CITY COUNCIL

CITY AND COUNTY OF HONOLULU

HONOLULU, HAWAII 96813-3065 / TELEPHONE 547-7000

March 22, 2007

TO: Councilmembers

FROM: Councilmember Todd Apo
Councilmember Romy Cachola
Councilmember Donovan Dela Cruz
Councilmember Ann Kobayashi

RE: 2007 NACo Legislative Conference Trip Report

Attached is the report and findings of the NACo Legislative Conference in Washington, D.C., March 3-7, 2007.

If you have questions regarding the foregoing, please do not hesitate to call us directly.

Attachment

Sunday, March 4, 2007

Arrive in Washington, D.C.

Check in – Hilton Washington & Towers

Register for Conference

Monday, March 5, 2007

9:00 am – 12:00 pm NACo/NACoRF Board of Directors' Meeting

- The NACo Board of Directors meeting was called to order by President Colleen Landkamer. The Board approved the minutes from the Fall Board of Directors meeting on December 1 and 2, 2006 held in Franklin County, Ohio and also approved the addition of eight new members.

- The new members are Commissioner Judy Anderson of Vigo County, Ind.; Commissioner Ron Anderson of McKenzie County, N.D.; Commissioner Harlan Madsen of Kandiyohi County, Minn.; Commissioner Roger Tackett of Clark County, Ohio; Commissioner Bradley Eaby of Kent County, Del.; Supervisor Keith Carson of Alameda County, Calif.; Council Member Shaylene Iseri-Carvalho of Kaua'i County, Hawai'i; and District Clerk Marc Hamlin of Brazos County, Tex.

❖ **Audit Committee Report**

The Audit Committee Report was presented by Board Member Julia Gouge and approved by the Board.

❖ **Independent Audit Report**

Independent Auditor Doug Boedeker of Tate & Tryon presented his report in which he said that "everything is going well"; that these financial statements presented fairly the financial position of NACo on a consolidated basis. NACo is in a good financial situation, he said. The budget surplus is up $2 million over budget and spending is under budget by 3%.

Boedeker briefly outlined the reorganized NACo Financial Services Corporation, which is a new corporation that combines the NACo Financial Services Corporation and the NACo Services Corporation. He concluded his report by saying that he recommends reviewing the Executive Committee and senior management expense reports annually.

Board Member Gerry Hyland asked why NACo paid an additional $40,000 to the contractor building out the new office space. The payment was the result of the job not being completed on time because of a delay in getting necessary permits from Washington, D.C.

Hyland asked if the contractor was responsible for getting the permits, why was NACo liable. Deputy Director Ed Ferguson explained that even though the contractor had a role in expediting the permits, NACo was ultimately and legally responsible for the payment. The Board approved the Independent Audit Report.

NACo Finance Director Kathy Bosak presented a brief summary of NACo's financial situation prior to the Internal Audit Report. She commented that NACo exceeded its budget goals with the net surplus coming in at $4.1 million -- well over the budgeted amount of $3.6 million. The increase is 13.7%. She provided an overview of the year's results. Bosak noted that spending came in under budget due to savings in wages, benefits and travel, while revenue from dues, the for profit companies and investments ended the year above budget projections.

- **Internal Audit Report**

  Internal Auditor Gerard Zack of Zack Accounting & Consulting said that two years ago he reported 22 areas which needed improvement in internal controls. Fifteen of those areas were corrected initially and in 2006 the final seven were corrected.

  Zack said he did an audit of large expenditures during the past year and found no significant weaknesses in purchasing and other internal controls. He commented on the increase in office relocation costs over that projected earlier in 2006 to the Board, but he did not find any purchasing outside of policy. However, he noted that he was not able to complete the review because costs of the move are incomplete. Zack said he will follow up in the final accounting on office relocation costs. In 2006, the internal audit will focus on pay roll processing and the biennial review of executive and directors expense spending.

  The Board approved the Internal Audit Report.

- **Health & Human Services Conference**

  Board Member Connie Stokes asked about the status of the Health, Human Services & Workforce Development Conference that is held in the fall and NACo's role in it. President-Elect Eric Coleman, who led a review of the conference, said his role was to bring together the two affiliates that have a stake in the conference and enable them to put the conference on. NACo no longer has a role in the conference, but did provide one-time financial assistance in 2006.

