CRU as it moves forward. The basic framework includes a mission, vision, goals, objectives, activities, metrics, and a listing of individuals currently serving on the unit.

OFFICE OF THE
COUNTY COUNCIL

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2. Provide the cost-saving measures and dollar amounts identified by the Cost Reduction Unit:

Response: The CRU held its first meeting in January 2017. It's important to note that cost reduction activities had been and continue to be occurring throughout the organization at a departmental level. The CRU serves as a bridge between departments to identify and share cost-saving concepts throughout the organization.

Since its inception in January, we have identified a number of cost-saving measures. Some cost-saving measures require little or no time and/or resources to implement while others are more complex and require investigation and research. An example of some of the cost-saving measures that the CRU is currently exploring have been provided as an attachment (Attachment 2) to this communication. The CRU will be investigating the following areas: resource efficiency, equipment usage, organizational functions, overtime, temporary assignments, travel, and vehicle usage.

It is our goal to investigate these areas using a collaborative and cooperative approach, develop clear findings, develop strategies to address any findings, and initiate corrective actions where appropriate. The CRU would be happy to provide you with dollar amounts as it progresses in its activities; however, we do not have that information at this time.

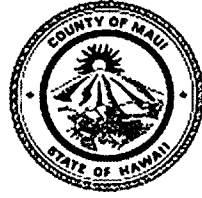
We thank you for your inquiry and would be happy to address any further questions you may have regarding this subject.

Sincerely,



KEITH A. REGAN
Managing Director

Attachments (2)



County of Maui

Cost Reduction Unit

(Basic Framework)

Mission:

Work collaboratively and inclusively to create greater efficiency while also reducing the cost of county operations.

Vision:

We will strive to work with departments and employees, throughout the county, to identify ways to reduce the overall cost of operations without negatively impacting the delivery of services to our constituents. We will use a collaborative, inclusive and respectful approach. We will seek input from internal and external customers. We will conduct ourselves with dignity and exercise the utmost integrity as we pursue our mission, goals, and objectives of reducing costs.

Goals:

- Seek out departmental staff input to help identify potential areas of cost savings.
- Reduce operational expenditures throughout all departments.
- Establish and encourage a cost savings culture throughout the organization.
- Track and report success using understandable and meaningful metrics.

Objectives:

- Develop targets for the overall organization and individual departments for cost reduction.
- Work closely with departmental staff to identify duplication, unnecessary expenditures, inefficient processes, and perform operational analyses for the purpose of cost reduction.
- As much as possible, involve potentially affected staff when conducting analyses.
- Develop meaningful cost reduction proposals with clear scopes that are implementable, feasible, and most importantly achievable.

Activities:

- Develop an annual schedule of activities to include site visits, observations, meetings, and analyses.
- Meet with identified department directors to inform them of our intent to conduct activities.
- Conduct site visits to departmental facilities to observe operations.
- Analyze research and develop actions that may reduce the operational costs.
- Establish and provide the estimated cost savings of the recommended actions.

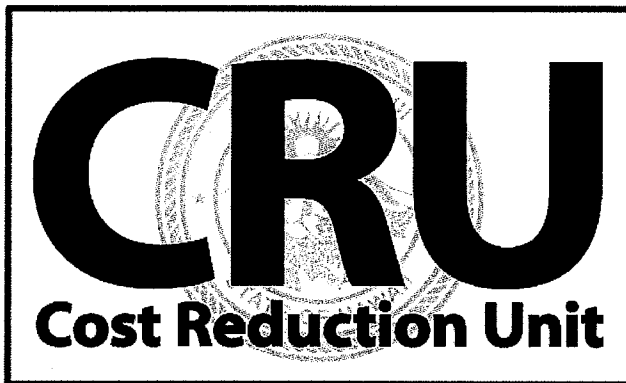
- Work with the department to develop a realistic timeline and strategy for implementation.
- Track and monitor the progress using clear milestones and metrics.

Metrics:

- Number of analyses conducted per year
- Number of analyses conducted resulting in estimated cost savings
- Total value of estimated cost savings
- Percentage of proposals implemented
- Actual realized savings from cost savings measures

Members:

- Gladys Baisa, Deputy Director, Water Supply
- Michael Busch, Fiscal Analyst, Public Works
- Agnes Hayashi, Executive Assistant, Management
- Keith Regan, Managing Director, Management
- David Taylor, Director, Water Supply
- Scott Teruya, RPA Administrator, Finance
- Jock Yamaguchi, Deputy Managing Director, Management



Thank you to each county employee that took the time to respond to our request for ideas and suggestions focused on reducing costs and improving our overall delivery of service to our community. We received many great ideas, suggestions, and comments and wanted to share some of them with you.

1	Stop using brand new envelopes for inter-office mail. Re-use folders, binders, etc. you can always change the labels. Print letters, etc. 2-sided. If it works, don't replace it just because it's old.
2	Many bulletins and printouts are in color. This is not necessary especially considering the cost of color ink. The main thing is getting the message across.
3	Recycle our paper that is usable instead of shredding it. Consider using these used pieces of paper as scratchpads rather than shredding them.
4	There is a lot of travel occurring that may not have as much benefit as originally intended. Departments should review the travel requests and determine if it is really necessary to send numerous employees to the same conference. When sending employees to conferences, they should share what they've learned with others because this knowledge may help better the department. We should encourage webinars if available.
5	We should stop leasing buildings due to the outrageous annual costs and build our own facility. I know a building is already in process to move the Kahului DMV, Housing, etc but what about all the other departments in One Main Plaza, Trask Bldg., Lono Bldg., etc.?
6	More cost efficient restroom fixtures that use less water. Water is a resource that we should not waste. Retrofitting existing restrooms would help us conserve.
7	Simply turning off lights in offices when no one is in. Why light up an area if there's no one there? Turn off the lights and save energy.
8	Running the big Maui bus week days from 9:30 am. - 1:30 pm. and from 5:30 pm. till finish may be a big waste of money due to fuel consumption and the bus is empty with less than 10 riders. Running a smaller bus during none peak hours may save money on fuel and maintenance. Run a larger bus on Saturday and Sunday mornings and evenings since those days have the most passengers.
9	We could increase productivity if our employees didn't have to move their vehicles every two hours from stall to stall. Shuffling cars every 2 hours is a waste of time.
10	Vendors & consultants should not be allowed to stay at high end hotels. We should have an approved list of hotels or set room rate limits. Some vendors are thoughtful & do not stay at such places, but others are not & charge for their stay.