



KŪKULU KE EA A KANALOA

KAHO‘OLAWA ISLAND RESERVE COMMISSION

811 Kolu Street, Suite 201, Wailuku, HI 96793
Telephone (808) 243-5020 Fax (808) 243-5885

COMMISSION MEMBERS

NOA EMMETT ALULI, M.D.
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CHARLES PMK BURROWS, Ed.D.
ROBERT J. LU‘UWAI
JOHN D. WAIHE‘E, IV
ALLAN A. SMITH
Interim Commissioner
SOL P. KAHO‘OHALAHALA
Executive Director

MINUTES OF THE 5th REGULAR MEETING Tuesday, May 15, 2007 9:00 AM

Department of Land & Natural Resources
Kalanimoku Building
Land Board Conference Room
1151 Punchbowl Street
Honolulu, Hawai‘i 96813

COMMISSION MEMBERS

PRESENT: N. Emmett Aluli, Chairperson; Charles PMK Burrows, Ed.D; Milton Arakawa, Robert Lu‘uwai; John Waihe‘e, IV(first half); Allan A. Smith(first half)

EXCUSED: Burt Sakata

KIRC Staff: Sol Kaho‘ohalahala, Executive Director (ED); Ray Enos, Policy Advisor-Governmental Affairs (PA-GA); Michele McLean, Policy Advisor-Special Projects (PA-SP); Kathy Kaohu, Resource Manager; Steven Fulton, Reserve Manager; Ka‘onohi Lee, Commission Aide (AIDE); Nicole McMullen, Commission Assistant (CA)

OTHERS: Rowena Somerville, Deputy Attorney General (DAG); Jean Santos, Consultant; Janet Gilmore and Spencer Leinweber, University of Hawaii; Derek Chow, Army Corps. of Engineers

I. CALL TO ORDER

Chair Aluli called the 5th meeting for the year 2007 to order at 9:20 am followed by *Pule Nā ‘Aumakua*. A quorum was established with six commissioners present.

II. APPROVAL OF AGENDA

Chair Aluli called for approval of the agenda.

MOTION: Commissioner Arakawa moved to approve the agenda, Commissioner Lu‘uwai seconded the motion.

ACTION: Motion approved by all Commissioners present.

III. APPROVAL OF MINUTES

MOTION: Commissioner Burrows moved to approve the minutes from April 25, 2007 with the following changes. Commissioner Lu‘uwai seconded the motion.

Action items highlighted; Spelling change page 3; Wording removed page 3 concerning mapping of sensitive sites; Wording revised concerning new staff on page 4.

ACTION: Motion approved by all Commissioners present.

IV. COMMUNITY and PUBLIC COMMENT

Chair Aluli welcomed Allan A. Smith, interim DLNR Chair and Commissioner, and Commissioner Smith introduced himself. The Commissioners and staff in turn introduced themselves to Commissioner Smith.

ED Kaho'ohalahala invited Janet Gilmore and Spencer Leineweber of the University of Hawaii architecture program to present their student's work. Sixteen students worked for a month on sustainable resources for Honokanai'a (base camp). They developed strategies on decreasing electrical usage by half, collecting water, planting vegetable gardens, and composting. They developed plans for movable camps and for improving Honokanai'a (base camp). They will make a formal presentation in a couple of months and turn in a full report this fall.

The professors presented models and diagrams. They included living units and hygienic units for washing. They suggested a combination of solar voltaic and wind systems, as well as renovating current buildings for natural ventilation and insulating against radiant heat in different phases of the plan. Composting toilets already installed and in use. To increase a sense of community, the plans include lanai between building and gardens for food production. When asked about ADA, they replied that they incorporated ADA at Honokanai'a (base camp) and that it would be possible for the movable camps. Students took into account the landing craft in their analysis of sustainability of Honokanai'a (base camp). They noted that the ideas would be useful and have implications for sustainability throughout the islands. The commissioners were interested in the energy generation payback. They anticipate the payback would be eight years. Commissioner Burrows was impressed with the students and thinks their ideas will be useful throughout the islands.

