

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

October 18, 2016

Council Chamber

CONVENE: 9:02 a.m.

PRESENT: Councilmember Riki Hokama, Chair
Councilmember Mike White, Vice-Chair
Councilmember Gladys C. Baisa, Member
Councilmember Robert Carroll, Member
Councilmember Don Couch, Member
Councilmember Stacy Crivello, Member

EXCUSED: VOTING MEMBERS:
Councilmember Elle Cochran, Member
Councilmember Don S. Guzman, Member
Councilmember Michael P. Victorino, Member

STAFF: Michele Yoshimura, Legislative Analyst
Traci Fujita, Legislative Analyst
Yvette Bouthillier, Committee Secretary

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)

Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)

Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.: Sananda Baz, Budget Director, Office of the Mayor
Michael M. Miyamoto, Deputy Director, Department of Environmental Management (BF-112)
Carol Reimann, Director, Department of Housing and Human Concerns (BF-92)
Clyde (Buddy) Almeida, Housing Administrator, Department of Housing and Human Concerns (BF-92)
Linda Munsell, Assistant Housing Administrator, Department of Housing and Human Concerns (BF-92)
Danilo F. Agsalog, Director, Department of Finance (BF-14(1), BF-41)
May Anne Alibin, Treasurer, Department of Finance (BF-14(1), BF-41)
David Taylor, Director, Department of Water Supply (BF-53(12))
Jacob Verkerke, Chief Technology Officer, Management Information Systems Division, Department of Management (BF-53(5), BF-53(14))
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

Seated in the audience:

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Scott Teruya, Real Property Tax Administrator, Department of Finance (BF-14(1), BF-41, BF-53(5), BF-53(14))
David Ching, Deputy Managing Director, Department of Management (BF-53(5), BF-53(14))
Kimberly Albright, Information Systems Analyst VI, Department of Management (BF-53(5), BF-53(14))
Danilo F. Agsalog, Director, Department of Finance (BF-53(5), BF-53(14))

PRESS: Akaku: Maui Community Television, Inc.

CHAIR HOKAMA: . . . (*gavel*) . . . The Budget and Finance Committee shall come to order. This is our regular meeting of October 18, 2016. Present we have Committee Members Mr. Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR HOKAMA: Good morning, sir. Ms. Baisa.

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR HOKAMA: Good morning. Mr. Couch.

COUNCILMEMBER COUCH: Aloha and good morning, Chair.

CHAIR HOKAMA: Ms. Crivello.

COUNCILMEMBER CRIVELLO: Aloha and good morning, Chair.

CHAIR HOKAMA: And Mr. White.

VICE-CHAIR WHITE: Good morning, Chair.

CHAIR HOKAMA: We excuse Ms. Cochran, Mr. Guzman, and Mr. Victorino. I'll ask everyone to turn off your devices to silent or off mode please. We shall maintain decorum in this meeting this morning. We shall move on to testimony and allowing anyone to give us comments on any item agendized for today's meeting. We'll ask our Committee Secretary if there's any request in the Chamber for testimony this morning. Okay. There's no request for testimony in the Chamber. We'll go to Hana Office and ask Ms. Lono if anyone wishes to provide testimony.

MS. LONO: Good morning, Chair. This is Dawn Lono in the Hana Office and there is no one waiting to testify.

CHAIR HOKAMA: Thank you, Ms. Lono. Lanai, Ms. Fernandez, anyone wishing to provide testimony?

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MS. FERNANDEZ: Good morning, Chair. This is Denise Fernandez on Lanai and there is no one waiting to testify.

CHAIR HOKAMA: Thank you. Molokai, Ms. Alcon, anyone wishing to provide testimony please?

MS. ALCON: Good morning, Chair. This is Ella Alcon on Molokai and there is no one here waiting to testify.

CHAIR HOKAMA: Thank you, ladies. Members, there is no request for testimony. At this time, we shall close testimony, with no objections from the Members.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR HOKAMA: Thank you, Members. So ordered. May I direct you to...thank you, ladies at the District Offices.

**ITEM 112: AMENDING THE FISCAL YEAR 2017 BUDGET:
DEPARTMENT OF ENVIRONMENTAL MANAGEMENT
(CENTRAL MAUI LANDFILL (CML) PHASE V GAS
COLLECTION SYSTEM EXPANSION) (CC 16-225)**

CHAIR HOKAMA: May I direct you to BF-112 under the heading of the Amending the Fiscal Year 2017 Budget: Department of Environmental Management, sub-heading of the Central Maui Landfill, or CML, Phase V Gas Collection System Expansion under County Communication 16-225. Mr. Baz, any comments for the Members, please?

MR. BAZ: Yes, Mr. Chair. Good morning, Chair and Members. Sandy Baz, Budget Director. I'm very pleased to be able to present this amendment to you this morning. During the Fiscal Year 2017 Budget deliberations, Chair, you recommended that we look at SRF funding for this specific project with the Central Maui Landfill. The staff did work with the Department of Health and we're approved for an SRF loan versus the bond funds that were originally appropriated. So I did an analysis. You know, you hear that SRF's cheaper than bond but for this project specifically, it's \$2.5 million. The SRF interest fees are gonna be about \$264,000, whereas the bond interest would have been about \$842,000. So this decision you're making this morning, Mr. Chair, hopefully will save the County about \$578,000.

CHAIR HOKAMA: Thank you very much.

MR. BAZ: Also reduces the amount we're bonding.

CHAIR HOKAMA: Correct. Thank you. Mr. Miyamoto, good morning. Any comments from the Department please?

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MR. MIYAMOTO: Thank you, Mr. Chair. The, just to give you an update on the project, we have completed the design of the project. The project did go out for bid. The bid opening was earlier this month and we're ready to contract the services once this loan is approved. Thank you, Mr. Chair.

CHAIR HOKAMA: Okay. Thank you very much. Mr. White, any questions for the Department?

VICE-CHAIR WHITE: No.

CHAIR HOKAMA: Thank you very much. Ms. Crivello?

COUNCILMEMBER CRIVELLO: None at this time. Thank you.

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Just it sounds like a win-win all around. In looking at the agreement, is it basically 1.25 percent for 20 years? 'Cause it says a 1 percent annual loan fee for a term of 20 years and then a .25 percent interest as well.

CHAIR HOKAMA: Department?

MR. MIYAMOTO: Yes, it is locked in once we sign the agreement.

COUNCILMEMBER COUCH: So at 1.25?

MR. MIYAMOTO: Yes.

MR. BAZ: Yeah, the SRF loans are always fee-based and sometimes they charge us interest, sometimes they don't. So that's why there's a range between .75 to this is, you know, a little bit higher now - 1.25 'cause this is a Solid Waste project.

CHAIR HOKAMA: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: No questions.

CHAIR HOKAMA: Thank you. Mr. Carroll? Okay. Members, the Chair's gonna recommend that the Committee move forward to Council the following: passage on first reading A Bill for an Ordinance Amending Ordinance No. 4331, Bill No. 59 (2016), Relating to the Issuance of General Obligation Bonds of the County of Maui (Phase V Gas Collection Expansion System). The proposed Bill for an Ordinance Authorizing the Mayor of the County of Maui to Enter into an Intergovernmental Agreement for a Loan for the State of Hawaii's Clean Water State Revolving Fund for the Central Maui Landfill Phase V Gas Collection System Expansion, Fiscal Year 2017 Budget Ordinance. And a proposed Bill for an Ordinance Amending the Fiscal Year 2017 Budget for the County of Maui as it Pertains to Estimated Revenues; Department of

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Environmental Management, Wailuku-Kahului Community Plan Area, Sanitation, Central Maui Landfill (CML) Phase V Gas Collection System Expansion; allowing Staff to make any and all nonsubstantive changes; and any appropriate communications to be filed with this request.

VICE-CHAIR WHITE: So move, Chair.

COUNCILMEMBER COUCH: Second, Mr. Chair.

CHAIR HOKAMA: I have a motion by Mr. White, seconded by Mr. Couch. Members, any discussion on the motion before you? Having none, all in favor of the motion, please say "aye."

COUNCILMEMBERS VOICED AYE.

CHAIR HOKAMA: Oppose say "no." Motion passes with six "ayes," three excused - Cochran, Guzman, and Victorino.

