



# CITY COUNCIL

CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII 96813-3077

## COMMITTEE ON BUDGET

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### Voting Members:

Joey Manahan, Chair  
Kymberly Marcos Pine, Vice Chair  
Carol Fukunaga  
Ron Menor  
Heidi Tsuneyoshi

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## MINUTES

REGULAR MEETING  
WEDNESDAY, JANUARY 23, 2019

COUNCIL COMMITTEE MEETING ROOM  
2<sup>ND</sup> FLOOR, HONOLULU HALE  
HONOLULU, HAWAII 96813

*Note: A copy of the video of the full proceedings of this meeting may be requested by calling the City Clerk's Office at 768-5822.*

### CALL TO ORDER

The meeting of the Committee on Budget was called to order by Committee Chair Joey Manahan at 9:22 a.m. Voting Members Fukunaga, Menor, Pine, and Tsuneyoshi were present at the meeting. Nonvoting Members, Interim Council Chair Kobayashi and Councilmember Elefante also attended the meeting.

### STAFF PRESENT

Mitchel Cabrerros, Legislative Aide to Committee Chair Manahan  
Alden Lum, Attorney, Office of Council Services  
Catherin Pligavko, Analyst, Office of Council Services  
Reid Yamashiro, Deputy Corporation Counsel, Department of the Corporation Counsel,  
assigned to the Committee  
Gail Murayama, Council Committee Aide, Office of the City Clerk

Prior to the commencement of the Order of Business, Committee Chair Manahan requested that pursuant to Hawaii Revised Statutes, Chapter 92, the item posted on the Agenda Addendum be placed on the committee's agenda for discussion purposes only. With no objections from the five members present (Manahan, Fukunaga, Menor, Pine, Tsuneyoshi), the "UPDATE ON THE STATE AND CITY AUDITS OF THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION" was added to the agenda following the action items.

## **ORDER OF BUSINESS**

### APPROVAL OF MINUTES

The minutes of the November 28, 2018 meeting of the Committee on Budget were approved as circulated.

AYES: FUKUNAGA, MENOR, PINE, TSUNEYOSHI, MANAHAN – 5.  
NOES: None.

### FOR ACTION

1. RESOLUTION 18-252 – COMMITTEE REPORT 12

APPOINTMENT OF KIM YOSHIMOTO. Confirming the appointment of Kim Yoshimoto to serve on the Grants in Aid Advisory Commission for a term expiring January 14, 2023.

The following amendment was posted on the agenda:

PROPOSED CD1 TO RESOLUTION 18-252 (Submitted by Councilmember Manahan) – The CD1 (OCS2019-0036/1/17/2019 4:00 PM) makes the following amendments:

- A. Throughout the resolution, changes all references to Kim Yoshimoto to Kimberley Wong Yoshimoto, which is the appointment's full name.
- B. Changes the phrase "RELATING TO" to "CONFIRMING" in the title of the resolution to comport with current drafting conventions.
- C. Amends the 6<sup>th</sup> WHEREAS clause to specify that David B. Monk's term expired on January 14, 2018 rather than on January 1, 2018.
- D. Makes miscellaneous technical and nonsubstantive amendments.

#### Administration/Others

Kimberley Wong Yoshimoto, Appointee  
Rebecca Soon, Deputy Director, Department of Community Services

There was no public testimony.

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Ms. Yoshimoto provided a brief summary of her experience and expressed her willingness to serve as a member of the Grants in Aid Advisory Commission.

Deputy Director Soon testified in strong support of Ms. Yoshimoto's confirmation.

Committee Member Menor voiced his support for Ms. Yoshimoto's confirmation.

Committee Chair Manahan recommended that the Resolution be amended to the posted CD1 version and reported out for adoption.

Resolution 18-252 amended to CD1 (OCS2019-0036/1/17/2019 4:00 PM) and reported out for adoption.

AYES: FUKUNAGA, MENOR, PINE, TSUNEYOSHI, MANAHAN – 5.  
NOES: None.

Related communications:

MM-150 (2018) Mayor Kirk Caldwell, transmitting draft resolution.