- **NACo Investment Report**

  Wesley P. Neal of Trusco Capital Management presented the NACo Investment Report. Neal said NACo has operating funds invested solely in money market accounts ($8.5 million), short-term funds invested in the bond and money market funds ($1.2 million), and long-term reserves allocated currently at 59% fixed income accounts and

38% equity accounts following Board guidelines. The Investment Report was approved by the Board.

- **2007 Strategic Plan**

  NACo First Vice President Don Stapley and Second Vice President Valerie Brown presented the 2007 Strategic Plan to the Board and it was approved without objection. The Board had begun developing the plan at the Fall Board Meeting. Stapley and Brown led a committee that made final changes to the plan before it was presented to the Board at this meeting.

- **Finance Committee Report**

  President-Elect Eric Coleman presented the Finance Committee Report, which included the selection of a new investment manager. Twele Capital Management, Inc. has been chosen as the new investment manager replacing Trusco Capital Management. Twele will develop a new investment policy, which will be presented to the Board in May.

  NACo has hired John Samartzis to serve as Director of Corporate Fundraising.

  A new agreement on the Deferred Compensation Program has been reached with Nationwide that will provide a 9% increase in revenue over the next five years.

- **Resolutions Approved**

  The Board sitting as the Resolutions Committee approved 34 interim resolutions in eight issue areas: Environment, Energy and Land Use; Finance and Intergovernmental Affairs; Health; Human Services and Education; Justice and Public Safety; Labor and Employment; Public Lands and Transportation. All resolutions were approved by the Board. There was discussion on two resolutions and an amendment added to a third.

  One of the resolutions that was discussed "Urges Congress and the Administration to take Practical Actions to Reduce to Reduce the Risks of Global Warming." Board Member Ken Mayfield spoke against the resolution saying that changes in climate are cyclical events.

  Board Members Robert Cope and Betty Lou Ward spoke in favor of the resolution. Cope said that our country should be doing anything it can to increase energy efficiently.

  Environment, Energy and Land Use Steering Committee Chair Pam Newton said the resolution was passed unanimously by the committee and was also approved by the Agriculture and Rural Affairs Steering Committee. The resolution was approved.

The resolution calling for the "Repeal of the Real ID Act" because it is an unfunded mandate on state and local governments was also discussed. Board Member Mayfield spoke against the resolution. Board Member Gerry Hyland asked if it was just a question of cost. The response was that it is just a question of cost. The resolution was approved

The resolution "Opposing H.R. 811 and other Legislative Mandates Regarding the Conduct of Elections at the County Level" was approved with an amendment by Board Member Helen Purcell. The amendment, added at the end of the resolution, said that "voluntary standards for voting equipment and procedures must precede any implementation deadline by at least two to three years."

There were no Technology & Telecommunications Steering Committee resolutions, but Board Member and Committee Chair Marilyn Praisner did point out that the FCC has not yet issued an explanation of its decision affecting cable franchising. She did say that it would adversely affect local governments. Hyland asked what legislatively could be done to correct it. Praisner said the best strategy could be the courts.

- **Membership Committee Report**

  Membership Committee Chair Connie Conway and Second Vice President Valerie Brown presented the Membership Committee Report, which showed the outstanding gains in membership numbers. There are 2,240 members; nineteen new members in 2007.

  Part of the reason for the growth in membership is due to the Prescription Drug Discount Card Program. As of February 6th, 642 counties, parishes and boroughs have signed on to the program, while another 500 have inquired about participating. More than $21 million has been saved on more than 2 million prescriptions. The overall average savings rate is nearly 22%.

- **Member Programs and Services Committee Report**

  The committee met on March 3 and covered a number of issues. The committee discussed a joint meeting among leaders of the committee and the Membership Committee. To better coordinate activities, the two committees agreed to hold a joint meeting at the Annual Conference. Also discussed were changes to the bylaws to remove the word "member" from the name of the Member Programs and Services Committee to minimize confusion and to lengthen the term of service on the Membership Committee to three years.

  The committee discussed the development of written roles and responsibilities for Steering Committee members and reviewed the results of a Fall 2006 survey of state association executive directors regarding NACo's programs and services.

The committee received presentations from staff about the Peer to Peer Network and the Green Government Initiative.

The committee has asked staff to explore ways to serve NACo members in very small counties, i.e., in the 678 counties with fewer than 10,000 residents.

