

Access Hawai'i Committee (AHC) Meeting DRAFT Minutes

December 6, 2018
1:00 p.m.

Videoconference Centers (VCC)

Kalanimoku Bldg., 1151 Punchbowl St., Rm. 410, Honolulu, HI 96813

Hilo State Office Bldg., 75 Aupuni St., Basement, Hilo, HI 96720

Wailuku State Office Bldg., 54 S. High St., 3rd Flr., Wailuku, HI 96793

Lihue State Office Bldg., 3060 Eiwa St., Basement, Lihue, HI 96766

Members Present

Derek Ichiyama, representing the Chief Information Officer, Office of Enterprise Technology Services (ETS)

Meoh-Leng Silliman, representing the Comptroller, Department of Accounting and General Services (DAGS)

Sarah Allen, Administrator, State Procurement Office (SPO)

Jennifer Brooks, Attorney, Office of Information Practices (OIP)

Stuart Okumura, Juvenile Justice Information System (JJIS) Coordinator, Department of the Attorney General (ATG)

Stuart Shirai, representing the Director, Department of Commerce & Consumer Affairs (DCCA)

Kevin Thornton, Director of Information Technology and Systems Department, representing the Administrative Director of the Courts

Jules Ung, Director, Department of Information Technology, County of Hawai'i (VCC)¹

Jacob Verkerke, Chief Technology Officer, Department of Management, IT Services Division, County of Maui (VCC)¹

Mandi Swanson, IT Project Leader, representing the CIO, County of Kaua'i (VCC)¹

Members Absent

Robert Su, IT Manager, Department of Taxation (TAX)

Keith Ho, Deputy Director, Department of Information Technology, City & County of Honolulu

Senator Glenn Wakai, State Senate

Representative Chris Lee, State House of Representatives

Other Attendees

Valri Kunimoto, Deputy Attorney General, ATG

Todd Omura, ETS

Susan Bannister, ETS

Burt Ramos, General Manager, Hawai'i Information Consortium (HIC)

Janet Pick, Director of Operations, HIC

Rosie Warfield, HIC

Christine Sakuda, Transform Hawaii Government

¹Participated via VCC

I. Call to Order

Derek Ichiyama, served as Acting Chair and called the meeting to order at 1:03 p.m., at which time quorum was established.

II. Review and Approval of the September 6, 2018 Meeting Minutes

Member Swanson stated that the "TA" next to Del Sherman's name be removed. Member Thornton made a motion to approve the minutes as corrected, which was seconded by Member Okumura. Vote was taken, and the motion unanimously passed.

III. Public Testimony

Greg Hoxsie, resident of Kihei, Maui had concerns regarding the state's Internet portal manager, Hawaii Information Consortium (HIC), and its relationship with the State. He reached out to several state agencies and became frustrated with the lack of response.

Mr. Hoxsie gave an oral testimony and later provided a written list of his questions and concerns to Member Verkerke, which is presented here.

1. Is it true that the HIC contract is coming up for bid by the end of this year? Why?
2. Over the past 8-9 years, approximately 11-12 billion dollars has flowed through the HIC portals. Where can someone find an accounting of the interest income associated with these transactions for the time HIC has the money which belongs to the State?
3. Why does the money flow to HIC in the first place and why is it not direct deposited into State accounts?
4. Is anyone providing oversight in terms of confirming how long HIC holds onto the money that belongs to the State? Checking bank statements, etc.?
5. In the case of the arrangement between the Hawaii Film Office and HIC, 100% of the revenues generated are collected by and retained by HIC. Can someone explain how this is good for the State and its taxpayers? How many other agencies have a similar arrangement whereby 100% of the revenue is collected and retained by HIC?
6. Why do private employees at HIC have government email addresses? This creates the illusion that taxpayers are working with and communicating with a government entity and not a private company.
7. HIC has gone to great lengths to suggest on their website and annual reports that their services are provided at **no cost to the State**. Isn't that a bit more than a misleading statement? I see many examples of time and materials fees, hosting fees, transaction fees and other fees that are clearly costs to the State agencies as well as taxpayers.
8. Based on my review of the 2016 Annual Report, it looks like transactions at the State Procurement Office generated somewhere in the neighborhood of \$1,620,080.00 in revenue for HIC in 2016. I'm not talking about how much was collected, I'm talking about how much money went into HIC's coffers. Can someone explain how the eCommerce services for one State agency can cost 1.6 million in a year?
9. Why are the details of the 2017 Annual Report not available online?
10. Why are the various Statements of Work (SOW) not available for the public on the AHC website?