M-16 Early testimony for Resolution 18-252

M-28 Additional testimony for Resolution 18-252

2. BILL 73 (2018) – COMMITTEE REPORT 11

PARKING METER CHARGES AT PUBLIC PARKS. Establishing parking meter charges and time limits at public parks

The following amendment was circulated at the meeting:

PROPOSED CD1 TO BILL 73 (2018) (Submitted by Councilmember Manahan) –  
The CD1 (OCS2019-0035/1/17/2019 4:04 PM) makes the following amendments:

- A. Adds lines for the bill number and ordinance number in the upper right hand corner of each page of the bill.
- B. Makes miscellaneous technical and nonsubstantive amendments to comport the bill with current drafting conventions.

Administration/Others

Michele Nekota, Director, Department of Parks and Recreation (DPR)

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There was no public testimony.

Director Nekota testified in support of the Bill. The Director noted that the Bill would help ensure that parking spaces at public parks remain affordable and available for park patrons.

In response to Committee Member Fukunaga's question regarding the Bill's possible impact on Kamamalu Park and the DPR's partnership with the YMCA, Director Nekota stated that the Bill would not impact the parking area used by the YMCA.

Committee Chair Manahan recommended that the Bill be amended to the posted CD1 version and be reported out for second reading.

Bill 73 (2018) amended to CD1 (OCS2019-0035/1/17/2019 4:04 PM) and reported out for passage on second reading and scheduling of a public hearing.

AYES: FUKUNAGA, MENOR, PINE, TSUNEYOSHI, MANAHAN – 5.  
NOES: None.

3. BILL 74 (2018), CD1

PENALTY FOR ABANDONING A VEHICLE. Establishing certain provisions, including a set fine, for a person who has abandoned a vehicle on a public street or highway.

Administration/Others

Randy Leong, Deputy Director, Department of Customer Services (CSD)  
Abul Hassan, Licensing Administrator, CSD  
Major Darren Izumo, Honolulu Police Department (HPD)

Committee Member Fukunaga, the introducer, stated that the objective of the Bill is to reduce the number of abandoned vehicles on public roadways.

Deputy Director Leong thanked Committee Member Fukunaga for her work on the Bill but requested that the effective date of the Bill be amended to June 2020. The Deputy Director stated that the Department is currently working with the Traffic Violations Bureau (TVB) to ensure that the monies collected through the fines go to the City and not the State. The Department of Information Technology is also working to link the motor vehicle registration information to the driver's licensing database.

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Committee Member Fukunaga responded that the Bill, as currently drafted, envisions appending the City's fine to the police citation rather than having the fine be made a part of the citation itself.

Licensing Administrator Hassan stated that the Department supports the Bill but would like the additional time to ensure that the CSD is administratively able to comply with the provisions of the Bill.

Committee Member Fukunaga expressed her concern regarding the additional time being requested by the Department.

Major Izumo testified in general support of the Bill. The Major stated that the HPD is currently transitioning to an electronic citation system that would work in conjunction with the TVB's system. This collaboration, which should be in operation in mid-2020, should help the CSD with many of its concerns.

In response to Committee Member Menor's question regarding pre-emption, Licensing Administrator Hassan stated that the Department believes that Bill 74 would, in fact, complement State statute rather than duplicate it.

In response to Committee Chair Manahan's question regarding the State's willingness to divert the fines collected back to the City, the Licensing Administrator stated that the two entities are in conversation but have not yet come to an agreement.

Deputy Director Leong stated that the Department would provide the Council with updates during the interim period.

The following individuals testified:

1. Mihoko Ito, Enterprise Holdings

Ms. Ito requested that Bill 74 be amended to provide for a mechanism that would allow rental companies to work with the HPD and the CSD to pursue the renter of a vehicle for payments of the fines for abandoning a vehicle.

In response to Committee Member Fukunaga's question, Ms. Ito stated that data indicates that local residents are primarily responsible for abandoning rental cars.

In response to Committee Member Pine's suggestion that the Bill be amended to allow rental companies to collect its vehicles prior to the

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issuance of a citation, Ms. Ito stated that while rental companies would be open to such an amendment, the companies still feel that renters should be held responsible for the abandonment.

2. Lei Kema (comments)

Committee Chair Manahan questioned whether people who unintentionally or unknowingly leave a vehicle on a public roadway could contest the fine. Licensing Administration Hassan stated that the Department allows for ample opportunities to get a vehicle legally removed, and that fines would probably be imposed only on the most egregious violators.

