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**HAWAI'I COUNTY COUNCIL
COMMITTEE ON FINANCE
34th Session**

DATE: April 19, 2004 (Monday)
PLACE: Councilroom
TIME: 9:00 a.m.

(Note: Please turn cell phones, pagers and other mobile communication devices on silent mode.)

CALL TO ORDER

STATEMENTS FROM THE PUBLIC ON COMM. 588

REFERRAL

Comm. 588: **APPOINTMENT OF PASTOR ERNIE CRUZ TO THE COUNTY OF HAWAI'I
POLICE COMMISSION**
Close file

From Mayor Harry Kim, dated April 7, 2004, submitting for confirmation the nomination of Pastor Ernie Cruz of Council District 5 to the County of Hawai'i Police Commission. A 30-year resident of Hawai'i, Pastor Cruz serves as the Pastor with the New Hope Christian Fellowship. A member of the Democratic Party, if confirmed he will serve a term to expire on December 31, 2008, replacing Mr. Walter Moe, whose term expired on December 31, 2003.

STATEMENTS FROM THE PUBLIC ON ITEMS ON THE AGENDA

REFERRALS

Comm. 8.27: **TRANSFER OF FUNDS - MARCH 16 - 31, 2004**
Close file

From Controller Deanna Sako, dated April 6, 2004, transmitting a Report of Transfers Authorized showing transfers made from March 16 through 31, 2004, and copies of the approved transfer forms.

- Comm. 572:
(Bill 254) AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF HAWAI'I FOR THE PURPOSE OF FINANCING VARIOUS PUBLIC IMPROVEMENTS OF THE COUNTY OF HAWAI'I; FIXING THE FORM, DENOMINATIONS, AND CERTAIN OTHER DETAILS OF SUCH BONDS AND PROVIDING FOR THEIR SALE TO THE PUBLIC; AND AUTHORIZING THE ISSUANCE AND SALE OF A LIKE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS
From Finance Committee Chair Aaron S.Y. Chung, dated March 30, 2004, transmitting the above bill authorizing the issuance of general obligation bonds not to exceed \$40 million for the purpose of financing critical and overdue highway construction and road improvement projects in North and South Kona, Puna and South Kohala.
Recommend passage of Bill 254 on 1st reading
- Comm. 573:
(Bill 255) A BILL AMENDING THE CHARTER OF THE COUNTY OF HAWAI'I (2000) TO REORGANIZE THE OFFICE OF THE COUNTY CLERK AND COUNTY COUNCIL BY ESTABLISHING AN INDEPENDENT AUDIT FUNCTION WITHIN AN OFFICE OF THE COUNTY AUDITOR
From County Clerk Al Konishi, dated March 30, 2004, transmitting the above bill. The intent of the proposal is to create an independent Office of the Legislative Auditor in order to improve County government efficiency, effectiveness and integrity. Under the proposed amendment, the Auditor would be appointed by the County Council for an eight year term and could only be removed for cause. Also, the powers of the Legislative Auditor would be augmented and the office's role more clearly defined.
Referred to PWIRC
- Comm. 573.1:
(Bill 255)
(Draft 2) From Council Chairman James Y. Arakaki, dated April 6, 2004, transmitting Bill 255, Draft 2, which incorporates or clarifies points made by State Auditor Marilyn Higa in her attached communication.
Same as above
- Comm. 575: MONETARY DONATIONS OF \$25 AND \$30 TO THE DEPARTMENT OF PARKS AND RECREATION FOR PROGRAMS AT THE PANA'EWA RAINFOREST ZOO, IN MEMORY OF MR. BERNARD SCHWAB, BY PATRICK AND PATRICIA MILLIGAN AND BY RUTH CHING, RESPECTIVELY
From Finance Director William Takaba, dated April 1, 2004, requesting approval of the above donation.
Recommends acceptance of above donations

Comm. 576:
(Bill 256)

AN ORDINANCE ADOPTING A PAY PLAN FOR PERSONS EMPLOYED BY THE COUNTY OTHER THAN THOSE WHOSE PAY IS OTHERWISE PROVIDED FOR, DESIGNATING PAYROLL PERIODS, PAY DAYS, PRESCRIBING REQUIREMENTS WITH RESPECT TO OFFICIAL FIDELITY BONDS, AND REPEALING ORDINANCE NO. 03-86 AND ALL AMENDMENTS THERETO, SAID ORDINANCE TO BE KNOWN AS THE SALARY ORDINANCE OF 2004