- **Information Technology Committee**

  The committee report focused on the Technology Summit, which was held on March 2, and was a collaborative effort of the committee, the NACo Telecommunications and Technology Steering Committee, and the National Association of County Information Technology Executives. The purpose of the summit was to share knowledge and exchange ideas on Telecommunications and Interoperability Policy Challenges. Activities of the committee were provided to the Board on a CD to save on paper and to provide an easy way for Board members to keep current on activities.

- **Status Report on NACo Strategic Focus**

  President Colleen Landkamer said she would send the status report on the NACo Strategic Focus by email to Board members following the meeting.

- **NACo/FSC Update**

  Steve Swendiman, FSC CEO, provided an update on the activities of the for profit companies.
  - U.S. Communities had more than $1 billion in sales and $170 million in hard dollar savings to local agencies in 2006. The program now has 14 contracts and 20 suppliers and has more than 20,000 public agencies registered to participate.
  - The cost recovery program has five strong companies offering services as diverse as energy audits and jail inmate health care.
  - New programs under development include:
    - Indigent health care insurance
    - Cash management program transfer from California (CALTRUST)
    - A national private activity bond conduit financing authority
  - The merger of the for-profit activities was completed on January 1, 2007 and a new board has been seated that is in compliance with the Sarbanes Oxley requirements.
  - The FSC continues to help fund the Green Government Institute and the County Leadership Institute.

- **Green Government Initiative**

  NACo Staff Members Abby Friedman and Kelly Zonderwyk gave a presentation on the Green Government Initiative. The idea behind the initiative is for NACo to serve as a catalyst between local governments and the private sector to facilitate green government practices, products and policies that result in financial and environmental savings.

  The initiative was developed because of the:
  - Demand from membership to create hub of green information
    - Growing need within ENERGY STAR Courthouse Campaign stages
    - Just 60 surveyed counties will build 80+ buildings in next 5-7 yrs
  - Gap in existing green organizations – grouped into industrial or commercial, but not local
  - Many experts in the field agree 2007 will be "tipping point" – green will be here to stay

  The goals of the initiative are to:
  - Increase education and outreach on all things green
    - Help educate counties; help counties educate public
  - Promote environmentally preferable purchasing
  - Facilitate open dialogue with private sector
  - Reverse misinformed opinions that green techniques are too costly or of lesser quality
  - Expand to schools and cities in the second and third years of the program

- **Carl Vinson Institute of Government**

  Steve Wrigley, the new director of the Carl Vinson Institute of Government at the University of Georgia, spoke about the projects and surveys that NACo and the institute have planned for this year. The county opinion survey will be conducted again this year and a program to encourage graduate study of county government will be pursued.

- **New Director of Intergovernmental Affairs**

  Maggie Grant, the new Deputy Assistant to the President and Director of Intergovernmental Affairs, spoke briefly at the end of the meeting.

9:00 am – 10:15 am Attended Educational Workshop Block I

- *The Meth Epidemic: How It Is Evolving and What Can Be Done*
  - Discussed NACo's comprehensive approach to fighting meth and what action is needed on the federal level to fight this drug
- *Telecommunications Taxes: Why Should I Care?*
  - Discussed the loss of county revenues if the telecommunication industry is successful in reducing or preempting local government telecom taxes to the "general business" rate – stated goal of the telecommunication industry
- *Transforming Turf: Interoperability Beyond Technology*
  - Discussed strategies on working to achieve voice and data communications interoperability. Discovered that it is more than acquiring and implementing new technologies
  - Also discussed with representatives of law enforcement, emergency management, and fire service professionals, successful methods for elected officials and county leadership to broker collaboration and support for common goals in achieving local, regional, and statewide communication interoperability

10:45 am – 12:00 noon Attended Educational Workshop Block II

- *Discussed Various Topics on SAFETEA-LU*
  - Provided input to the National Surface Transportation Policy and Revenue Study Commission. This commission is charged with making recommendations to Congress on the needs and future funding options for the federal highway and transit programs.
  - This report may serve as the blueprint for the next SAFETEA-LU reauthorization
  - Vice Chair Jack Schenendorf, National Surface Transportation Policy and Revenue Study gave presentation

1:30 pm – 3:30 pm

Attended Opening General Session

- President Colleen Landkamer welcomed NACo members and provided opening remarks
- Guest Speakers:
  - Honorable Brian Schweitzer, Governor of Montana
  - Honorable Mary Peters, Secretary, US Department of Transportation
  - Honorable John Breaux, Former US Senator
  - Honorable Ron Sims, County Executive, King County, WA