Committee Member Fukunaga stated that she would work with Committee Member Pine and the representative of Enterprise Holdings to draft language that would meet everyone's needs. She requested that the Bill be held in Committee to allow discussion to continue.

Committee Member Pine stated that the City needs to get the message out that abandoning vehicles on public property will be dealt with harshly.

Committee Member Tsuneyoshi thanked the CSD for its assistance in addressing the abandoned car issue in windward Oahu.

Action on Bill 74 (2018), CD1 postponed until the February 6, 2019 Committee on Budget meeting.

AYES: FUKUNAGA, MENOR, PINE, TSUNEYOSHI, MANAHAN – 5.  
NOES: None.

Related communication:

M-12 Early testimony for Bill 74 (2018), CD1  
M-29 Additional testimony for Bill 74 (2018), CD1

4. BILL 77 (2018)

RELATING TO PUBLIC TRANSIT. Amending Chapter 13, Revised Ordinances of Honolulu 1990, to update and establish certain fares and user subsidies for the city bus system and for special transit services.

The following amendment was circulated at the meeting:

PROPOSED CD1 TO BILL 77 (2018) (Submitted by Interim Council Chair Kobayashi) – The CD1 (OCS2018-1114/11/26/2018 1:35 PM) makes the following amendments:

- A. In SECTION 2 of the bill, amends the monthly and annual bus pass fare for senior citizens to \$8.00 and \$45.00, respectively.
- B. In SECTION 3 of the bill, removes the reductions to the senior monthly and annual bus passes.
- C. Makes miscellaneous technical and nonsubstantive amendments.

Administration/Others

Wes Frysztacki, Director, Department of Transportation Services

Interim Council Chair Kobayashi stated that the CD1 version was introduced to reduce the bus fares for senior citizens and to make bus ridership affordable to everyone.

Director Frysztacki testified in support of the intent of the proposed CD1 version but requested that the Bill be amended to a) change the effective date of the fare structure table to July 1, 2019; b) delete the Section relating to bus passes for those with extremely low incomes; c) leave eligibility requirements unchanged to comply with federal regulations; d) leave Section 13-4.5 unchanged to comply with federal regulations; and e) change the effective date of the ordinance to July 1, 2019.

The Director further requested that the effective date for any inclusion of a low-income fare provision be July 1, 2021.

Director Frysztacki stated that the Department considers many guidelines when making recommendations on the fare structure. The Director emphasized that rates should not negatively impact compliance with the Americans with Disabilities Act or any audit findings, be easy to understand, and be logical, e.g. youth fares are uniformly set at half the adult fares.

Director Frysztacki further noted that the City's new Holo Card should provide data that was previously unavailable to the Department.

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In response to Committee Member Menor's question regarding the Department's position on the proposed CD1 version, Director Frysztacki stated that the Department has not had the opportunity to run the necessary algorithms on the numbers provided in the CD1 version.

In response to Committee Member Pine's inquiry regarding the potential revenue from the Administration's original fare structure bill, Director Frysztacki stated that a lower senior fare would result in a three to four million dollar difference.

In response to Interim Council Chair Kobayashi's question regarding the availability of federal funds, the Director stated that, while there are no Federal Transit Administration funds available, there may be some funding available to social service agencies that could provide some assistance.

The following individuals testified:

1. Bryan Mick, Disability and Communication Access Board (support)
2. David Bohn (oppose)
3. Donald Sakamoto, Citizens for a Fair ADA Ride (support)
4. Cheryl Soon, Rate Commission
5. Gary Nakamura (comments)
6. Gene Kreger (comments)
7. Rafael Marquez (comments)
8. Renee Ing (oppose)
9. Jim Brewer (comments)
10. Lei Kema (comments)
11. Barbra Armentrout (comments)
12. Rose Pou (oppose)
13. Joseph Wargo (oppose)
14. Roy Nakamura (comments)
15. Calvin Hulihee (comments)
16. Marian Kau (comments)
17. Tomas (comments)

Committee Chair Manahan recommended that the Bill be amended to the hand-carried CD1 version and thereafter postponed to allow the Interim Council Chair to discuss the Department's proposed amendments.

Committee Menor requested that the Department provide the Council with the potential impact on revenues should the proposed CD1 version be approved.

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Bill 77 (2018) amended to CD1 (OCS2018-1114/11/26/2018 1:35 PM) and action postponed until the February 6, 2019 Committee on Budget meeting.