The professors thanked the KIRC staff for their support. PA-GA Enos inquired about plans the budget for implementation. ED Kaho'ohalahala said that plans would be formulated after the formal report is received. Resource Manager Kaohu suggested that some of the fundamental changes such as solar lighting will be priorities and some small changes could be made soon. **Chair Aluli asked the professors if they could submit anything faster so it could be included in the FY08 budget.** ED Kaho'ohalahala said that there is some room for renewables in the budget. Commissioner Burrows stated that the water on Kaho'olawe has been tested and is drinkable and could fill canteens instead of purchasing plastic bottles.

V. NEW BUSINESS

Review Performance Evaluation of Executive Director – EXECUTIVE SESSION – Pursuant to Chapter 92-4 & 5 (a)(2) the Commission will resolve into executive session to consider the evaluation of an employee, where consideration of matters affecting privacy will be involved.

DAG Somerville stated that the person being evaluated under agenda item V.A. – Review Performance evaluation of Executive Director – has the choice of requesting the evaluation be conducted in open session. The Executive Director requested that the evaluation be discussed in closed session.

MOTION: At 9:55 am, Commissioner Lu'uwai moved to resolve into executive session, pursuant to Chapter 92-4 & 5 (a) (2) to consider the evaluation of an employee, where consideration of matters affecting privacy will be involved, seconded by Commissioner Waihe'e.

ACTION: Motion approved by all commissioners present.

The commissioners (except Commissioner Waihe'e, who was excused) resolved into executive session.

MOTION: Commissioner Arakawa at 11:30 pm rose to report out of executive session. Commissioner Arakawa reported the commission met with the consultant and no decisions were made. Commissioner Burrows seconded the motion.

ACTION: Motion approved by all commissioners present.

VI. WORKSHOP

Presentation and discussion of FY08 Budget Proposal

Budget Summary

ED Kaho'ohalahala presented the budget summary. The total recommended budget is \$7,910,509.00. The budget is split between the following departments: Reserve Operations 59%, Administration 15%, Commission 3%, and Resources Program 23%. The proposal represents an 11% decrease from the FY07 budget. There is a decrease in all program areas.

The Commission budget is a 2% reduction, particularly in the area of travel. This budget also includes three staff positions. The Administration budget reflects a 6% reduction. 63% of the budget is in personnel costs with 8 staff. There have been some increases due to rising utilities, rents, and storage costs. The Reserve Operations budget reflects a 7% decrease with major changes due to the personnel transition. It includes a \$600,000 cost share to support the Army Corps of Engineers small boat harbor project. The Resources Program budget includes Ocean, Restoration, Culture & Education, and Outreach & Volunteer programs and reflects a 22% decrease. There is itemized travel in all program areas. The Ocean program is 4% of the budget, reflects a 23% decrease and includes the Kanapou cleanup. Restoration Program is 6% of the budget and has an increase of 9% including irrigation supplies, and a new position for the Phase II Clean Water Project. Culture and Education Program is 6% of the budget and reflects a decrease of 30% including a new line item for site stabilization. Outreach and Education Program is 2% of the budget and reflects a 1% decrease.

Service contracts include Parsons, PacHelo, BCR, Kober/Hanssen/Mitchell Architects, and William & Jensen. Parson's will be funded until August 31, 2007. The BCR contract may be extended. The architects and legal services are continuations.

ED Kaho'ohalahala handed out a Trust Fund update. He explained FY07 revenues, expenditures and encumbrances. The cash balance of the fund is \$23,898,247.72, minus encumbrances totaling \$2,756,640.63, with balance of \$21,141,607.09.

Small Boat Harbor Feasibility Study – David Chow, Army Corps of Engineers

ED Kaho'ohalahala invited Derek Chow to explain the **Small Boat Harbor Feasibility Study** with the Army Corps of Engineers. Mr. Chow discussed the need for a less expensive mode of transportation for Kaho'olawe operations and the support the harbor project has in the government. There was a reconnaissance study a couple years ago of possible harbor sites. Kuheia is being considered. There were failed attempts to get a federal match of \$250,000 in FY06 and FY07. As shown in the FY08 budget, an upfront payment of \$600,000 towards the feasibility study will be matched by the federal government and will demonstrate the KIRC's commitment to the project. The two to three year study will include detailed engineering for the site. The design and construction phase of the project will be cost shared at 90% federal and 10% KIRC. The Army Corps will maintain the harbor at a cost of 10% for the KIRC.