VOTE: AYES: Chair Hokama, Vice-Chair White, and Councilmembers Baisa, Carroll, Couch, and Crivello.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmembers Cochran, Guzman, and Victorino.

MOTION CARRIED.

ACTION: FIRST READING of bills; and FILING of communication by C.R.

CHAIR HOKAMA: Thank you, Mr. Miyamoto.

ITEM 92: SECTION 8 HOUSING PROGRAM GRANT (CC 16-136, CC 16-224)

CHAIR HOKAMA: Okay. Let's go to BF-92, Section 8 Housing Program Grant. We have a Communication 16-136 as well as 16-224 from Mr. Baz and Housing Director Reimann. This is regarding a Section 8 Housing Assistance Program, notice to increase Admin Fee Proration for Calendar Year 2016. Mr. Baz has sent us a

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proposed bill for an ordinance that would amend the Fiscal Year 2017 Budget by increasing the grant by \$1,537,504 to recognize additional administrative funds the County will be receiving for the fiscal year. Mr. Baz, any comments for the Committee, please?

MR. BAZ: Thank you, Mr. Chair. And again this is a good blessing for the County that we're gonna be able to receive additional HUD funding for the Section 8 Program. In my transmittal letter I did leave out a couple of very important words, in error, and that includes that this money pays for housing assistance voucher payments as well as administrative funds; not just solely administrative funds so, Ms. Reimann, our director, is here and she can explain what that is as far as the details of how much of it is for housing assistance voucher payments and how much of it is administrative cost coverage.

CHAIR HOKAMA: Okay. Thank you. Director Reimann, comments for the Committee please?

MS. REIMANN: Aloha, Chair, Members of the Budget and Finance Committee. Thank you for having us here today and for hearing our Budget amendment. The reason for the amendment is because we anticipate receiving increased funding for our housing voucher program from HUD for Fiscal Year '17. As you recall at the end of the last fiscal year we came before you for an emergency Budget amendment and that was to accommodate last fiscal year's increase. This amendment is to reflect the increase for this fiscal year, Fiscal Year '17. So the breakdown of the \$1,537,504 is for the vouchers allocated is \$1,479,003 and for admin the amount is \$58,501. As we reported before, you know, our Section 8 team has been quite amazing and worked hard to increase the numbers of individuals and families served. The division has been instrumental in really clearing off over 3,000 names off of our waitlist and they have since opened up the waitlist twice, once last December and again this past July to allow more families an opportunity to get vouchers. We've also increased the numbers of lease-ups. A lease-ups is when a family or person with a voucher actually finds a unit. And as of the end of September there are 1,413 families who are leased-up. And this is up from an average of 1,380 that we previously reported. So because our Section 8 team has been successful in increasing the numbers of families that we serve, our budget funding from HUD has also increased; so helping more families is a great thing. This Budget amendment will provide more rents for more families in Maui County. We are also pleased to inform you that in mid-November, we will welcome our new Section 8 manager. Her name is Lisa Dickerson and she comes to us with 20 years of experience in affordable housing, executive management and finance, and 15 of those years has been working with public housing agencies and public housing choice voucher programs. She has provided training, technical assistance, audit oversight, and compliance reviews. She's also a sub-contractor of Nan McKay, who we use as consultants. In addition, a new Section 8 supervisor starts on November 1st and her name is Gail Mendoza-Rumbawa. She has seven years of supervisory experience in social services and residential housing programs as a regional director and ten years of experience in social work and related areas. Gail is also an instructor for Crisis Prevention Institute in an area of non-violence crisis intervention and she

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trains staff on practical skills and strategies to safely manage disruptive or difficult behavior. So we look forward to our new leadership team coming on board in November and one of the tasks that we will be requiring of them is to help to make this division self-sufficient. While we appreciate the scheduling of this item on today's agenda, please know that the division is in transition. We don't have a manager or supervisor and our Section 8 accountant is un-accessible and on vacation. So here today with me is Buddy Almeida, our Housing Administrator, and our Assistant Housing Administrator, Linda Munsell. We'll do our best to answer any questions you have today. Thank you.

CHAIR HOKAMA: Thank you for that, Director. I'm gonna tell you upfront, this is gonna be deferred. Two - I want a plan by the time Budget comes along on how you gonna reduce or eliminate General Fund requirement for Section 8, including elimination of up to five positions. Okay? I've got too many needs for the General Fund of the County, including 14 potential contracts. I'm not gonna pay for Federal or State positions. Members, questions on this request? Mr. White?

VICE-CHAIR WHITE: I had some of the concerns, I had concerns about the amount of admin that's covered by this and it works out to only 4 percent and so I too would like to see if there's some other way that we can deal with this. And so I look forward to the report following the deferral. Thank you, Chair.

CHAIR HOKAMA: Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: I guess, too, I would want to have a report as to how they're meeting the administrative needs with this small amount of just 4 percent. Thank you.

CHAIR HOKAMA: Okay. Thank you. Mr. Couch? Ms. Baisa?

COUNCILMEMBER BAISA: No.

CHAIR HOKAMA: Mr. Carroll? Anything else, Director?

MS. REIMANN: No other comments but just wanted to thank you all for hearing this on the agenda today and we will come up with a plan and explanation of how the admin funds are used. Thank you.

CHAIR HOKAMA: Mr. Baz, anything else at this time?

MR. BAZ: No, Mr. Chair. Deferring this item will not cause a hindrance to the program operations at this point as we are still in the beginning of the year and they're still gonna be receiving...

CHAIR HOKAMA: If the Department notifies us of information sooner than later then we'll be happy to consider another posting sooner.

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MR. BAZ: Okay. Thank you, Mr. Chair.

CHAIR HOKAMA: Okay. Thank you. Okay, Members, with no further discussion, Item 92 is deferred.

COUNCILMEMBER COUCH: Mr. Chair?

CHAIR HOKAMA: Yes, Mr. Couch?

COUNCILMEMBER COUCH: One other concern maybe is, you know, there's some issues that I have, not issues, but questions I have about the actual program itself. Can we send an item to the appropriate committee asking about, you know, some things that we might be able to do to help with the program or is this the proper Committee?

CHAIR HOKAMA: Why don't you send it to this, to myself at this point in time. If it's, has a budgetary attachment, you know, I'll consider bringing it up sooner. If not, then I'll be happy to forward it to the appropriate standing committee for their review, Mr. Couch.

COUNCILMEMBER COUCH: Okay. Thank you, Chair.

CHAIR HOKAMA: Okay. Any other comments, Members? Having none, Item 92 is deferred.

ACTION: DEFER pending further discussion.

ITEM 14(1): SHORT-TERM INVESTMENTS (FISCAL YEAR 2016 (JULY 1, 2015 TO JUNE 30, 2016)) (CC 15-275, CC 16-32, CC 16-80, CC 16-158)

ITEM 41: COUNTY'S INVESTMENT POLICY (MISC.)

CHAIR HOKAMA: May I direct you to 14-1, it's under Short-term Investments (Fiscal Year 2016 (July 1, 2015 to June 30, 2016)). We have the following County Communications: 15-275, 16-32, 16-80, 16-158. These are the quarterly reports from Director of Finance, Danny Agsalog, regarding the County of Maui's financial standing as of those quarters ending. Mr. Baz, if you have any opening comments at this time...

MR. BAZ: ...(inaudible)...

CHAIR HOKAMA: Yeah, we'll...

MR. BAZ: Sorry about that my microphone was off. The Department of Finance staff are coming down right now. But --

CHAIR HOKAMA: Yes, please join us. Thank you.

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MR. BAZ: --Mr. Chair, yeah, we have our Director of Finance --

CHAIR HOKAMA: Yes, thank you, Mr. Agsalog. Thank you.

MR. BAZ: --Danny Agsalog. Our Treasurer, May Anne Alibin, is here as well and in the audience we have Scott Teruya for our Real Property. And, Mr. Chair, I believe the Staff has handed out to the Committee the copy of the current investment policy for the Committee's review.

CHAIR HOKAMA: Okay. Thank you very much for that, Mr. Baz. And thank you and good morning, Mr. Agsalog and Ms. Alibin, our brand new County Treasurer. Welcome. Members, you have received a handout. It is dated March 11, 2016 under the heading of County of Maui Investment Policy. I know you haven't had the chance to review this yet so if you want a few moments I would grant you that, if not we'll have the Department give us comments. Would you like a few moments? Mr. White?

