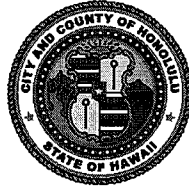


**OFFICE OF THE MAYOR**  
**CITY AND COUNTY OF HONOLULU**

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813  
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RICK BLANGIARDI  
MAYOR

MICHAEL D. FORMBY  
MANAGING DIRECTOR  
  
KRISHNA F. JAYARAM  
DEPUTY MANAGING DIRECTOR

May 8, 2023

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

Dear Chair Cordero and Councilmembers:

SUBJECT: Executive Operating Budget Bill 11 (2023) CD2  
Additional Proposed Budget Amendments

We are submitting additional information on specific amendments as it was inadvertently omitted on the MM-092(23) request dated May 5, 2023. Included are the responses from the following departments:

- Department of Corporation Counsel
- Department of Customer Services

Also, the submittal memo for communication MM-092(23) did not list the Department of Planning and Permitting, which was included in the response, and the Department of Human Resources pages were misnumbered.

Should you have any questions regarding the proposed budget amendments, please contact Andrew T. Kawano, Director, Department of Budget and Fiscal Services, at 768-3901.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael D. Formby", is written over a horizontal line.

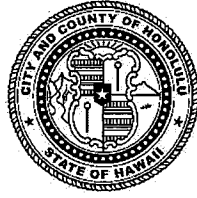
Michael D. Formby  
Managing Director

Attachment

MAYOR'S MESSAGE 93  
**BUD**

DEPARTMENT OF THE CORPORATION COUNSEL  
**CITY AND COUNTY OF HONOLULU**

530 SOUTH KING STREET, ROOM 110 • HONOLULU, HAWAII 96813  
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RICK BLANGIARDI  
MAYOR

DANA M.O. VIOLA  
CORPORATION COUNSEL

RENEE R. SONOBE HONG  
FIRST DEPUTY CORPORATION COUNSEL

May 3, 2023

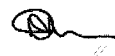
**MEMORANDUM**

TO: Michael D. Formby, Managing Director

VIA: Andrew T. Kawano, Director  
Department of Budget and Fiscal Services

FROM: Dana M.O. Viola, Corporation Counsel  
Department of the Corporation Counsel

SUBJECT: FY 2024 Operating Budget CD2 Response (Comments and Concerns)

 Digitally signed by  
Viola, Dana M O  
Date: 2023.05.03  
12:04:24 -10'00'

Attached are our agency's comments and concerns to Bill 11 proposed CD2 amendments.

Attachment

**DEPARTMENT: CORPORATION COUNSEL**

Date: May 3, 2023

Page: 1

**LAW: DEPARTMENT OF THE CORPORATION COUNSEL – LEGAL SERVICES****Councilmember(s): Tommy Waters**

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$(1,132,992) S	GN	CD1 Reduce funding for salaries
\$ 500,000 S	GN	Increase funding for salaries (Chair Waters)

**Department's Comments and Concerns:**

The proposed \$500,000 partial CD2 funding restoration, of the CD1 \$1,132,992 salary cut, adversely affects COR and will result in the following:

- COR will not be able to pay for the negotiated collective bargaining increases for 40 support staff positions and for the salary adjustments/merit increases for 55 Deputy Corporation Counsel positions;
- COR will not be able to fill the remaining vacant deputy and staff positions;
- COR will not be able to create and hire 2 new Claims Management Specialists to address the already backlogged City claims;
- COR will have insufficient funding for those COR salaries funded by GN because the cuts only apply to GN.

Therefore, COR requests the restoration of the FY24 salary funds.

Sufficient salary funding is essential to maintain the staff to perform the work required to support the Mayor, the City Council, all city departments, including its semi-autonomous agencies, and all City boards and commissions. Historically, many of COR's positions (attorneys, investigator, and Legal Clerks, especially at the supervisory level) have been challenging to recruit because equivalent positions in the private sector pay considerably more.