Commissioner Lu'uwai asked if it would become part of the state harbor system. Mr. Chow said the KIRC would manage the harbor unless the KIRC wanted it turned over to the state. The Army Corps harbor construction would include the breakwater, dredging and a turning basin that would incorporate the new landing barge. An EA will be required for the harbor because of the federal funding. Chair Aluli asked about usage of the harbor because of the federal funding. Mr. Chow noted the need to strategize the usage of the harbor within the rules of the KIRC. The Army Corps is committed to helping the KIRC increase the efficiency and decrease the cost of its transportation. The funds for the feasibility study will be due around November/December 2007.

The Commission asked if the Army Corps could construct the road. The road and any land construction, including a pier, would not be part of the contract. The Army Corps could construct the road, but has no authority to help except through congressional appropriation. It only has authority to work with water resources, but could help with land, even UXO cleanup if authorized. Currently the Navy has the contract to do the UXO cleanup, but the Army Corps does have expertise in that area. If the KIRC wants to take advantage of the Army Corps to do the construction, it would be reimbursable for the state. **Mr. Chow said he would prepare something on the road. Commissioner Arakawa suggested looking at state funding and said land infrastructure should be a one-time CIP payment. Chair Aluli stated the need to look at future needs for CIP funding.** Chair Aluli asked about the cost of the road. Mr. Chow said that it would be in the tens of millions with transportation being the largest cost. **ED Kaho'ohalahala said he would work with Mr. Chow on the timing and phases of the project.** PA-SP McLean suggested that the up front payment might put the KIRC above the line for future appropriations by demonstrating our commitment. **Commissioner Burrows suggested the need for an overall design plan for the project. PA-SP McLean said that they could work with Mr. Chow on long-term financials and sources of funding.** Only if the federal appropriation comes through will the money be spent on the feasibility study.

Budget Discussion

ED Kaho'ohalahala began a PowerPoint of the proposed budget spreadsheet and a line-by-line review of the budget. **Chair Aluli asked if a 10% cut would be a possibility. ED Kaho'ohalahala said that that could be made a directive.** Chair Aluli asked that we consider that the monies may run out in 5 years. The staff is looking at options for additional funding, including changes to be able to accept donations. A strategic plan objective is to hire a grant fund developer. Chair Aluli asked about other grants the KIRC has obtained. ED Kaho'ohalahala said that they are for the most part written by staff. Chair Aluli asked about rewarding staff for grants received. DAG Somerville responded that certain incentives are not available to state employees. There will be two raises of 4% for all the staff in October and April.

The accounting software will change to QuickBooks at the end of the current fiscal year, which will allow for better coding of expenses. **Commissioner Burrows stated the importance of reducing the cost of operations in three years and developing different scenarios and options on how the trust will survive.** ED Kaho'ohalahala stated that the KIRC is only using 50% on its budget on an annual basis. **Chair Aluli suggested narrowing the budget down to more representative figures.** ED Kaho'ohalahala explained that the staff has anticipated what it thinks will be needed, and that some line items are present to accommodate if costs go beyond so that amendments do not have to be added later.

Commission—There was discussion on the need to turn in applications for conferences early because of the approval process and the ability to get better fairs and advance per diem. **Chair Aluli suggested the need for guidelines for applying to attend conferences.** Commissioner

Arakawa asked if a line item goes back to the Commission if it is exceeded. ED Kaho'ohalahala explained that the excess is costed to the program. Commission approval is sought for the extension of contracts. The Commission budget also includes three personnel positions.