VICE-CHAIR WHITE: Yeah, my thought is this...we've seen the policy before and it would be good if they could maybe just walk through what the changes are to the previous policy.

CHAIR HOKAMA: Okay. Mr. Agsalog? Out of this attachment that you have been kind to share with us, maybe if you or the Treasurer can go through with it and highlight any areas that have been either revised or updated?

MR. AGSALOG: Thank you, Mr. Chair and Members of the Committee. Again, thank you for introducing our new Treasurer, Mr. Chair. I really appreciate that. The newest change that we have on the investment policy was the 250,000 limit for the FDIC. It used to be 200,000 limit and then FDIC went up to 250,000 so that was now included there. Oh yes, I have my member of the Investment Committee next to me, that's the other one, is the percentage of the CDs that we hold. Since those are secure and a lot of them are collateralized so we increase that, the percentage that we hold, Mr. Chair.

CHAIR HOKAMA: And. Members, what we've done for this agenda so that you can have the discussion that we would like to have, I've also posted BF-41, which is under the heading of the County's Investment Policy. So if you have questions, either from the short-term investment reports from Mr. Agsalog or questions regarding the policy itself, the Chair will allow those type of discussion and questions at this time. Ms. Alibin, anything you'd like to share from as our Treasurer at this time?

MS. ALIBIN: No. Just want to say good morning and thank you for the warm welcome.

CHAIR HOKAMA: Yes. No, thank you, for accepting the position. Mr. Baz, anything else you want to share at this time?

MR. BAZ: No, Mr. Chair. Just well to add on to what Mr. Agsalog mentioned about the CDs; they are secured and actually they're making us quite a bit more money than some of

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the other investments that we have so that's why the Investment Committee decided to increase the percentage of CDs that we will hold.

CHAIR HOKAMA: Okay. I'll ask Mr. White if and then, you know, if we need multiple rounds we'll do so. So maybe if you have two questions per round and then we'll come back in the cycle again. Mr. White, anything at this time you'd like to bring up?

VICE-CHAIR WHITE: The only question is are those the only two changes that we have made to the policy?

MR. AGSALOG: Yes, Mr. Chair. And they located on Page 4 of the policy. I believe it's the last paragraph on Page 4. And then on the top of the Page 5...let me see that.

MR. BAZ: Yeah, it's just on Page 4. He has the Ramseyered version so he has a breakdown. But basically they added in the last paragraph on Page 4, the County of Maui, it starts the County of Maui will diversify. After U.S. securities they added and bank certificates of deposit fully insured by the Federal Deposit Insurance Corporation not to exceed \$250,000 per banking institution. No more than 30 percent of the County's investment portfolio will be invested in a single security type or with a single issuer or financial institution. So that's why we, so those are the percentages and numbers we added.

VICE-CHAIR WHITE: Okay. Thank you. And with that I think I'm good, Chair.

CHAIR HOKAMA: Okay. Ms. Crivello, any questions at this time you would like to pose?

COUNCILMEMBER CRIVELLO: Chair, thank you, not at this time.

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. You may have said it and I missed it but and, Chair, if you could allow, we went to the State Legislature to allow us to do more in line of what they did. Can you let us know how that went? I understand it didn't pass but was it that it didn't pass or did it get deferred?

CHAIR HOKAMA: Mr. Agsalog?

MR. AGSALOG: Thank you, Mr. Chair. And yeah, it just died. And I really appreciate the support of this Council in taking it to the HSAC and they had the support. At the last day it just didn't come out of Conference so it died there but I have been in discussion with Senator Gil Keith-Agaran to reintroduce the bill this time. And that was the one that was taken to Conference was SB 2250 if I'm not mistaken and it just didn't come out of Conference. It's my understanding that there was some sort of confusion what it was and they just didn't pass it the House side so that's where it got stuck.

MR. BAZ: Yeah, Mr. Chair. He's being a little nice. The discussion from my understanding was related to, you know, our request for the TAT monies as well and so they basically

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were upset with all of our requests and said no, no matter what the request was. Just it's from my understanding what happened.

COUNCILMEMBER COUCH: Yeah, okay. So you're resubmitting it and would like our support or whoever comes in the next term support again. Is that what you're asking?

MR. AGSALOG: Mr. Chair, and I would really appreciate if we can get the same support as last time, and if everything goes right, depending on how the structure of the House going to be, I have a commitment from the current Speaker of the House to usher our bill this time around. So it just depends on the outcome of the November 8 election.

CHAIR HOKAMA: Yes. We understand that, Director, very much. Thank you.

COUNCILMEMBER COUCH: Thank you, Chair.

CHAIR HOKAMA: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: There's a lot riding on that election. But that aside, I was interested in hearing that we're making good money on our CDs. Can you kind of tell us more or less what the rates on those are? If you can disclose that?

MR. BAZ: Sure. Mr. Chair?

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: Yeah, thank you, Member Baisa. That's a very good question. I anticipated that question. I already pulled up the report. If you look at County Communication 16-158, which is the latest short-term investment report for the quarter ended June 30, 2016, pull that document up. On that document starting on page...let's see what page is this? Sorry about that. I lost my page 'cause I went to the top to find the...there. Page 8 of 14, you'll see the rate column of those CDs and you'll see it ranges. Most of them are between 1.5 and 2 percent. Some of them, highest is 2.2 percent and there's a couple that are about 1 percent. But, other than that, the majority of them are between 1.5 and 2 percent, which is much better than some of the other investments that we're anticipating.

COUNCILMEMBER BAISA: Okay. Thank you very much.

MR. BAZ: Yeah. Another advantage, you know, in working with the Investment Committee and our Investment Officer and now our new Treasurer, the cash flow process with the CDs is also very good because we can stagger them appropriately to make sure that we have the correct cash flow that we need. 'Cause if you go back to our investment policy, you can see the, on Page 1 it talks about the investment objectives, right? Safety, of course, being FDIC insured is, you know, the best or government insured so we look at those kinds of things. Safety is number one question. We definitely don't want to lose our hard-earned tax dollars. Liquidity is the second one. And so liquidity means cash flow. We gotta have, you know, you gotta make sure you have enough

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cash flow. You can be making great money in investments, but if you don't have access to it, you know, what is that term? Land rich and cash poor, right?

COUNCILMEMBER BAISA: You got it.

MR. BAZ: Yeah. So we're very aware of that. And then we work on yield as well as the third item.

COUNCILMEMBER BAISA: Good. Well, thank you very much. I think, you know, in today's market, unfortunately, that's good. Very good. When I get my bank statement and I see the few cents I got in interest, I want to tell them why don't you just keep it. But, thank you.

MR. BAZ: Yeah, thank you, Mr. Chair. We also during the Investment Committee meetings we discuss the returns and we do comparisons with some benchmarks and also with the other counties. And right now we are earning the most interest of any of the four counties in Hawaii that are under the same restrictions that we are, right, so yeah.

COUNCILMEMBER BAISA: Good job. We expect that from Maui.

MR. BAZ: Always the best.

COUNCILMEMBER BAISA: We've gotten very spoiled here. We always have to be at the top. Thank you very much for your hard work.

CHAIR HOKAMA: So at this time we're below 30 percent on this CD component of the investments. We have a breakdown of, by percentage, of where we have what in our portfolio? I don't need the specific instrument. You can just tell me the general components of the portfolio. What is CD, what is bond, stocks, cash?

MR. AGSALOG: Mr. Chair, at the moment, the, this is the...yeah 265...it's, we are there, about 32 percent? About 32 percent, Mr. Chair, so we are little bit over the 30 percent we promised.

CHAIR HOKAMA: Okay. What are the other categories you have our investments in?

MR. AGSALOG: We have some agencies. Majority of them are agencies, Mr. Chair.

CHAIR HOKAMA: Okay. About how much of that? Agency notes? Twenty-something percent?

MR. AGSALOG: Let's just look at the report so that they see it. It's in the report?

MS. ALIBIN: Yes. So the...

MR. AGSALOG: No, it's not percent.

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MS. ALIBIN: I don't have the percentage.

MR. AGSALOG: We have total though.

MS. ALIBIN: Yeah.

MR. AGSALOG: The agency, Mr. Chair, a total of 165,879,774. That's on Page 2 of 14 on the June 25th transmittal, which is...July, I'm sorry, as of June 30, 2016, the latest one, Mr. Chair, that we have. So if you looking at the agencies at the moment, that's the total amount of all the agencies that we have. So it's the bulk of our investment in...