AYES: FUKUNAGA, MENOR, PINE, TSUNEYOSHI, MANAHAN – 5.  
NOES: None.

Related communications:

D-32 Rate Commission (comments)  
D-33 Aliamanu/Salt Lake/Foster Village Neighborhood Board No. 18  
(comments)  
M-15 Early testimony for Bill 77 (2018)  
M-30 Additional testimony for Bill 77 (2018)

5. RESOLUTION 18-284 – COMMITTEE REPORT 13

AUDIT OF DPP'S PROCESSES FOR REVIEWING BUILDING PERMITS.  
Requesting the City Auditor to conduct an audit of the Department Planning and Permitting's processes for reviewing building permits for one- and two-family dwellings.

The following amendment was posted on the agenda:

PROPOSED CD1 TO RESOLUTION 18-284 (Submitted by Councilmember Ozawa) – The CD1 (OCS2018-1172/12/6/2018 4:20 PM) makes the following amendments:

- A. In the 7th WHEREAS clause, replaces the reference to Bill 64 (2018), CD1 with Ordinance 18-41.
- B. Clarifies that the City Auditor is being requested to conduct a performance audit.
- C. Adds a BE IT FURTHER RESOLVED clause that request the City Auditor complete the performance audit no later than one calendar year after the adoption the resolution, in accordance with Charter Section 3-114.2.
- D. Makes miscellaneous technical and nonsubstantive amendments.

Administration/Others

Edwin Young, City Auditor, Office of the City Auditor

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There was no public testimony.

City Auditor Young testified that the Auditor's Office had no objections to the Resolution.

Committee Member Menor requested that the audit also review processes implemented in other municipalities.

Committee Chair Manahan noted that he introduced the Resolution as a response to the issues such as the lengthy permitting process and monster homes.

Committee Member Pine stated that there have been a number of recent legislation passed that attempts to address the same issue and recommended that they be incorporated into the Resolution. Committee Chair Manahan stated that changes could be proposed in a floor draft.

Committee Chair Manahan recommended that the Resolution be amended to the posted CD1, with the understanding the further amendments are forthcoming by way of a proposed floor draft, and reported out for adoption.

Resolution 18-284 amended to CD1 (OCS2018-1172/12/6/2018 4:20 PM) and reported out for adoption.

AYES: FUKUNAGA, MENOR, PINE, MANAHAN.

NOES: None.

EXCUSED: TUSNEYOSHI – 1.

Related communications:

M-17 Early testimony for Resolution 18-284

M-31 Additional testimony for Resolution 18-284

6. RESOLUTION 19-2

EXTINGUISHMENT OF UNCOLLECTIBLE DEBTS OWED TO THE CITY.  
Relating to the extinguishment of debts owed to the City in excess of \$1,000 determined to be uncollectible by the Director of Budget and Fiscal Services.

Administration/Others

Manuel Valbuena, Deputy Director, Department of Budget and Fiscal Services

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There was no public testimony.

Deputy Director Valbuena testified that the Department would like to prepare a comprehensive city-wide listing of various accounts and requested the Resolution be deferred.

In response to Committee Member Menor's inquiry, Deputy Director Valbuena stated that prior administrations preferred to leave old accounts on the books rather than writing them off.

The Deputy Director stated that the BFS should be able to prepare a new list by the second meeting in February.

Action on Resolution 19-2 postponed until the February 27, 2019 Committee on Budget meeting.

AYES: FUKUNAGA, MENOR, PINE, TSUNEYOSHI, MANAHAN – 5.  
NOES: None.

Related communication:

D-806 (2018) Department of Budget and Fiscal Services, transmitting draft resolution.

7. RESOLUTION 19-9 – COMMITTEE REPORT 14

TRANSFER OF FUNDS (DCS). Relating to the transfer of \$597,225 between activities required to cover the matching funds for the City's Emergency Solutions Grant from the U.S. Department of Housing and Urban Development.

Administration/Others

Manuel Valbuena, Deputy Director, Department of Budget and Fiscal Services

There was no public testimony.

Deputy Director Valbuena provided a brief summary of the transfer and requested Council's approval.

Resolution 19-9 reported out for adoption.

AYES: FUKUNAGA, MENOR, PINE, TSUNEYOSHI, MANAHAN – 5.  
NOES: None.