Sufficient salary funding for our Deputy positions at levels commensurate with their expertise and competitive with other government agencies and private law firm salaries is a constant challenge for recruiting and retaining COR attorneys. Absent increases, COR will fall increasingly behind other public and private sector jobs.

Since December 2022, COR has cut its deputy vacancies by half, and we are optimistic we will be able to fill all remaining positions to become full force very soon. If our funding falls short, we will not achieve our goal to most effectively represent and advise the City Council, Mayor, and all city departments through a fully staffed department.

COR currently processes over 500 claims annually. Two Claims Management Specialists are necessary to investigate and evaluate not only the backlog of claims, but new claims which continue to be filed. Claims are pre-litigation matters, and a person may file a lawsuit at any time. Currently, COR has one investigator handling all these claims. The addition of two Claims Management Specialists will allow the investigator to provide case support to our litigators, such as locating and interviewing witnesses. These additional Claims Management Specialists will enable COR to more effectively

**DEPARTMENT: CORPORATION COUNSEL**

Date: May 3, 2023

Page: 2

manage the multitude of claims brought against the City, thereby ultimately reducing the City's litigation costs and more efficiently addressing the needs of Honolulu's citizens.

**Councilmember(s): Radiant Cordero**

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$(141,000) CE	GN	CD1 Reduce funding for current expenses

**Department's Comments and Concerns:**

The failure to restore the FY24 current expense funds will result in the following:

- COR will not be able to operationalize its basement renovation because it will have no funds for needed office furniture and fixtures (\$100,000 requested);
- COR will be unable to invest in Out-of-State Travel Expense to the pre-Covid level for conference attendance, legal education training, and depositions ((\$25,000 requested);
- COR will be unable to pay for Subscriptions to cover the annual cost of the iManage software (new legal document management program) (\$15,800 increase).

Currently, COR does not have available offices for four deputies and for any deputy to fill the remaining four vacancies. Utilizing a larger office, our Loio conference room, and an office intended for one deputy, we have prepared temporary, shared workstations for attorneys. This arrangement does not allow these attorneys to conduct confidential communications and is not an effective long-term accommodation. COR is in the process of renovating its basement space to add 8 additional offices as well as supportive staff work stations. However, without the \$100,000 for office furniture and fixtures, we will not be able to equip the new space.

The smaller expenditures requested for out-of-state travel and to cover the annual cost of our legal document management program are necessary tools to ensure continued reliable legal services from COR.

**DEPARTMENT: CORPORATION COUNSEL**

Date: May 3, 2023

Page: 3

**MISCELLANEOUS: PROVISION FOR JUDGEMENTS, SETTLEMENTS AND LOSSES****Councilmember(s): Esther Kia'aina, Andria Tupola, Tyler Dos Santos-Tam**

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$(3,261,530) CE	GN	CD1 Reduce funding for current expenses to provide funding for transfer to the Hanauma Bay Nature Preserve Fund
\$(1,000,000) CE	GN	CD1 Reduce funding for current expenses
\$(1,026,284) CE	GN	Reduce funding for current expenses (Vice-Chair Kia'aina)
\$(3,500,000) CE	GN	Reduce funding for current expenses (CM Tupola)
\$(1,427,779) CE	GN	Reduce funding for current expenses (CM Dos Santos-Tam)

Department's Comments and Concerns:

COR requests the restoration of the \$20M in the FY24 provisional account for Judgement, Settlements and Losses (J&L).

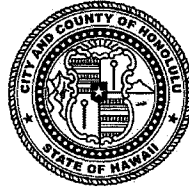
COR attorneys reviewed pending matters and cases in which we anticipate judgments or settlements, and estimated a total of \$20 million will likely be needed to fund payouts from the Provision for Judgments, Settlements and Losses in FY 2024. The matters included in the estimated total are likely to conclude between July 1, 2023 and June 30, 2024. This estimate also takes into consideration the related amount of self-insured retention (or insurance deductible) per claim, which has incrementally increased in recent years from \$2 million (FY 2019), \$5 million (FY 2020), \$7.5 million (FY 2021) and \$10 million (FY 2022). The amount of deductible depends on when the event that led to the litigation occurred.