CHAIR HOKAMA: So that is about how much, Mr. Agsalog?

MR. AGSALOG: One hundred and sixty...

CHAIR HOKAMA: Yeah, that equates what percentage-wise? Approximate, no need be to the point.

MR. AGSALOG: One hundred sixty-five to...versus two hundred sixty-five, that's about a little bit over, yeah, it's about 60 percent, Mr. Chair, on the agencies.

CHAIR HOKAMA: Okay so that's all the treasury notes and everything else?

MR. AGSALOG: Yes. The treasury notes and the mortgage agencies, Mr. Chair, banks, mortgage banks.

CHAIR HOKAMA: Okay. How much is in, within Hawaii institutions, Mr. Agsalog? Any of our money, cash is in Hawaiian institutions or basically all of it is out of state?

MR. AGSALOG: We have our 21,782,883, Mr. Chair.

CHAIR HOKAMA: In Hawaii --

MR. AGSALOG: Yes.

CHAIR HOKAMA: --institutions?

MR. AGSALOG: County and State, Mr. Chair.

CHAIR HOKAMA: Okay. Is that more for checking accounts or just investment accounts?

MR. BAZ: That's bonds.

MR. AGSALOG: Those are bonds, Mr. Chair.

CHAIR HOKAMA: On the bonds?

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MR. AGSALOG: Yes.

CHAIR HOKAMA: Okay.

MR. AGSALOG: Most of the cash that we have in Hawaii like CPB are very small, Mr. Chair.

CHAIR HOKAMA: Okay. Okay.

MR. AGSALOG: Federal Credit Union.

CHAIR HOKAMA: But we use those for most of our checking accounts, right? The local banks?

MR. AGSALOG: Yes. We have some CDs, Mr. Chair, but it's not much, it's not much.

CHAIR HOKAMA: Okay.

MR. AGSALOG: It's just to do business with our local people that want to, local institution that want to come and do business with us.

CHAIR HOKAMA: Of the instruments that we are asking to be allowed to invest in, which the Legislature currently can invest in, the State, refresh the Committee please, what are the specific ones you want us to be able to invest money in? The type of instruments that would ask for authorization? Do you recall, Mr. Agsalog?

MR. AGSALOG: I have it here, Mr. Chair. The one that we wanted to be added there, Mr. Chair, is the farm credit system notes and bonds and the particular one is Federal Agriculture Mortgage Corporation notes and bonds. And the states are able to do that now. Tennessee Valley Authority notes and bonds and the Federally-insured savings bonds. So savings accounts.

CHAIR HOKAMA: Okay. And currently we cannot invest in those Federal-insured bonds, savings bonds?

MR. AGSALOG: That's where I got written up on the audit last time, Mr. Chair.

CHAIR HOKAMA: Yeah, yeah, yeah.

MR. AGSALOG: So, yeah.

CHAIR HOKAMA: Is that a technical point because it's not considered short-term? Is that the technical concern by auditors or anything regarding the savings bonds?

MR. AGSALOG: No, Mr. Chair. The finding is that our auditor found out it's just it is not listed in the allowable investments for the HRS 4650. Even it's listed here, Mr. Chair, the duration, the maturity date has to be still five years or less. We cannot invest more than five years, the maturity.

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CHAIR HOKAMA: Okay. Okay. 'Cause, you know, if you look on Page 4 of your report, Mr. Agsalog, which is under instruments, yeah, you share with us and I appreciate what the County can invest in. So when you look on Page 4 under number three, HRS 46-50, (3) Joint stock farm loan bonds, I was just wondering that's a totally different type of instrument from what you just shared with us regarding farm notes and ag notes.

MR. AGSALOG: I think I used that as a defense on my findings last time, Mr. Chair --

CHAIR HOKAMA: Okay. Okay.

MR. AGSALOG: --but accurate is not listed here whatever the agencies that we had --

CHAIR HOKAMA: Okay.

MR. AGSALOG: --purchased that like I mentioned during that hearing, other jurisdictions also are allowed to do it and they were holding it and our investment officers they talk daily so they compare the rates and which one is the best and so that's the reason where we are able to acquire those without having it in our 4650. And that's the reason that you and the whole Council and the counties went to the Legislature and asked please allow us to have this. Because they are very yielding at the moment, Mr. Chair.

CHAIR HOKAMA: Okay. Thank you for that. We all aware of the volatility of the market, even on potential innuendos and unfounded statements of politicians, the market goes up and down. So knowing the global things happening, how often does the Investment Committee review the portfolio? Every four weeks? Once a quarter? Can you give us some indication of how often the Committee reviews the investment situation for us please?

MR. AGSALOG: Mr. Chair, during our meetings we always review the portfolio because it's part of our meetings to look at it where we at and our Investment Officer has been very good in bringing guest speakers as far as to give us a little forecast of what's going on in the world. And we, as the Investment Committee, look at that and we get reports from our Investment Officer every month, Mr. Chair, to review it, the portfolio.

CHAIR HOKAMA: So monthly?

MR. AGSALOG: For me, yes, I get it all the time. In fact, when he have a nice thing to show, it's always in my desk but the Investment Committee we get, we meet every quarter, Mr. Chair to do this.

CHAIR HOKAMA: Okay. So two things that we concerned about that we want to know how you folks are planning to mitigate any potential issues. One is of course, especially we read with interest, the Legislature's attitude towards our REITs in the State of Hawaii. There's an article today under money regarding State Legislature and REITs and their

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potential adjustments on that real estate type of investment. So if Legislature makes an adjustment to get more money back out of it since they were told they were only gonna put out 16 but they put out 36, is that in any way gonna impact our ability and our revenue generation regarding the next upcoming Budget? And if it doesn't, then just tell us it has no impact on the County's General Funds and its assessments and values on real property. Mr. Baz, you have anything you could advise or share?

MR. BAZ: All I can say, Mr. Chair, is that we'll research that topic and be able to provide the Committee further information in the future. I wasn't aware of the article that you mentioned so we'll find...

CHAIR HOKAMA: Yeah, I just, you know, I mean it's interesting on timing of that article and everything --

MR. BAZ: Was it R-E-I-T-Z?

CHAIR HOKAMA: R-E-I-T-S. REITs.

MR. BAZ: REITs. Okay.

CHAIR HOKAMA: I think it's Real Estate Investment --

MR. BAZ: Trusts.

CHAIR HOKAMA: --Trusts. Correct.

MR. BAZ: Alright. We'll take a look at that.

CHAIR HOKAMA: Are we able to invest in those kind of instruments? I don't think so?

MR. AGSALOG: Not according to the investment HRS and our policy at the moment, Mr. Chair.

CHAIR HOKAMA: Okay. Shoots, I forgot the other factor I wanted to talk to you about the money. I'll ask the Members if they have additional questions at this time. Mr. White, questions for our departments?

VICE-CHAIR WHITE: No further questions. Thank you, Chair.

CHAIR HOKAMA: Okay. Ms. Crivello?

COUNCILMEMBER CRIVELLO: None, thank you.

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: No, thank you, Chair.

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CHAIR HOKAMA: Ms. Baisa?

COUNCILMEMBER BAISA: No, thanks.

CHAIR HOKAMA: Okay.

MR. BAZ: Mr. Chair?

CHAIR HOKAMA: Yes, Mr. Baz?

MR. BAZ: Sorry, I did just look at...I was aware of a little bit of the situation. I didn't know what the name of that REIT was. But this is the concept of like on your island, the sale of a business created a significant transfer of land that did not, no money went to the Bureau of Conveyances for that conveyance of land.

CHAIR HOKAMA: Correct.

MR. BAZ: And so this issue is related to figuring out how to capture that transfer, when they transfer a business with a significant amount of land assets. So I see here that they're still coming out with a study, that report was a study on the impact it would have. So we'll take a look at that and see if there are any indications that it could impact our taxing authority when it comes to real property tax, which it shouldn't, but it may look at the value a little differently and maybe Mr. Teruya could comment once we get more information. But an assumption could be made that if that transaction then is recorded as a land transaction, the sale of that would assist in the appraisal process and in adjusting appropriately for those costs in our real property, those values in our real property assessments.