Tuesday, March 6, 2007

8:30 am – 10:30 am

Attended 2nd General Session

- President Colleen Landkamer welcomed NACo members and provided opening remarks
- Guest Speakers:
  - Honorable Chuck Hagel, US Senator, NE, Washington, DC
  - Mr. Charlie Cook, The Cook Political Report, Washington, DC

11:00 am – 12:15 pm

Attended Educational Session Block III

- *Financial Survival in Retirement*
  - Provided information on how set aside money to enjoy a comfortable retirement
- *Workforce Investment Act Reauthorization: How to Make It Happen*
  - Discussed how the new democratic majorities will shape the Workforce Investment Act reauthorization bill

12:30 pm – 2:30 pm

Attendee Luncheon

- Guest Speakers:
  - Honorable John McCain, US Senator – Arizona, Washington, DC
  - Honorable Joseph Biden, US Senator – Delaware (DE), Washington, DC

2:45 pm – 4:00 pm Attended Educational Session Block IV

- *Real ID: Challenges Confronting Counties*
  - Discussion on federal regulations from the Department of Homeland Security for federal standards that will apply to driver licenses and other identification documents.
  - Beginning 2008, Americans will not be able to board an airplane or visit many federal facilities unless their driver licenses or other identification card meets the new federal standards.
  - Conservative estimates are that meeting this requirement will cost more than $20 billion, which does not include costs that may be incurred by counties and other local governments

6:30 pm – 9:30 pm Attended NACo President's Reception

Wednesday, March 7

Hawaii Congressional Delegation Visits

1:00 pm – 2:00 pm Visit with Congresswoman Mazie Hirono

2:00 pm – 3:00 pm Visit with Congressman Neil Abercrombie

3:30 pm – 4:30 pm Visit with Senator Daniel K. Inouye

4:30 pm – 5:30 pm Visit with Senator Daniel K. Akaka

Dr-55 (10/96)

2007 NACO LEGISLATIVE CONF.
March 3-7, 2007
Washington, D.C.
DD

City and County of Honolulu

STATEMENT OF COMPLETED TRAVEL

- *Statement due within 30 days of completing travel.*
- *Statement not turned in will result in total cash advance to be included as income on W-2.*

I certify that I departed from Honolulu on official business on 3/03/07 (Date) at 5:15pm (Time) and returned to Honolulu on 3/08/07 (Date) at 3:30pm (Time), as authorized *(see attached Form M-6-69)*. The following is an accounting of expenditures and funds advanced to traveler *(attach required receipts)*. Travel destination and purpose:

(1) PAYMENTS MADE BY TRAVELER FOR ALLOWABLE EXPENSES:

(a) **Lodging, Meals and Tips:**

From 3/03/07 to 3/08/07

5.25 days @$ 130 per day = $ 682.50

The conference, etc., started: Date 3/03/07 Time 8:30AM

The conference, etc., ended: Date 3/07/07 Time 6:00PM

(b) **Excess Lodging Costs:** 4 days @$ 132.55 per day = $ 530.20

Actual lodging cost per day $217.55

Less lodging allowance per day (85.00)

Excess lodging per day $132.55

(c) **Limousine, Taxi, Bus:**

Date	Destination	Amount	
3/4-8	Shuttles/taxis	$ 123.00	
			$ 123.00

(d) **Other allowable expenses:**

Date	Nature of Expense	Amount	
	Airfare + change fees	$ 2,518.40	
			$2,518.40

TOTAL ALLOWABLE EXPENSES, (a) + (b) + (c) + (d) $3,854.10

(2) CASH ADVANCED TO TRAVELER ..... (0.00)

REIMBURSEMENT DUE TRAVELER $3,854.10

AMOUNT DUE CITY FROM TRAVELER - if cash advances exceed expenses ..... ($)

SUMMARY OF TOTAL TRAVEL EXPENDITURES

Total Allowable Expenses *(as shown above)*	$3,854.10
Air Transportation Cost *(not included above)*	- - - - -
Registration Fee, etc. *(not included above)* (p-card pmt)	440.00
TOTAL TRAVEL EXPENDITURES	$4,294.10

Prepared by: Signature of Traveler: Donovan Dela Cruz

APPROVED: Department Head Barbara Marshall

Distribution: Originating Agency (2)
Finance - Accounting