From Finance Director William Takaba, dated April 1, 2004, transmitting the above bill. Three significant changes from the Fiscal Year 2003-2004 Salary Ordinance are 1) Deletes Section 7.02(b) Office of Management in its entirety and renumbers subsequent items in Section 7.02. Classification action was taken to transfer the Immigration Information Specialist position from the Office of Management to the Information and Clerical Services Center and to classify the position; 2) Adds the Special Program Coordinator, SR-22 (B.U. 13) class of work as item #8 and renumbers subsequent items in Section 7.02(b) Office of Housing and Community Development. Office of Management; and 3) Adds Section 7.07 Department of Water Supply and the establishment of the Student Helper I and Student Helper II classes.

See next

Comm. 576.1:
(Bill 256)
(Draft 2)

From Council Chairman James Y. Arakaki, dated April 7, 2004, transmitting Bill 256, Draft 2, which adds one step to the compensation rates for the following exempt Council staff positions: Executive Assistant to the Council Chairperson (EA), Council Legislative Assistant (LR-1), Administrative Assistant to the Legislative Auditor (LS-2), Personnel/Senior Account Clerk (LS-1), Council Aides I, II, III (CA-1, CA-2, CA-3), Legislative Auditor Assistant I and II (LA-I, LA-II), and Legislative Auditor/Research Assistant (LA-II). Several personnel in the above positions have reached the top of the current compensation schedule. The last step of the Fiscal/Program Review Auditor compensation has not been reached. Also includes the compensation rate and pay grade of the Legal Specialist (a position requested for in the proposed FY 2004-2005 Operating Budget), which ranges from \$50,400 to \$72,192.

Recommends passage of Bill 256, Dr. 2, on first reading

Comm. 577:
(Res. 175-04)
Deferred

RESOLUTION AMENDING THE DISTRICT DISTRIBUTION FORMULA OF THE COUNTY OF HAWAI'I FUEL TAX PROGRAM

From Finance Director William Takaba, dated April 2, 2004, transmitting the above resolution. The existing district allocation formula equally divides the fuel tax revenues into two categories; TEA21 and Local Road Improvement. The Local Road Improvement category distributed funds among the tax map districts according to each district's percent of miles of local streets. The number of miles of highway improvement in each district has been disproportionate as there exists a higher material cost for highway improvement projects in North and South Kona, and portions of North and South Kohala and Ka'u. This resolution proposes an apportionment formula to be developed by the Department of Public Works that factors in any higher material cost for highway improvement projects.