CHAIR HOKAMA: Okay. For our new Treasurer, do you plan on making any adjustments in the near future on how the County is doing its cash portfolio? Do you see us just maintaining status quo or do you see some opportunity for adjustments?

MS. ALIBIN: Thank you for the question, Councilmember Hokama. I haven't really planned on it but that's something that we will consider when, you know, I'll be in discussion with the Finance Director and also when I meet with the Investment Committee so thank you.

CHAIR HOKAMA: Okay. If we are hearing correctly from the Feds and Chairman Yellen makes a change in interest rates by the end of this calendar year, you see us impacting this County in any negative way regarding our investment portfolio or anything else with our cash?

MR. AGSALOG: Mr. Chair?

CHAIR HOKAMA: Mr. Agsalog?

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MR. AGSALOG: Any change in the rates that we do it impacts two things. One is our ability to sell bonds and as well as our investment. Our investment it's continues so we have some investment that even though the rates change tomorrow or in the end of the year, those investment unless they are called by the callables it will not be impacted. So it just depends on how we position our portfolio to invest. And although it goes up or down how the Feds manipulate the financials or fiscal process, we will act accordingly. And again, I am not, we're not planning to sell bonds in the next six months, at least, so we will have time, Mr. Chair, and we will brief this Committee as far as the strategy that we will take depending on how the Feds moves their rates, Mr. Chair.

CHAIR HOKAMA: Okay. No, I think your tentative timetable is quite good, Director. The Feds tend to work on tax issues during the first six months of any new President's term, normally or historically. So I know Speaker Ryan is, directed his Finance Committee to come up with a tax proposal for the new Congress. And that's gonna happen within the first six months of the new year so we are awaiting what he is going to propose, especially with our borrowing. There is great concern on municipal bonds and too much discussion about taxing our bonds. The issue is not with the counties. It is smart entities that are using municipal bonds to finance what lot of Members of Congress are concerned is private sector investment. And for...it's not a State of Hawaii issue but for other states, a lot of those entities are using municipal bonds to build those brand-new professional football stadiums. And Congress is not happy that they using municipal bonds as their financing tool to get away from taxation for private sector investment. So that's the big hook on the mainland side. But, for us, it's about building the hospitals, the schools, the roads, first-response facilities so we need to pay attention to the rhetoric of which way Congress is leaning on. But I know they're upset with those mega arenas financed by bonds, county bonds. Okay. Any other questions for...I wanted us to have a chance as well as again give the Director time with his new Treasurer. But eventually, you know, we're gonna ask the Director and the Treasurer to come up with a structure to explain to us the role of the Investment Committee, where the Treasurer fits, where the Accountant III fits in the whole structure. And what are the safeguards should one of our key investment people not be there when we need them to be there for the County's requirements. But that's for another day. So, any further discussion or questions on these two items? If not, the Chair is going to defer items number...let me get back to the agenda please. With no objections, I'm going to defer 14-1 and BF-41, Members?

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR HOKAMA: No objections? Okay. Both items are deferred.

ACTION: DEFER pending further discussion.

CHAIR HOKAMA: Thank you, May Anne. Good luck on your new challenge and your new adventure. We appreciate you taking the responsibility.

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MS. ALIBIN: Thank you so much, Chair and Councilmembers.

CHAIR HOKAMA: Okay. Thank you.

**ITEM 53(12): CONTRACTS AND GRANTS: APRIL 2016 (DEPARTMENT OF
WATER SUPPLY CUSTOMER AND BILLING SYSTEM
CONVERSION PROJECT (QUE BUSINESS SOLUTIONS LLC))**
(Contract WC0869)

CHAIR HOKAMA: Okay. We're gonna bring up BF-53(12). This is under Contracts and Grants: April 2016, under the Department of Water Supply Customer and Billing System Conversion Project, Que Business Solutions LLC. We'll ask Mr. Taylor to join us. So I'm gonna ask Mr. Baz if he has any comments he'd like to share with us at this time.

MR. BAZ: Mr. Chair, no, we just have our Director of Water Supply to discuss the water billing system conversion project. The contract that's listed is for project management for this project. It's not the actual billing system contract but Mr. Taylor can describe what's going on with this and then as an update for the whole project itself.

CHAIR HOKAMA: Thank you so much. Director Taylor, good morning.

MR. TAYLOR: Good morning, Chair.

CHAIR HOKAMA: We'd be happy to hear any comments you may have regarding this project.

MR. TAYLOR: Just for clarity, Chair, would you like me to discuss this particular contract first or would you like me...

CHAIR HOKAMA: Yes, yeah, particularly the contract. That's what we listed, the WC0869, please.

MR. TAYLOR: Okay. This contract is a project management contract that we hired a former employee, Ms. Brenda Lee, who was our Accountant III, our senior accountant. She was also previously the Deputy Finance Director in the past to be the project manager of the billing system conversion. For any software conversion such as this the project manager usually knows the technology and also knows the business process. So she was really the only one we had on staff who had both those skill sets. I think most of you will remember we had been moving forward earlier, a couple of years ago, trying to move forward with the billing system conversion. One of the reasons we were pushy on that is we knew Ms. Lee was going to retire and we were trying to get it initiated before she left. Turned out that didn't work out but luckily she was willing to come back as a consultant. So she has been instrumental in being the project manager. We administer this contract as a \$75-an-hour time project. She's just on a standard, as per the fiscal officer, she comes in when she's needed and she gets that approved on a weekly or bi-weekly basis how many hours she'll work and we pay her a flat rate

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of \$75 an hour. This is really just a not-to-exceed contract. Her duties are to project manage at our weekly or bi-weekly direction.

CHAIR HOKAMA: Okay. Thank you for that. Members, I'm gonna ask to see if you have any questions you may wish to pose at this time to Mr. Taylor. Mr. White, any questions for Mr. Taylor?

VICE-CHAIR WHITE: The first question I would have is how much time do you feel is gonna be required of Ms. Lee at this \$75 rate?

MR. TAYLOR: The billing system conversion went online about three weeks ago so we are currently processing our own bills. We're still working on some future reports and things like that that are gonna be necessary to have the system be stable. So exactly how much more we need really depends on probably the next future contract with maintenance and report writing and how much help we need for that. So we don't foresee having to extend this contract. I doubt we'll pay out all of the money in this contract. So I don't foresee any more, but exactly how much I don't know.

VICE-CHAIR WHITE: Do you know how much has been paid out so far?

MR. TAYLOR: You know, I didn't have the time to put that together. I don't know if...Mr. Baz, do you have access to that information for the contract account? Sorry, I didn't recall. I didn't think to bring that information.

VICE-CHAIR WHITE: Okay. So if you could share with us when did she start working on this, when did the conversion begin? Was that three weeks ago? Or no, you went online three...

MR. TAYLOR: It went online three weeks ago. So she retired at the end of last year and this contract was executed July 6th of this year so she started immediately at that time.

VICE-CHAIR WHITE: Okay.

MR. TAYLOR: And she had been laying the groundwork for this while she was still our employee. So she was the one back in 2015 who was doing all the legwork about different options, et cetera, et cetera. So she had been the project manager when she was on staff so when she left there was really no project manager. We were trying to just do the best we could without her and then as soon as we got her back on board, she took back that role.

VICE-CHAIR WHITE: At \$75 an hour, that's a monthly amount of about 13,000, a little over \$13,000, if my calculation is correct. So how much longer do you think she's gonna be working on this portion of the contract?

MR. TAYLOR: First of all, let me say she is not working full-time so although it would be that amount if she was working full-time, she's not. She's, frankly I would say she's trying to do us a favor by getting this done. She's been vacationing and enjoying her

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retirement and we've been working with her to try to do this work at her availability. So again, exactly how much more time she has, it sounds like Mr. Baz has the numbers today so let me let him interrupt with that.

MR. BAZ: Yeah, thank you. Mr. Chair, looks like they've made two payments to her so far, I don't know if any of the other ones are pending, of about \$29,000 total.

VICE-CHAIR WHITE: And that's beginning of July?

MR. BAZ: Correct.

VICE-CHAIR WHITE: Okay.

MR. BAZ: Up to probably September 30th. The books closed for September 30th already so.

VICE-CHAIR WHITE: Okay. And, Chair, I don't know if the other contract is up for discussion 'cause since it's not on the agenda, but...

