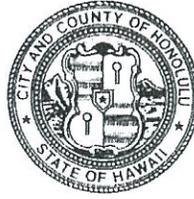


DEPARTMENT OF COMMUNITY SERVICES
CITY AND COUNTY OF HONOLULU

715 SOUTH KING STREET, SUITE 311 • HONOLULU, HAWAII 96813 • AREA CODE 808 • PHONE: 768-7762 • FAX: 768-7792

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2015 JAN 14 AM 8:19



GARY K. NAKATA
ACTING DIRECTOR

KIRK CALDWELL
MAYOR

January 13, 2015

The Honorable Ann Kobayashi, Chair
and Members
Committee on Budget
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

RECEIVED
2015 JAN 14 A 8:13
CITY COUNCIL
HONOLULU, HAWAII

Dear Chair Kobayashi and Councilmembers:

SUBJECT: Resolution 14-280 – Relating to Grants in Aid Fund

The Department of Community Services (DCS) acknowledges that the Grants in Aid Advisory Commission (Commission) has requested guidance on various policies, and that Resolution 14-280, Proposed CD1 (Reso 14-280) is intended to refine the Grants in Aid (GIA) process. However, DCS opposes Reso 14-280 as currently drafted for the reasons below.

The timing of this policy change, if applied to the current set of applicants, would be unfair to those who applied or decided not to apply, based on policies now in place.

Reso 14-280 has been placed on the Council agenda for consideration after the submittal of grant applications by applicants, and in the middle of such grant applications being scored by the Commission. The timing of this policy could be perceived as lacking fairness and inequitable treatment by applicants expecting that current policy would be applicable. Reliance on such expectation allowed the certainty under which applicants formulated strategy in crafting grant proposals and applications. For this reason, the Commission had earlier requested the Council to respond to requests for guidance by the middle of September, 2014, two full months before the application issuance date, so all applicants could begin the process aware of the rules in play and on an even playing field.

Resolution 14-280 negatively deletes the term “homeless persons” from the current policy as an example of “target populations deemed by the City to be most vulnerable” under the PUBLIC SERVICES category

DCS opposes the exclusion of homeless persons from target populations deemed most vulnerable by the City. Both the executive and legislative branches of city government have currently committed and proactively communicated to the general public the need to address homelessness. By deleting the term from GIA policy, this legislation could send the opposite message and negate the positive will created within the community this past year to address the plight of homelessness.

Reso 14-280 restricts grant awards to one per organization and in an amount no greater than \$125,000, and invites policy violation

Out of 119 applications submitted in the current cycle, 68 are for amounts greater than \$125,000.00. In order for the Commission to effectively score these proposals, the narrative justification, budget and deliverables would have to be revised and resubmitted by the applicants. For these applicants, this policy change creates an inequitable doubling of work in order for their proposals to be scored. In some cases, the proposals have already been scored by the Commission without adjustment of the grant amount, and thus this policy change would cause an unnecessary doubling of the work involved by the Commission, which is comprised entirely of volunteers.

Moreover, based on the additional work created for both applicants and the Commission, the already tight timeline to have the applications scored, tabulated, ranked and recommended by the Commission to the Council by the March 4, 2015 deadline set by ordinance, will most likely not be met. This would leave a process in violation of a statutorily set deadline, and subject each grant awarded to challenge for validity.

With respect to the requirement that each council district be awarded no less than \$250,000 in grants, Resolution 14-280 invites policy violation in requiring that such grants be made to organizations providing services that are specific and exclusive to the Council district

DCS staff applied this criteria to both FY15 and FY16 applicants, and for each grouping, the \$250,000 threshold was not met in two Council districts. Accordingly, this requirement greatly increases the probability that the selection process will violate City policy, and subject each grant awarded under such process to challenge for validity.

Resolution 14-280 invites policy violation when requiring that no less than 25% of the total available funding in any year be awarded in the Arts or Culture category

DCS staff applied these criteria to both Arts and Culture applications of FY15 and FY16 applicants, and for each grouping, there were insufficient grant amounts requested to equal 25% of the estimated grant fund. Accordingly, this requirement also greatly increases the probability that the selection process will violate City policy, and subject each grant awarded under such process to challenge for validity.

Further, the conjunctive "or" requires the 25% threshold be applied exclusively to either the Arts or the Culture category, resulting in an even higher probability that this threshold will not be met, subjecting all grants to challenge for validity.

The latter two requirements could result in low scoring applications inequitably vaulting over higher scoring applications

The application of the "exclusive to the council district" requirement can cause grant applications with poor scores to vault over grant applications with higher scores, causing an inequitable situation. Applied to FY15 data, two applications with scores of 72 and 73 would have received grants even though the cutoff score was an 80.

Likewise, applying the 25% threshold to Arts or Culture requirement can also cause grant applications with poor scores to vault over grant applications with higher scores, causing an inequitable situation. Applied to FY15 data, three applications with scores of 67.9, 67.9 and 68.9 would have received grants even though the cutoff score was an 80.

Taken to an extreme, it is not beyond the realm of possibility to consider applications scoring lower than 50% vaulting over solid applications scoring 80%.

Based on the foregoing, DCS recommends that the above two requirements be revised to apply only to qualified applications, defined as follows:

“Qualifying Applications” are defined as those applications scored by the Commission that have a score no less than 10% below the score of the lowest scoring application that was to be funded before these considerations are applied. For example, if the score of the lowest scoring application that was to be funded before these considerations are applied is 82.0, a Qualifying Application must have a score of at least 73.8 ($82 - (0.1 \times 82)$).

This is a definition that is provided in the current solicitation document, and would not be unfamiliar to applicants.

Summary

In summary, the Council's efforts are recognized and the spirit of this measure is commendable. However, applying the requirements proposed by Reso will cause undue burden on both applicants and Commission members, generate inequitable results, create a sense of impropriety, invite policy violation, and subject every award under the GIA program to challenge.

Accordingly DCS opposes this measure as drafted, and recommends its adoption be deferred until such time that the above issues can be resolved, resulting in a policy that is fair and equitable to all, without undue risk of grant awards being challenged.

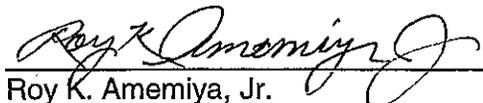
Should you have any questions, please contact Gary K. Nakata at 768-7760.

Sincerely,



Gary K. Nakata
Acting Director

APPROVED:



Roy K. Amemiya, Jr.
Managing Director Designate