Administration– **Chair Aluli asked for a copy of the personnel breakdown.** The newsletter has been moved to the Outreach budget. Computer equipment and service has changed from contracted to in house. These were initial expenses to accommodate the transition and some improvements. Conferences and travel have been separated by program. There have been increased expenses for utilities. Commissioner Burrows asked if there was any way of reducing rent or utility expenses. PA-SP McLean and ED Kaho'ohalahala explained that rent is negotiated by DAGs and the central air system runs through the whole building, not just our offices. The rent includes the office space, parking lot and security. The State covers liability and fire protection. **Chair Aluli suggested that training be moved to the individual programs.** The Kihei site is under administration for now for the zoning application expenses, but will get its own section. Chair Aluli asked if it should have its own CIP cost center. **Commissioner Arakawa asked that CIP projects be a separate section. ED Kaho'ohalahala agreed to take training out and make CIPs and Contracts a separate section.**

Reserve Operations

Reserve Manager Fulton presented the Reserve Budget. The line for the new landing craft was moved from Kihei site to prior year encumbrances. There are new expenses for the boathouse addition and cargo truck for the new landing craft. R&M stands for repairs and maintenance and will be spelled out in the next draft. **Chair Aluli asked for a breakdown of the whole landing craft project.** ED Kaho'ohalahala stated that when the administrative building is brought on, the Kihei site would have its own section in the budget. UXO support was reduced due to new staff. There is an additional budget item to improve the berthing huts, including TVs and furniture for the staff that is there four days a week. The satellite dish has been repaired. **Chair Aluli asked for a hold on the new kitchen equipment.** Commissioner Lu'uwai asked about the new stove. It is almost operational. PA-SP McLean suggested leaving in funds to replace the walk-in refrigerator. Much of the kitchen equipment is ten to fifteen years old. Chair Aluli asked the staff to look ahead before purchasing new equipment at the possibility of a reduced volunteer program if funds run out in the future. Commissioner Arakawa suggested looking to see if renting or leasing would be cheaper. An increase for custodial supplies is to purchase biodegradable paper products. Chair Aluli asked about the laundry that is sent off island. Commissioner Lu'uwai suggested putting a washer and drying at the boathouse. **Commissioner Arakawa asked that Road Maintenance and Equipment go under CIP.**

The Contracts section reflects the hybrid staff implementation. Money has been saved for bottled water from what Parson's was charging. Chair Aluli asked about the increase in the Harmer contract. Reserve Manager Fulton stated that Harmer has not come back with a new contract yet.

Chair Aluli stated that he was hesitant to fund the Alternative Energy Systems before reviewing the final report from UH. He would rather amend the budget after reviewing the report, and also look into possible legislative funding. Commissioner Arakawa agreed that he would like to see more detail before committing funds and that the project should go under CIP. Commissioner Lu'uwai agreed that the budget could be supplemented later. The funding is for design and accepting and receiving proposals, as well as a second line for equipment costs and installation. PA-SP McLean explained that in procurement for special design professionals, the candidates submit their qualifications to the Commission, and the Commission would set the contract. Commissioner Lu'uwai offered to contact Hawaiian Electric, who recently went through a grant process. Stephen stated that the Hawaiian PV

coalition offered to help. ED Kaho'ohalahala asked the Commission to consider allowing funds to do some small improvements for energy conservation now. **Commissioner Burrows expressed the need to work on the overall plan for energy conservation now. PA-SP McLean said that she would work on the numbers.**

The spill response line item is needed for the new landing craft. Chair Aluli asked that this be included in the landing craft breakdown. **Commissioner Lu'uwai asked that Reserve Manager Fulton look into the federal boat that does spill response. Chair Aluli asked if the two utility vehicles in the budget were really needed and asked that the personnel share as much as possible.** ED Kaho'ohalahala explained that much of the equipment on island is in disrepair and there will be six new staff working on island. **Chair Aluli asked that the utility vehicles be held to next year.** Commissioner Lu'uwai wondered why there were often vehicles on island and not enough drivers. Reserve Manager Fulton replied that they are planning for three vehicles for six staff and trying not to use the pickups, as they are inefficient. The Polaris vehicles run approximately \$10,000.

The CIP projects will be moved to a new section. Commissioner Lu'uwai asked if there were plans to construct a new hale. Chair Aluli replied that that is part of the long-range use plan.