CHAIR HOKAMA: What I was gonna tell the Committee, Mr. White, is on your upcoming agenda on Friday, there is additional communication as it regards to this item. So I was gonna recommend, I can say now, I'm gonna recommend deferral of this item so that we can send to Committee on Friday's Council meeting those additional communications because there is already a request, as I understand it, for an amendment to increase the compensation. So I'm gonna have a timeline created by Staff, including all procurement requirements and what was done or not done, because my understanding is that this person retired on December 30th and was hired on January 1st. So we'll see by the documentations whether or not we have an issue to pursue with the Department.

VICE-CHAIR WHITE: But the question I had was on the overall contract for the new billing system because I know that we had had questions and...

CHAIR HOKAMA: We have that in Committee?

MS. YOSHIMURA: Mr. Chair, that's a contract that's on the Friday Council agenda for referral.

CHAIR HOKAMA: Okay.

VICE-CHAIR WHITE: Okay.

CHAIR HOKAMA: So we'll request that contract be sent to this item.

VICE-CHAIR WHITE: Okay.

CHAIR HOKAMA: To this --

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VICE-CHAIR WHITE: Thank you.

CHAIR HOKAMA: --Committee item.

VICE-CHAIR WHITE: Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you. Yeah. Okay. Ms. Crivello, questions at this time?
Mr. Couch? Ms. Baisa?

COUNCILMEMBER BAISA: No, thank you.

CHAIR HOKAMA: Okay, we are gonna take a break. We'll be back in ten minutes.
. . . *(gavel)* . . .

RECESS: 9:56 a.m.
RECONVENE: 10:06 a.m.

CHAIR HOKAMA: . . . *(gavel)* . . . We shall bring this...excuse me. We shall bring this meeting back to order. Members, regarding item BF-53(12), which is the Que Business Solutions subheading under Department of Water Supply, with no objections, we shall defer that item.

COUNCILMEMBERS: No objections.

ACTION: DEFER pending further discussion.

ITEM 53(5): CONTRACTS AND GRANTS: JUNE 2015 (MAPPS – MAUI'S AUTOMATED PLANNING AND PERMITTING SYSTEM (TYLER TECHNOLOGIES, INC.)) (MISC.)

ITEM 53(14): CONTRACTS AND GRANTS: JUNE 2016 (MAPPS – MAUI'S AUTOMATED PLANNING AND PERMITTING SYSTEM (TYLER TECHNOLOGIES, INC.)) (MISC.)

CHAIR HOKAMA: Thank you. We are gonna bring up jointly, at this time, BF-53, both dash 5 and dash 14. Both relates to the MAPPS projects or the what is called Maui's Automated Planning and Permitting System under Tyler Technologies, Inc. So at this time, we are going to ask Mr. Baz for any opening comments he may have on this item.

MR. BAZ: Thank you, Mr. Chair. No opening comments. We have our Chief Technology Officer Jacob Verkerke here to, who's been managing the project, as well as our Deputy Managing Director David Ching, and then also our Property Tax Administrator Scott Teruya, who is very heavily involved in this project as well.

CHAIR HOKAMA: Okay. Thank you. Mr. Verkerke, good morning.

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MR. VERKERKE: Good morning, Chair. Good morning, Members.

CHAIR HOKAMA: Why don't you give us a update please regarding the MAPPS project?

MR. VERKERKE: I'd be happy to. As you may know, the MAPPS project seeks to accomplish two things. First of all, to replace the aging KIVA system that's been handling our building permits and development management functions. And also to create an enterprise GIS capability to build that architecture out because as we learned over the years, replacement applications for the KIVA system that we've had all assumed there to be an enterprise GIS capability and we were really not in a good position. So those two main tasks have, were started with the signing of the contract in June of 2015. And over the last year and a half we've been hard at work at that. The GIS, enterprise GIS architecture construction is the task we need to complete first even though we're working on the replacement of KIVA by the EnerGov system from Tyler Technologies because to fully implement and develop the EnerGov system, we need to have that enterprise GIS in place. There are at least six departments involved with the building of the GIS enterprise and even more departments involved in very good cooperation in designing the workflows and processes for the EnerGov system that will handle our permitting and land development tasks. All in all we believe that this project will be, and I'm using a buzz word that seems to be very popular these days, transformational for the County of Maui because it forces us to accelerate a number of initiatives that we've been kicking around to upgrade our technology environment. One of those aspects besides the GIS is also the introduction of Active Directory as a component of the security that we need to apply to these systems to make sure that the information is available to people that need to have it and some of it is of a more sensitive nature so we need to make sure we can restrict that. The geospatial component, the enterprise GIS will improve access by County employees and the public to geospatial information and it's obvious to most people that map information, that geospatial information is really at the foundation of most of what the County does. Other transformational aspects of this project will be the introduction of electronic plans review for the various departments, improve access by customers through online capabilities so that they can submit applications, so they can participate in plans review online. So that they can create a status of applications without having to try and reach somebody in the offices over the phone or in person. It will trigger some policy decisions the County needs to make; the most obvious and most immediate one is the discussion that has started in its initial stages about accepting electronic signatures on documents internally and from the outside, which again will hopefully will reduce the reliance on paper submittals. It usually just tends to cost a lot of money and slow things down quite a bit. As I mentioned, there's a lot of departments involved in this project and I've been extremely pleased to see how well the cooperation is developing and how well people are learning to think and look at this from an enterprise perspective and not just from the traditional concern with their immediate functions and responsibilities because the recognition is taking a firm hold that what happens in one department has an impact on another department. And we're able to develop workflows and geospatial data management in a way that it benefits everybody and it will improve the quality and reliability of the information that's being developed

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and maintained. We've also had conversations and presentations to people outside the County, community. We have had conversations with people in the construction industry. I think there's a meeting coming up later this week with representatives of the real estate industry, if you will, and similarly with architect and engineering organizations. They all have, of course, a keen interests in what it is that we're building because they are the prime users outside, they're the customers of the system outside the County. There's a lot of good dialog happening. We've learned that some of the technologies that we're looking to introduce, specifically for plans review, is already or some of those are already in use in local contracting firms so we're very excited about that. We can learn from them and we can also design our workflow and our processes such that we can leverage the fact that the same technology is being used on both ends of the information exchange. They have an interest in working with us improving the process. And I believe everybody recognized that there's improvements to be made on both sides of that equation of, you know, where is the problem, both on the County side and on the applicant side. So we're very excited. We have time to work on that. The project is scheduled to finish in the middle of 2018 so we're in the process of developing a lot of these workflows where this conversation can have a positive impact. Where we're at with things - the enterprise GIS is in my opinion a few months away from going live. We have learned that we need to pay more attention than we initially had expected on the governance to make sure that everybody has agreed to, you know, the rules of the game so to speak so that everybody applies the same standards and goes through the same process to take newly developed or newly updated information and promote it to the published data set. Make sure that we have quality control in place, that we have good oversight to make sure that the quality that we are hoping to achieve can be sustained. On the EnerGov side, we have completed a prototyping phase which was designed to take the team through the entire implementation process for a limited set of processes. That proved to have been a very appropriate decision because we have learned very much about the process and we can make adjustments now that we are getting ready to go through the same exercise with the remaining, the bulk of the various permit workflows and what have you. The contractor has learned a lot about us, we have learned about the contractor so we will have a set of lessons learned that we can apply to make sure that the end result is indeed everything that we signed up for. Challenges - there are plenty with a project of this scope. The most prominent challenge that we are dealing with every day is staff resources within the departments because unfortunately we are not in a position to pull people away from their normal workload and dedicate them 100 percent to this project which would have been nice because the project would use up a lot of staff time. So we're having to stretch things out a little bit and we're dealing with some staff departures in various departments so that is and will continue to be the biggest challenge. From my perspective, another big challenge is managing the project budget and I'm just gonna float a balloon here in advance of the Budget cycle coming up, the law of unintended or maybe there were intended consequences, I'm not sure, but it's really playing havoc with how we manage the funding for this project because of the restrictions with A, B, and C. We have a pot of money for the project in the C section but a lot of the expenses, you've provided me funding to pay both the contract with Tyler and to purchase equipment and licensing that are not part of the contract. Like for the electronic plans review, that's a

