

Friends of Puna's Future

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Date: Jan. 29. 2010

To: CoH Charter Commissioners

Subject: In favor of CA-15 / CA-25

Regarding CoH budget, "flexibility" and public testimony

Aloha Commissioners,

Our Board of Directors has authorized me to submit the following testimony.

We have taken note of statements from commission members regarding the effect of a number of proposed charter amendments on the county budget in the context of a need for the county to have "flexibility" in its spending and the net effect of passage of CA-15. Please consider the following three points.

1. CoH Budget(s):

The CoH budget has more than doubled over the last decade. While the population of our county has grown approx. 20% during this period the county budgets have increased 120%. This fact is of real concern to taxpayers who frankly have not benefited from a 120% increase in delivery of services in the same time period.

A primary beneficiary in the spending of these increased budgets are vendors and contractors who have consistently contributed to the campaigns of elected officials. In these hard economic times this favored group has not been asked, except by direct public action (see below -item a) , to tighten their belts or reduce the profit margins in their work and supply to our county government. Let us give some examples:

a. CoH contract for pumping of dry wells: Until a complaint was filed with the Ethics Commission this contract RFQ was written in a manner to restrict competition. The whole affair was fairly well published. When the RFQ language was relaxed the result was an immediate lowering of the contact amount by \$1,000,000. Using a procurement process which favored certain suppliers appears to

have cost the taxpayers millions of dollars over the past several years. One might think that this experience would result in a general re-examination of procurement policies. It has not yet happened. The public is aware of this and the county administration seems intent to continue procurement policies which are a general disadvantage to the taxpayers. There are dozens of similar situations yet unaddressed. Vendors over charging seem to be the last budget items subject to any scrutiny. We are still waiting. Passage of CA-15 by the voters would help force reexamination of procurement policies.

b. A number of renovations of county facilities have taken place including the Aupuni Center. The Aupuni Center was performed at a cost of over \$550 per square foot... an exorbitant amount which totaled over \$25,000,000 for a 45,000 square foot remodel. Construction and remodels in this price range are usually found in Beverly Hills. We watched a rather mudane remodel of the Pahoia Community Center expand from a projected cost of \$600,000 to \$1.1 million. When asked about this at the Park & Recreation Department the staff could only shrug their shoulders and say: "We can't do anything. It's the procurement process." Our CIP budgets are being regularly gouged and the process seems to be immune from the budget ax or sensible revision. Reduce this problem by 50% and the budget shortfall will disappear completely.

c. You may all have noticed that a number of ADA handicap ramps have been installed in Hilo. Each corner involved cutting and removing concrete and repouring for a wheel chair accessible ramp. On Oahu each curb site cost approx. \$9,000 ea.. On Maui the cost was approx. \$7,000 ea. In Hawaii County the cost was approx. \$35,000 ea. We acquired the \$35k figure by simply dividing the curb cut budget by the number of curb cuts. It seems as though no one does this very often. There is no practical or logical reason for the costs of such simple projects to be so over priced. Someone is being rewarded - it is not the taxpayers. Bad habits are hard to break.

These are examples of what we view as a general lack of fiscal responsibility on the part of our county procurement. In this environment our county officials have consistently testified that they need "flexibility" in finance and insinuate that a dedicated fund such as the 2% Land Preservation Fund would inhibit them in the good works they perform. They protest what they call "micro managing". Your approval of CA-15 would allow the voters to decide a simple budget matter. Is it micromanaging? We think not. It is simply managing.

2. Flexibility:

“Flexibility” is a term used to describe limiting the community’s and taxpayers’ instructions for specific goals and performances. CA-15, if passed by the electorate, would indeed specifically instruct the county as to an elevated priority. Lacking such instruction the county is able to continue inefficient procurement practices to the tune of tens of millions of dollars a year. Only some degree of less “flexibility” will force examination of the offending procurement history and force more competition and more cost control into our budgets.

Within the Planning Director’s lengthy testimony on CA-25 (CDPs) you were told that budgets were tight, flexibility was needed. An example was given of over \$600,000 being needed for a west side CDP consultant. Puna’s CDP had a consultant’s budget of approx. \$360,000 and that was probably too much. The Puna CDP is currently subject to over 80 proposed amendments which would largely erase the expensive expertise and input of that off island consultant. Why does the west side need twice as much money as Puna? Why do the CDPs need highly paid consultants at all? Why are these budgets to consultants so rarely scrutinized? There is a nationwide history of public funds being misspent on overpriced and under productive outside vendors. On and on it goes. The Finance Director made similar extended statements about just how hamstrung the county is in spending. Have any of you noticed any mention by the county administration of improving and tightening the procurement process? They don’t seem to want to go there.

Our Legislative Auditor’s reports are valuable reading material. All commissioners should consider reviewing the LAO report on Capital Improvement Projects and cost overruns. While the national average for CIP cost overruns is approx. 15% the figure for our county is 90%. And the 2% Land Preservation Fund is attacked for micromanaging? A little practical 2% managing seems to be in order.

3. Public Testimony:

As a nonprofit community group and as individuals we have been quite frustrated by the favoritism and imbalance in the taking of testimony at Charter Commission meetings. An example of this was the testimony on CA-25 (CDPs) as well as testimony on CA-15. In both cases county officials were allowed unlimited access to the Charter Commission.

While our public testimony was limited to three minutes and we kept our testimony within that limit in respect of the process and your time we had to sit and listen to the Planning Director ramble on at length against CA-25 for 45 minutes without pause. A number of statements made at that time were not clear, directly pertinent or factual. We were provided no opportunity to rebut. The process did not provide for rebuttal. But the process did and does apparently provide for administration officials to enjoy a level of favoritism and access which the public is and was denied. It is during these extensive and lengthy testimonies that you commissioners are hammered with demand for “flexibility” and horror stories of what would result if the citizens actually had their say in the spending of their dollars or the investment of their time. A lot of misinformation was delivered without rebuttal. We protest.

It should be remembered that the money involved is actually taxpayer’s money... not county money. We would put forth the simple proposal that the original passage of the 2% Land Preservation Fund was a direct and unambiguous vote on “flexibility” and a direct and unambiguous vote on spending priorities. It previously passed by a 63% vote in favor. If the county budgets can rise 120% in ten years and if the wasteful spending is to continue the voters expect and deserve an opportunity to make reasonable minimal demand on the priority of 2% Land Preservation.

The fact that the 2% Land Preservation Fund is before you now as a proposed charter amendment is determined and forceful evidence that the taxpayers want to have the final say. The Charter Commission was established to provide citizens with voting opportunities to amend the basic principles or structure by which county government operates. Your work as Charter Commissioners becomes valid in providing that voting opportunity for CA-15.

Friends of Puna’s Future (FoPF) asks you each to support CA-15 without reduction in the amount of the land fund amount. We also ask those commissioners who voted against CA-25 (CDPs) to reconsider their vote and call for a revote. CA-25 deserved a vote by all commissioners and a rebuttal of the unlimited testimony by the county administrators. It would only take one of you to call for a revote on CA-25. Please consider our testimony and move CA-15 and CA-25 forward.

Sincerely, Rob Tucker, president