The \$20 million currently requested represents COR's best-educated estimate of the outcome of the pending cases. There are a number of factors that may affect the final settlements and result in the City's payout of the full deductible for these cases, leaving the provisional short. Therefore, any cuts to this provisional account would mean the City could not pay for settlements or judgements, which may necessitate the structuring of multi-year agreements that generally result in higher costs to the City because of the interest required to settle a case with staggered payments or by order of the court.

When the City's self-insured retention increased from \$2 million to \$10 million by July 2021, we determined that our former \$9.5 million annual J&L budget in FY22 would not be sufficient and requested the increase to \$20 million in FY23. That request has proven to be an accurate assessment of need as reflected by the recent \$4.5M settlement in the Tabag-Kalua case (which involves one of three separate lawsuits filed against the City, alleging HPD engaged in a high-speed chase resulting in injuries to six individuals, four of which are juveniles). Based on current trends and the proliferation of police action litigation, we strongly recommend against reducing the requested \$20M in J&L as it exposes the City to risk.

DEPARTMENT OF CUSTOMER SERVICES  
**CITY AND COUNTY OF HONOLULU**  
925 DILLINGHAM BOULEVARD, SUITE 257 • HONOLULU, HAWAII 96817  
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<http://www.honolulu.gov>

RICK BLANGIARDI  
MAYOR



KIMBERLY M. HASHIRO  
DIRECTOR

DEREK T. MAYESHIRO  
DEPUTY DIRECTOR

May 4, 2023

**MEMORANDUM**

TO: Michael D. Formby, Managing Director

VIA: Andrew T. Kawano, Director  
Department of Budget and Fiscal Services

FROM: Kimberly M. Hashiro, Director  
Department of Customer Services

SUBJECT: FY 2024 Operating Budget CD2 Response (Comments and Concerns)

Digitally signed by  
Hashiro, Kimberly  
Date: 2023.05.04  
10:54:39 -10'00'

Attached are our agency's comments and concerns to Bill 11 proposed CD2 amendments.

Attachment

**Attachment**

**ADMINISTRATION**

**Councilmember: Radiant Cordero**

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$380,854	GN	Partial Restoration. Funds needed for vacant positions can be drawn from vacancy funds and PVP account.

**Department's Comments and Concerns:**

We respectfully request full restoration of \$419,184 in funding to enable CSD to cover the salaries of 7.0 filled positions. Funding is needed in salaries to pay existing employee salaries plus negotiated collective bargaining increases. Funding for 1.0 position (MI704, Senior Clerk Typist) is being held for a former CSD employee who has return rights to her civil service position. If funding is not provided and the employee returns to her position, CSD Administration will be unable to cover her salary.

**MOTOR VEHICLE, LICENSING AND PERMITS**

**Councilmember: Radiant Cordero**

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$989,159	GN	Partial Restoration. Funds needed for vacant positions can be drawn from vacancy funds and PVP account.

**Department's Comments and Concerns:**

We respectfully request full restoration of \$1,189,159 in funding for salaries. An active and aggressive recruitment effort has been in effect to fill the remaining vacant Motor Vehicle, Licensing and Permits (MVLP) positions. Filling all vacant positions is necessary to provide essential service to the public, improve customer satisfaction, increase appointment slots, and reduce complaints. Driver license (DL) offices provide high demand service to the public, but unfortunately experience ongoing staffing shortages, especially at the entry level clerk level. It is critical that MVLP continue to fill positions and stabilize operations in order to maintain and improve direct service to the public. MVLP has filled 28.0 positions in FY23, and is on track to fill an additional 17.0 positions, with 13.0 positions being clerks. The hiring momentum gained in these last 10 months is critical to operations, along with CSD's efforts to improve recruitment and retention. For example, the city will soon establish a new entry level customer service clerk position classification that is expected to increase successful recruitment at the entry level, and reduce wasted time and energy during the recruitment process. We have also modified our training methodology to provide better support for new hires, and assist them as they grow and develop in their positions.