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product that Tyler doesn't sell but they integrate with it so we need to buy that on the side and a lot of those purchases do not necessarily fall in the C Account. They're in B Account, we need some professional services to help us out, catching up on skill sets and what have you. So what I'm...and I've been talking to Sandy about this also, what I would like to suggest and we're having conversations of perhaps submitting a Budget amendment for this year but definitely for future projects we'll have HR payroll coming up that's gonna be struggling with the same thing. Rather than putting an A, B, C restriction on it, perhaps we can take that funding and proviso it for just the funding but let us use the money and manage it as we need to to accomplish the goals of a particular project like that. I think it would still give you the control and the oversight of the particular allocation of funding but it would untie my hands to a large degree in making sure that the money is spent in the best way possible. So that's a challenge we're dealing with in this project. The other, from a funding perspective, the other challenge we have is the, you know, we had to make best guess estimates for some of these external costs like the additional licensing and equipment that we need and we're not through costing all of that out but so I'm hoping that the total budget will prove to be enough but we have some unexpected expenses. Yeah, and one of the unexpected expenses in the context of the GIS we're, of course, integrating and building the enterprise GIS on the foundation that's been built in real property tax, the parcel fabric as it's called, is really what everything else resides on. And we're learning through working with them and through applying the expertise that Esri is bringing to the table, helping us build this that there is a need for a clean-up. We want to start with the best possible set of information. That's an expense we didn't anticipate so we will need to find a solution for how to fund that. And there's a number of ways and I don't know if this is the time to get into great detail but as always we can deal with that but those are some of the things that will have an impact on the total budget for this project. In the future, the opportunities, I believe that we're building an enterprise GIS architecture that will provide an opportunity to deal with the challenges that you've been struggling with on adopting a digital zoning map. I believe that we can build the security in that and the functionality to help you overcome the concerns that you have with that. We also believe that the enterprise GIS will be a foundational capability for many information systems that the County will use and of course, first and foremost will be iasWorld, your appraisal system that can leverage, you know, a more comprehensive GIS system. And of course the end result should be more accurate, more comprehensive data all around. For MAPPS, the EnerGov side of the house for permitting, we believe the future opportunities that this project will offer will be a more consistent and timely response from County departments to questions and concerns from the public and applicants and to improve the approval process due to the cooperation within departments and with the industry that we're looking to build through this project. And that's all I have for now and I'd be happy to answer any questions you may have.

CHAIR HOKAMA: Thank you, Mr. Verkerke. We appreciate your report to the Committee; some of your challenges and some things you've been able to work through. So thank you very much for that. Mr. White, questions for Mr. Verkerke at this time?

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VICE-CHAIR WHITE: Thank you, Chair. Yeah, I've got a couple questions. The first is will there be a point in time where you can provide us with a PowerPoint description of what is gonna be the system capacity for internal and external use? Because I think it's...and it's a very exciting and I think I would agree with your transformative perspective but I think it would be great if we can at least start putting things on the screen here so the public can see what's coming and at least have a chance to get involved and get somewhat excited about what's going on.

MR. VERKERKE: Mr. White, yeah, we had started conversations with Committee Chair Cochran for IEM. We come before her a couple times a year to give an update on a number of IT projects and MAPPS was gonna be part of that. We're hoping to be on the calendar in mid-November so that --

VICE-CHAIR WHITE: Good.

MR. VERKERKE: --might be a good opportunity to put something together for you on that.

VICE-CHAIR WHITE: Okay. Great. And the other comment that I wanted to make is that with your, you know, your concerns about the A, B, and C Accounts is certainly understandable. But I think Mr. Baz and Chair Hokama have been very, you know, flexible in putting those types of concerns on the agenda and dealing with the needs of the various departments. So we'll look forward to getting that back. The other question I had for you was with respect, I'm assuming that the digital mapping that we've been working on for years is gonna be part of the MAPPS system since it deals with zoning and all kinds of other elements being available online. One of the questions I had was whether or not, you know, we have the Dead Sea Scrolls project that the Planning Department has been working on, is that going to be brought before this body in time for the MAPPS rollout so that all the mapping is accurate and all the zoning and other documentation by parcel is up to speed?

CHAIR HOKAMA: Mr. Verkerke?

MR. VERKERKE: Thank you, Chair. Mr. White, I definitely hope so. And we want to leverage the gap between go-live dates for the GIS project and the MAPPS project. There is probably, you know, about a year and a half in between. So what our first goal right now is to get that enterprise GIS architecture go-live. It won't have the Dead Sea Scrolls project in there because that's not so much a GIS technical issue as it is a decision for this body to adopt a particular set of approaches to the digital maps. What we hope is that having suit up the enterprise GIS will give an opportunity for the body to learn what the capabilities and limitations are and hopefully the capabilities will outweigh the limitations and there'll be comfort with the various approaches we may suggest as to how to handle the Dead Sea Scrolls. And I hope that we can accomplish that well before going live with MAPPS so that the benefits of that will extend to the organization even in advance of MAPPS going live, but definitely it'd be a shame if we haven't resolved that issue --

VICE-CHAIR WHITE: Right.

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MR. VERKERKE: --by the time MAPPS goes live.

VICE-CHAIR WHITE: Yeah, it's gotta be resolved so. Okay. Thank you. Thank you, Chair.

CHAIR HOKAMA: Thank you. Ms. Crivello? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And I would request that Mr. White get out of my head. That was the question I was --

CHAIR HOKAMA: Please.

COUNCILMEMBER COUCH: --gonna ask him as well. So you're saying that you need the data from the Dead Sea Scrolls project before you get MAPPS going or you would rather have MAPPS going? I'm not quite sure what order you prefer.

MR. VERKERKE: Well, Mr. Couch, the foundational design of EnerGov, the product we've selected to be that MAPPS system for us assumes that a lot of that geospatial information is available and present.

COUNCILMEMBER COUCH: Gotcha.

MR. VERKERKE: So that we can build decision rules within the system based on zoning or being in an SMA or being within 500 feet of a church or school for different applications so having accurate zoning information available for these rules to work is going to be very important.

COUNCILMEMBER COUCH: Okay.

MR. VERKERKE: So we want to have that in place if at all possible before we go live.

COUNCILMEMBER COUCH: Okay. So that project is more of a outside project that you're just waiting for the data?

MR. VERKERKE: Sort of but we recognize that what we're building with the GIS enterprise CS architecture is hopefully going to provide some mechanisms to allow the Dead Sea Scrolls project to move forward. 'Cause I think right now we're concerned about security and things.

COUNCILMEMBER COUCH: Okay. Mr. Chair, in that case, I would like to request an item, you know, I guess a letter to the Chair or the appropriate Committee, which I think would be Planning, to see the status of the Dead Sea Scroll project.

CHAIR HOKAMA: I'm gonna make comment on that so after I make my comments to you on these items you can let me know whether you wanna pursue that or not.

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COUNCILMEMBER COUCH: Okay. And, Mr. Verkerke, also thank you for your comments and, Members, that this just goes to show that this project is very important for our electronic infrastructure and that's why it is that the whole Department has been moved to Infrastructure, you know, issues from the Department had been moved to the Infrastructure, IEM Committee because, you know, it's just like roads now. It's our infrastructure so I appreciate the Members' thoughts and whatnot on this whole project and the MIS in general or ITS in general so thank you.

CHAIR HOKAMA: We appreciate your comments, Mr. Couch. Ms. Baisa?

COUNCILMEMBER BAISA: No questions, but I would like to say thank you for the progress report. This is really important and it's nice to see that progress is being made. Thank you.

CHAIR HOKAMA: Thank you. Mr. Carroll? Any questions, sir, at this time? As your Chair, let me just tell you the interesting for this Committee is how it morphs, a project morphs. This originally was a sole-source contract request for Police Department only, as I understood it, under lifecycle managed services for the County, mobile, data, terminal procurement, installation and support. And then we gave an original appropriation of \$1 million. The sole-source contract cost came in at \$1.394 million. The contract was amended to increase by \$1.966 million so that is how you reached today's number of 2,966,170 which is \$1.571 million over and above the contract amount stated in the notice of sole-source regarding this project. So we are going to do a timeline and go through every step of this project. But I would to say a few things. I look forward to the capabilities of the in the parameters that Mr. Verkerke shared. It's an exciting time. By this point in time, the only Department I have confidence in implementing this is Finance and DM...RPT. Okay. So I'm not gonna have this go into Department of Management, this project. Not if they want \$1 from me. RPT is gonna need to set the initial fabric and foundation of what we're gonna get. Planning better get their butts and do their own overlay ready. And they can work with Mr. Verkerke. But no excuses from the other departments. I expect results, not problems, and I expect things to come within the parameters of funding and contract requirements or I'll be one unhappy Chairman. Questions, Members, to the Chair? Mr. Couch?