Related communication:

D-22 Department of Budget and Fiscal Services, transmitting draft resolution.

### AGENDA ADDENDUM/SUNSHINE ITEM

#### FOR DISCUSSION

1. UPDATE ON THE STATE AND CITY AUDITS OF THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION.

#### Administration/Others

Edwin Young, City Auditor, Office of the City Auditor (OCA)  
Troy Shimasaki, Legislative Analyst, OCA  
Andrew Robbins, CEO and Executive Director, Honolulu Authority for Rapid Transportation (HART)  
Krishniah Murthy, Deputy Director, HART

City Auditor Young and Mr. Shimasaki provided an overview of the State's and City's audit reports, as detailed in Communications CC-19 and CC-20.

Findings of the State's audit included the following:

- The City prematurely entered into contracts based on an artificial timeline.
- Inaccurate reporting of project costs and completion schedule undermined the HART Board's oversight and eroded public confidence.
- There is no clear-cut policy delineating the decision-making responsibilities of HART and the HART Board.
- HART relies on too many third party consultants. Third party consultants often oversee and manage other third party consultants.

Findings of the City's audit included the following:

- Contracts were awarded prematurely.
- Contract amendments added millions of dollars to the original contract cost.
- Change orders were questionable and excessive.
- Change orders and contract amendments lacked adequate documentation.
- HART lacked internal controls to minimize costs and prevent delays.

Discussion between Committee Members, the City Auditor, and representatives of HART provided the following additional information:

- HART's Chief Operating Officer (CFO) has left the City for a State position. HART will be hiring a new CFO.
- HART is unique in that it is a one-project entity. This makes hiring professional staff difficult.
- Much of HART's staff has been hired through one-year personal services contracts. HART had been under the assumption that staffing could only be accommodated through short-term personal services contracts or through the civil service system; however, it has now been made aware of exempt positions that could be utilized to keep staff on board for longer periods of time.
- The City Auditor recognizes that improvements have been made by the current HART administration to address problems identified in the audit which primarily covered the time period of a prior administration.
- Many of the issues raised in the audits are based on a prior HART administration and has been addressed by the current administration. Additionally, the current HART administration is determined to work on, and execute much the recommendations made in the audits.
- HART must hire in-house staff to gradually take over the responsibilities of the third party consultants.
- Currently, the majority of the third party consultants are in HART's design and construction function, which is where specialized knowledge is needed.

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- Hiring professional staff remains difficult because HART is a one-project construction entity with no long-term mandate to continue after the 20-mile rail line is built.
- HART's database is much more usable now. Much of the missing documents were produced during a time period pre-dating HART.
- HART currently utilizes a more rigorous process to evaluate changes and change orders.
- Contingencies, both allocated and unallocated, are reported on a monthly basis. HART is hesitant to publish individual contingencies because of the impact on negotiations.
- The HART Board currently is more involved in the oversight of the project. Use of the unallocated contingency fund must have Board approval.
- Act 1 directed the State Auditor to conduct a forensic audit.
- HART has a Readiness and Activation department that has begun the task of preparing for operation and maintenance; however, as currently mandated, it will not be involved with the project once it is up and running.
- The Department of Transportation Services (DTS) should have a plan in place to transition staff from HART to DTS once the project nears completion.
- HART is managing to conduct Board meetings even though the Charter amendment failed.

Committee Member Menor requested that the HART Board take part in all future discussions on audits of HART.

Related communications:

- CC-13 Follow-Up Audit of the Honolulu Authority for Rapid Transportation, Resolution 17-199, CD1.
- CC-14 Councilmember Joey Manahan, submitting the Audit of the Honolulu Authority for Rapid Transportation: Report 1.
- CC-15 Councilmember Joey Manahan, submitting the Audit of the Honolulu Authority for Rapid Transportation: Report 2.

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- CC-20 City Auditor, submitting the PowerPoint presentation on the Summary of State Auditor Reports.
- CC-21 City Auditor, submitting the PowerPoint presentation on the Follow-up Audit of the Honolulu Authority for Rapid Transportation, Resolution 17-199, CD1 Report No. 19-01.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:09 p.m.

Respectfully submitted,

GLEN I. TAKAHASHI  
City Clerk

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DATE APPROVED

February 6, 2019