- Comm. 578:
(Res. 176-04) RESOLUTION REPEALING RESOLUTION 99-01 AND AUTHORIZING THE DIRECTOR OF FINANCE TO ACCEPT THE RETURN OF REAL PROPERTY BEING PARCEL 11, SITUATE AT KAUHAKŌ, SOUTH KONA, ISLAND, COUNTY AND STATE OF HAWAI‘I, TAX MAP KEY:(3)8-6-009:011
From Finance Director William Takaba, dated March 29, 2004, transmitting the above resolution. Resolution 99-01 authorized the disposal of the above-mentioned parcel to the Department of Water Supply to build the Ho‘okena standpipe facility at the site. They have decided not to build the facility at the site.
Recommend adoption of Res. 176-04
- Comm. 583:
(Res. 178-04) RESOLUTION TO AMEND RESOLUTION NO. 37-03 BY INCREASING THE SQUARE FOOTAGE OF OFFICE SPACE IN THE KONA DRIVER LICENSE SECTION'S MULTI-YEAR LEASE (increases the square footage from 2,000 to 2,622 square feet and the monthly lease fee from \$4,584 to \$6,009)
From Finance Director William Takaba, dated April 7, 2004, transmitting the above resolution. After the Council's approval of the above lease, the Driver License Section began working with the landlord's architect to lay out a scaled floor plan for the facility. Several conditions listed which were not considered originally were later deemed necessary. Once the drawings were completed, it was found that the facility required more floor space.
Recommend adoption of Res. 178-04
- Comm. 584:
(Res. 179-04) A RESOLUTION APPROVING THE COST ITEMS DECIDED UPON BY AN ARBITRATION PANEL AFFECTING HAWAI‘I GOVERNMENT EMPLOYEES ASSOCIATION (HGEA) UNITS 02, 03, 04, 13 AND EMPLOYEES EXCLUDED FROM THOSE UNITS FOR THE CONTRACT PERIOD JULY 1, 2003 THROUGH JUNE 30, 2005
From Mayor Harry Kim, dated April 7, 2004, transmitting for Council action the above resolution in accordance with Sections 89-11(e) and (g), HRS. Cost items presented are across-the-board increases, step movements, and an increase in mileage reimbursement, and are payable in the last year of the proposed agreement. Attached exhibits are schedules showing the total cost of these various adjustments over the two years of the contract.
Recommend adoption of Res. 179-04
- Comm. 585:
(Bill 259) AN ORDINANCE AMENDING ORDINANCE NO. 99-41 OF THE COUNTY OF HAWAI‘I ADOPTED ON APRIL 12, 1999, AS AMENDED BY ORDINANCE NO. 00-56 ADOPTED ON MAY 17, 2000, RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS FOR THE PURPOSE OF FINANCING VARIOUS PUBLIC IMPROVEMENTS FOR THE COUNTY OF HAWAI‘I (increases the original amount from \$30 million to \$41,703,445)
From Finance Director William Takaba, dated April 6, 2004, transmitting the above bill. The amendment adds the following projects: Prosecuting Attorney's Office at Aupuni Center, Scottie White Bridge Replacement and Wood Valley Road Repairs, under the Authorization of Proceeds for Public Improvements.
Recommend passage of Bill 259 on first reading

- Comm. 589:
(Bill 260) AN ORDINANCE AMENDING CHAPTER 24, ARTICLE 4, SECTION 24-17 OF THE HAWAI'I COUNTY CODE 1983 (1995 EDITION), RELATING TO VEHICLES AND TRAFFIC (increases the annual weight tax rate for passenger vehicles and trucks and noncommercial vehicles from ½ cent per pound to ¾ cent per pound, and for trucks or commercial vehicles from 1 cent per pound to 2 cents per pound)
- From Council Chairman James Y. Arakaki, dated April 7, 2004, transmitting the above bill. The intent of the ordinance is to provide dedicated revenues to fund ongoing maintenance, resurfacing and paving of roads in the County. Based on current motor vehicle weight tax collections, it is estimated that the proposed increases will generate \$2,025,634 in additional annual revenue for the work of the Highways Division. Attached exhibits reflect the budgetary effect with and without the addition of 29 Laborer II positions, fringe benefits and equipment. Explains the rationale of considering a vehicle weight tax increase rather than the recently proposed fuel tax increase.
- Recommend passage of Bill 260 on first reading**

UNFINISHED BUSINESS

- Comm. 417.5:
(Bill 252)
Deferred AN ORDINANCE AMENDING ORDINANCE NO. 03-90, AS AMENDED, RELATING TO PUBLIC IMPROVEMENTS AND FINANCING THEREOF FOR THE FISCAL YEAR JULY 1, 2003 TO JUNE 30, 2004 (by adding the North Kona Sewer Improvement District project for \$100,000)
- From Finance Director William Takaba, dated March 23, 2004, transmitting the above bill. Resolution 129-03 directed the Director of Environmental Management to prepare for submission to the Council a broad regional sewerage master plan for the region north of Kealakehe and a specific detailed implementation plan for an improvement district. This appropriation will be used to conduct this study.
- Comm. 423:
(Bill 189)
Close file AN ORDINANCE AMENDING CHAPTER 2, OF THE HAWAI'I COUNTY CODE 1983 (1995 EDITION), BY ADDING A NEW ARTICLE TO PROVIDE FOR THE ESTABLISHMENT OF A SHIPPERS' WHARF COMMITTEE TRUST FUND
- From Finance Director William Takaba, dated November 19, 2003, transmitting the above bill. Informs of the history of the Shippers' Wharf Committee, which was legally dissolved in 1953. Administration of the corporation's assets was transferred to the Governor of the State of Hawai'i; and in April 2001, an Order of the Third Circuit Court transferred the duty of administering the Trust to the State Director of Finance with a provision that established a committee to review applications for trust fund disbursements and annual accounting by the Attorney General. In October of 2003, the Third Circuit Court approved the transfer of the fund from the State of Hawai'i to the County of Hawai'i and designated the Mayor as its Trustee. The establishment of this fund within the Hawai'i County Code allows the County to administer the funds of the Shipper's Wharf Committee Trust Fund, as instructed under the provisions of the April 2001 Order of the Third Circuit Court.