Resources Program

Resources Manager Kaohu presented the Resources budget. There are Mules and 4x4s used by the Restoration Program that were purchased with the DOH grant. After the grant these can be shared with Reserve Operations. PA-GA Enos mentioned that at the Stewardship Meeting, the PKO requested tools that they could use during their access. The budget does provide for tools for access support. Chair Aluli asked why boater education was not under Outreach Program. Resource Manager Kaohu explained that it was for the Ocean Program to address boat clubs and for registration for open waters. Chair Aluli asked about how long remaining for bottom fish tagging. Resource Manager Kaohu explained that the B-Wet grant ends June 30. There is a carry over of invoices for purchases. Amounts should drop drastically. Lesson plans and a final report will be produced.

Chair Aluli asked about pili bail transportation. Resource Manager Kaohu explained that that is part of the PacHelo contract. ED Kaho'ohalahala said that the transportation would be broken down in the spreadsheet. Chair Aluli asked if the nurseries would be ready this year. Resource Manager Kaohu replied that yes, they are ready to be established. The Restoration Program budget includes alien species control. Chair Aluli expressed concern about the ironwoods. Commissioner Arakawa asked about the vacancies. There are three anticipated new positions, including one for the DOH grant that we are under contract to fill. The paperwork for these positions has gone to Personnel. The DOH budget is based on the Phase II budget.

Chair Aluli asked about site stabilization in the Culture and Education Program budget. The site stabilization item is just for pili. Commissioner Lu'uwai suggested filling some of the gullies with rocks. Resource Manager Kaohu said that it has been proposed to use kiawe in the gullies, as well as for erosion control. **Chair Aluli asked that they work on redefining the line items for site stabilization.**

In the Outreach and Volunteer Program budget, they are trying to get volunteer orientations down to one a month. There has been a reduction of \$1000 in the printing of the newsletter because of writing and designing in-house by KIRC staff, purging the mailing list and sending copies by e-mail.

The Reimbursements and Contracts sections of the budget will be discussed at the next budget meeting on May 30.

ED Kaho'ohalahala asked the Commissioners to look at the Trust Fund encumbrances. Some items date back to 2000. He asked the Commissioners to approve deleting the following encumbrances that are no longer relevant:

Filmworks \$29,978.58; Norma Wong \$6,920.18; Norma Wong \$50,000;
Farallon Geographics \$1,500; ISDI \$10,907.70

MOTION: Commissioner Burrows moved to delete the listed encumbrances from the Trust Fund report. Commissioner Lu'uwai seconded the motion.

ACTION: Motion approved by all commissioners present.

VII. New Business

A. Approval of Personnel Recruitment and Hiring Policy

PA-SP McLean presented the proposal based on the guidelines reviewed at the last meeting. BCR also reviewed the hiring guidelines. The policies are strict in some aspects, but allow for flexibility in other aspects.

MOTION: After discussion of the interview process, Commissioner Arakawa moved to accept the proposed recruitment and hiring policy. Commissioner Lu'uwai seconded the motion.

ACTION: Motion approved by all commissioners present.

B. Approval of Solicitations and Contracts Policy

PA-SP McLean presented the proposal based on the guidelines reviewed at the last meeting. The proposed policy follows state procurement thresholds.

MOTION: Commissioner Arakawa moved to accept the proposed Solicitations and Contracts policy. Commissioner Burrows seconded the motion.

ACTION: Motion approved by all commissioners present.

VIII. Unfinished Business

A. Administrative Updates

MOTION: Upon consultation with DAG Somerville, at 3:25 Commissioner Burrows moved to enter into **Executive Session - Pursuant to Chapter 92-4 & 5 (a)(4) the Commission will resolve into executive session to consult with their attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities regarding the May 9, 2007 helicopter accident, fuel spill, and response.** Commissioner Arakawa seconded the motion.

ACTION: Motion approved by all commissioners present.

MOTION: Commissioner Burrows reported out of Executive Session at 3:35. No decisions were made. Commissioner Arakawa seconded the motion.

ACTION: Motion approved by all commissioners present.

Due to the time, the remaining agenda items will be discussed along with the FY08 budget at the May 30 Commission meeting. The next Commission meeting is tentatively set for Tuesday, June 12 on Maui.

X. ADJOURNMENT

MOTION: Commissioner Arakawa moved to adjourn, seconded by Commissioner Burrows.

ACTION: Motion approved by all Commissioners present
The meeting was adjourned at 3:38 p.m.