COUNCILMEMBER COUCH: Yeah. I'm not sure where you got that it was initially a mobile, the Police system. I'm not sure if that is...

CHAIR HOKAMA: This is as it regards to our findings regarding contract 5823 from Purchasing. So we'll be happy to share our findings with the Committee. And you can verify it or you can dispute it with the Chair.

COUNCILMEMBER COUCH: Yeah. It's my understanding it was a completely different project when it first came out. I mean it's always been 'cause I've been on this...

CHAIR HOKAMA: Well, that's why we are going to --

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COUNCILMEMBER COUCH: Yeah.

CHAIR HOKAMA: --take it step by step, Mr. Couch.

COUNCILMEMBER COUCH: Yeah. And the other comment about under RPT, I'm not quite sure what you mean by that because this is definitely a project that is, hits all the departments and I think....

CHAIR HOKAMA: And I can tell you I don't have confidence in all the departments. Okay.

COUNCILMEMBER COUCH: That's understood. Completely understood. But it's one of those...

CHAIR HOKAMA: Until they can show me they can perform and restructure or how they can have a plan of implementation, they can whistle in the wind because it's not gonna happen through this Chair.

COUNCILMEMBER COUCH: Well, okay. I respectfully disagree with that completely. It's the wrong place.

CHAIR HOKAMA: That's fine. That's fine.

COUNCILMEMBER COUCH: It's absolutely the wrong place because you're gonna have people from RPT dictating to all other departments on what they need to do.

CHAIR HOKAMA: They can dictate the base. They gotta do the base.

COUNCILMEMBER COUCH: You're talking the base data?

CHAIR HOKAMA: That's right. ...*(inaudible)*...

COUNCILMEMBER COUCH: No, yeah, the base data is fine. But the project itself.

CHAIR HOKAMA: I'm not talking about the other, the departments have to do their own overlays --

COUNCILMEMBER COUCH: Yeah.

CHAIR HOKAMA: --and be responsible for that information. I don't have a problem with that.

COUNCILMEMBER COUCH: Okay.

CHAIR HOKAMA: They just better perform and be on time.

COUNCILMEMBER COUCH: Yeah. But the project itself needs to be way above all the other departments.

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CHAIR HOKAMA: Not until that Department can show they know what the hell they doing. And that's Department of Management. Okay?

COUNCILMEMBER COUCH: Alright.

CHAIR HOKAMA: I have no confidence in that area.

COUNCILMEMBER COUCH: Thank you, Chair.

CHAIR HOKAMA: Anything else?

MR. VERKERKE: Mr. Chair, may I make a comment?

CHAIR HOKAMA: Mr. Verkerke?

MR. VERKERKE: The contract C5823 was established through an open competitive process. We issued an RFP and selected a vendor. There was never a sole-source aspect to this contract. So --

CHAIR HOKAMA: Okay.

MR. VERKERKE: --I'd be...

CHAIR HOKAMA: So thank you for that. We are going to verify everything, Mr. Verkerke. 'Cause that is what I was told regarding this from Purchasing.

MR. VERKERKE: Okay.

CHAIR HOKAMA: So we're gonna, that's why, we're gonna verify everything. If you're correct, we're gonna make the appropriate corrections and share that information with the public and the Committee Members.

MR. VERKERKE: Thank you.

CHAIR HOKAMA: Mr. Baz, anything?

MR. BAZ: No, Mr. Chair, unless you wanted, Chair White had mentioned, you know, what is it that we're buying. I did...

CHAIR HOKAMA: Oh, you have a video?

MR. BAZ: Yeah, I did find out about a three-minute video of EnerGov, kind of an overview.

CHAIR HOKAMA: Is that available?

MR. BAZ: If you can get the TV to be turned on?

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CHAIR HOKAMA: Okay, we're going take a recess so we can accommodate --

MR. BAZ: Just one minute.

CHAIR HOKAMA: --the screen. . . . (*gavel*) . . .

RECESS: 10:34 a.m.
RECONVENE: 10:35 a.m.

CHAIR HOKAMA: . . . (*gavel*) . . . We shall return to order and we'll ask Mr. Baz if he would introduce the video.

MR. BAZ: Thank you, Mr. Chair. This is from Tyler Technologies. It's on their EnerGov website as a product overview. I thought it may be beneficial to the Councilmembers to take a look at it. It's about three minutes.

CHAIR HOKAMA: Okay. Thank you.

MR. BAZ: Except for my computer just crashed. Hold on.

VICE-CHAIR WHITE: Well, you got the IT guy right next to you.

MR. BAZ: Try it one more time.

TYLER TECHNOLOGIES, INC. VIDEO: To enable local governments to be more efficient, accessible, and responsive to the needs of the citizens, that's not just what we do, that's all we do in partnership with more than 11,000 local government offices across the nation and abroad. Many of them already leverage the ability to plan, permit, and license through Tyler Technologies' solutions, but there's room for more. Consider the ways EnerGov helps you succeed in connecting, forecasting, planning, mobility, and public engagement. We know it's a challenge to keep various agencies connected and productive, yet EnerGov makes it effortless. With a paperless plan review function, plans can be changed and reviewed electronically. The shared data platform also facilitates a more streamlined workflow, fiscal transparency, and real-time accurate information among agencies wholly within an electronic environment. Get smart, get organized, and get connected with ease and efficiency. What sets EnerGov apart is infused GIS technology. When coupled with spatial analytics, the synergy creates a unique visual experience in data interpretation. Emerging relationships, patterns, and trends allow you to plan and forecast as your agency evolves. And real-time route planning gets you from point A to point Z and all points in between. EnerGov's industry-leading GIS technology generates multi-dimensional views of assets to help you track information, plan, and forecast and user-friendly dashboards help configure information right-sized for your agency. Key performance indicators focus your daily goals while powerful tools and real-time metrics give you more control. EnerGov redefines high-touch by going mobile. Groundbreaking iPad apps give you the mobility and flexibility you need to manage permitting, enforcement, work orders, and

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the plan review process in the field with 100 percent up-time; even when you don't have Internet connectivity. With a phone call or click, citizens can efficiently schedule inspections or needed repairs observed in your community. And with EnerGov, automated public announcements, notifications, and alerts keep your citizens informed in real time. At Tyler Technologies, we know what you need in the public sector and we place the power to serve in your hands. Experience planning, permitting, and licensing in a new dimension. Experience EnerGov.

MR. BAZ: Thank you for the opportunity, Mr. Chair.

CHAIR HOKAMA: Thank you. Look like downtown Honolulu. Thank you for that. Members, questions for Mr. Verkerke, Mr. Baz? Mr. White, any last questions?

VICE-CHAIR WHITE: Not at this time. Thank you, Chair.

CHAIR HOKAMA: Ms. Crivello?

COUNCILMEMBER CRIVELLO: Not at this time.

CHAIR HOKAMA: Mr. Couch? Ms. Baisa?

COUNCILMEMBER BAISA: No thanks.

CHAIR HOKAMA: Okay. Members, we, I'm gonna ask to defer this items. I think, again, it's an exciting time for us and we all look forward to a better and improved ability to serve our businesses and residents so I look forward to this moving forward. With no objections, we'll defer this items.

COUNCILMEMBERS: No objections.

ACTION: DEFER pending further discussion.

CHAIR HOKAMA: Okay, those items are deferred. There being no further business before this body this morning, this meeting is adjourned. . . . *(gavel)* . . .

ADJOURN: 10:40 a.m.

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APPROVED BY:

A handwritten signature in black ink, appearing to read "Riki Hokama", is written over a horizontal line.

RIKI HOKAMA, Chair
Budget and Finance Committee

bf:min:161018:kt

Transcribed by: Kimberly Tabon

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CERTIFICATE

I, Kimberly Tabon, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 9th day of November, 2016, in Kahului, Hawaii

A handwritten signature in black ink, appearing to read "Kimberly Tabon", written over a horizontal line.

Kimberly Tabon