(Note: Comm. 423.1, also related to Bill 189, continues on the next page.)

- Comm. 423.1: From Finance Director William Takaba, dated December 1, 2003, transmitting for information the Hilo Shippers' Wharf Trust Inventory of all trust property for FY 2002-03. As of June 30, 2003, the total value of trust property is \$2,591,934.20
Close file
- Comm. 423.2: From Finance Director William Takaba, dated December 9, 2003, transmitting, as requested by the Finance Committee at its December 2, 2003 meeting, a packet with past court decisions, orders, and a decree related to the Shippers' Wharf Committee Trust.
Close file
- Comm. 423.3: From Legislative Auditor Constance R. Kiriu, dated April 6, 2004, transmitting a report on the Shippers' Wharf Committee Trust. On December 16, 2003, the Committee on Finance deferred Bill 189 and requested further research be conducted by the Legislative Auditor's Office. The subject matter was approached from three angles 1) the intent of the Hawai'i County Charter; 2) accounting and auditing; and 3) liabilities and risk management.
Close file
- Comm. 521: AN ORDINANCE TO ESTABLISH AN OPERATING BUDGET FOR THE COUNTY OF HAWAI'I FOR THE FISCAL YEAR JULY 1, 2004 TO JUNE 30, 2005
(Bill 237)

From Mayor Harry Kim, dated March 1, 2004, transmitting for consideration the proposed Operating Budget for the Fiscal Year 2004-2005, totaling \$246,596,820 in estimated revenues and appropriations (Part I-Volume I), and includes the operations of eleven of the County's special funds as well as the general fund. Also submitted is the Operating Budget Proposal Part I-Volume II, which describes departments and their programs, program objectives, highlights, program measures, expenditures and positions.
Recommend passage of Bill 237 on first reading
- Comm. 521.1: From Finance Director William Takaba, dated March 1, 2004, transmitting a booklet containing the reports entitled *Six Month Progress Report on Program Objectives for FY 2003-04* and *Final Status Report on Program Objectives for FY 2002-03*. The reports provide information to the Council so they may evaluate the program accomplishments for the first six months of the current fiscal year and for the last fiscal year, 2002-03.
Close file
- Comm. 521.12: From Prosecuting Attorney Jay Kimura, dated March 15, 2004, responding to the list of questions provided by the Legislative Auditor's Office at the Special meeting of the Finance Committee on March 12, 2004.
Close file
- Comm. 521.13: From the Department of Public Works, responding to questions provided by the Legislative Auditor's Office at the Special meeting of the Finance Committee on March 11, 2004.
Close file
- Comm. 521.14: From Marjorie Erway, dated March 16, 2004, supporting funding of \$82,729 for the Planner and Clerical positions in the West Hawai'i Caregiver Resource Center.
Close file

(Note: Related communications continue on the next page.)

- Comm. 521.16: From Executive Director of the Hawai'i Island Humane Society Ronald H. Jenkins, **Close file** dated March 16, 2004, responding to questions asked during his testimony at the Special meeting of the Finance Committee on March 15, 2004.
- Comm. 521.18: From Fire Chief Darryl Oliveira, dated March 31, 2004, responding to questions asked **Close file** during the Special meeting of the Finance Committee on March 11, 2004.
- Comm. 521.19: From Environmental Management Commissioner Hugh Ono, dated April 5, 2004, **Close file** supporting increases to the Wastewater and Solid Waste Division's Budgets.
- Comm. 521.20: From Chairperson of the Hawai'i Community Caregiver Network Faith Rossman, **Close file** R.N., dated April 2, 2004, urging the Council's support of funding for the Planner and Caregiver positions for the Kona Caregiver Resource Center.
- Comm. 522:
(Bill 238) AN ORDINANCE RELATING TO PUBLIC IMPROVEMENTS AND FINANCING THEREOF FOR THE FISCAL YEAR JULY 1, 2004 TO JUNE 30, 2005
From Mayor Harry Kim, dated March 1, 2004, transmitting for consideration the proposed Capital Budget for FY 2004-05, and the Capital Program for the next six years from Fiscal Year 2004-05 to 2009-10, consisting of 39 projects totaling \$46,839,000 (Part II). Attached are tables 1-9, list of projects, existing vs. new vs. replacement facilities, selection criteria, functional classification, proposed funding sources, lapse report, geographic distribution, capital program for FY 03-04 to 08-09, and fair share contributions (to be provided in the May submittal). Also attached are Figure 1, overall location map; and Figure 2, functional classification.
Recommend passage of Bill 238 on first reading
- Comm. 522.1: From Tom Pace of Hokukano Ranch, Inc., dated March 5, 2004, stating he is interested **Close file** in working with the County to provide 1.5 to 3 acres of property in Captain Cook for future fire and police facilities. The subject property is zoned for commercial uses (CV-7.5) along the highway, but the makai portion is zoned A-1a. Would also ask that the County initiate rezoning that portion to a Commercial Zone. States he would like to retain and rehabilitate the Old Kona Theatre, also located on the parcel, and would be interested in working with the appropriate agencies to salvage the building.
- Comm. 567:
(Bill 251) **Deferred** AN ORDINANCE AMENDING ORDINANCE NO. 03-90, AS AMENDED, RELATING TO PUBLIC IMPROVEMENTS AND FINANCING THEREOF FOR THE FISCAL YEAR JULY 1, 2003 TO JUNE 30, 2004 (by adding the Puainako Improvement District Project for \$100,000)
From Finance Director William Takaba, dated March 23, 2004, transmitting the above bill. The County Council recently adopted Res. 157-04, which directed the Director of Environmental Management to prepare for submission to the Council a broad regional sewerage master plan for the Waiakea region and a specific detailed implementation plan for an improvement district. This appropriation will be used to conduct this study.

Comm. 568:
(Bill 253)

AN ORDINANCE AMENDING CHAPTER 2 AND CHAPTER 18 OF THE
HAWAI'I COUNTY CODE 1983 (1995 EDITION), AS AMENDED, RELATING
TO ADMINISTRATION AND TO MASS TRANSIT

From Finance Director William Takaba, dated March 23, 2004, transmitting the above bill. The bill amends Chapter 2, Article 2, §2-7, by properly identifying the departments and agencies under the direct or administrative supervision of the managing director, instead of the Mayor, pursuant to the 2000 Charter Amendments. For consistency, it also amends Chapter 2, Article 14, by replacing "mass transportation" and "transportation coordinator" with "mass transit" and "mass transit administrator" respectively. Also amends Chapter 18, Article 1, Division 1, §18-4 to change the mass transit administrator position from exempt to civil service and to note it as the agency's chief administrator.

Recommends passage of Bill 253 on first reading

STATEMENTS FROM THE PUBLIC/ADJOURNMENT

The meeting place is accessible for persons with physical disabilities. Persons who need special accommodations to attend this meeting should call 961-8245 by **April 16, 2004**. Persons using TDDs may call 961-8521.

(Copies of this agenda and the communications are posted and filed at the County Clerk's Office, 25 Aupuni St., Hilo; the Office of the Mayor, 75-5706 Kuakini Highway, Suite 103, Kailua-Kona; and the Kona Councilmembers' Office, 77-6399 Nalani St., Suite 104, Kailua-Kona. For further information, please call 961-8245. Those wishing to testify, please register with the County Clerk's staff prior to the convening of the meeting. If possible, submit fifteen (15) written copies of the testimony to staff prior to the convening of the meeting.)

VIEWING OF MEETINGS ON GOVERNMENT ACCESS TELEVISION - Channel 52 (Hilo/Kona)
Finance Committee, Public Works & Intergovernmental Relations Committee and Human Services & Economic Development Committee meetings - Tuesdays, April 27 and May 4, 2004, at 8:30 p.m.;
Parks & Environmental Management Committee and Planning Committee meetings - Thursdays, April 29 and May 6, 2004, at 8:30 p.m.; and all five Committee meetings - Sunday, May 9, 2004, at 10:30 a.m.