11. I'd like to suggest an independent audit of all the financial transactions between HIC and the State for 2017 and 2018 and maybe even further back to determine how much money is involved in totality on an annual basis.

12. I'd suggest the immediate removal of all the current AHC committee members to be replaced with paid, professionals (which are non-State Employees) that can provide a more thorough oversight function and protect the interests of the State and Taxpayers more effectively and to present the true financial arrangements to the general public in a transparent and easy to understand format.

13. Why is HIC paying for the salary of the Portal Manager, who is a State Employee? Doesn't this have the appearance of a conflict of interest?

Member Brooks stated that committee cannot discuss any of these items since it is not on the agenda but recommended to Acting Chair Ichiyama that it be placed on the next meeting agenda.

IV. Portal Program Manager's Report

A. Hawaii Information Consortium (HIC) Report

Burt Ramos, HIC General Manager, reviewed the General Manager's report that was submitted with the agenda. Member Verkerke asked to discuss the Revenue Share model. At 1:17 p.m., Ichiyama called for a short recess to bring the report up on the monitor. Meeting reconvened at 1:35 p.m.

Ramos stated that the table shows the total funds collected from HIC. HIC disburses the state fee. Member Allen explained that the financial statements show the total revenue that comes to the state. The audited financial statements are from HIC operations that do not capture total funds collected, whereas the annual report has total fees collected.

Ramos explained that with the SPO HiePRO model, a small fee of .075 to a \$5,000 cap was agreed upon. Any percentage amount above that is credited to SPO, which they can use for future IT work. HIC monitors the credit. Ramos explained that this is a shift from the self-funded model. With the self-funded, small agencies benefit from large departments. The model services all departments regardless of size and funding available. HIC's future goal is to provide more services, generate more revenue, more jobs. The number of services that need to be maintained has a sunset year.

Member Verkerke noted that the overview HIC provided states that this is a "pilot" program which suggests an end date. Because the original solicitation is for a self-funded model for small and large departments and funding for all, he found this new model with SPO highly inappropriate since it was not discussed or approved by the AHC. Questions arose whether this model was approved by the committee. The July 2018 AHC meeting minutes were reviewed and found that this model was not a proposal. Member Verkerke stated that the AHC should have approved or been informed of this model since it dictates where the money is going. Ramos stands by this model. Member Brooks suggested that the signed SOW should be placed on a future agenda with the signed SOW as a template. There was no discussion to use the template.

V. Approval of Statements of Work (SOW)

Acting Chair Ichiyama reviewed the following SOWs. No further discussions occurred.

A. SOWs Under Review

1. Department of the Attorney General, Tax and Charities Division, Online Charity Registration, Amendment 9

The purpose of this SOW Amendment 9 is to make the following changes:

- a. New Schemas - the charity retrievals and charity registry will require changes to accommodate the new schemas.
- b. Single Portal Application Program Interface (API) – In order for the Hawaii Charity Registry to display organizations from the single portal an API must be implemented.

Total Cost: \$24,586.38

Phase I Development Fee: \$1,130.89

Phase II Development Fee: \$23,455.49

Hosting Fees: \$0.00

Maintenance and Support Fees: \$0.00

Transaction Fees: This SOW does not change any existing transaction fees for the Charity Registration service. The current transaction fee of \$4.00 per transaction, plus 3% of each transaction processed will remain as is.

Other Fees: \$0.00

2. Department of Business, Economic Development and Tourism, Business Development Support Division (BDSD), Website Services

A monthly cap of \$4,000 will be put in place where work will not exceed this amount. Actual costs for work completed will be invoiced monthly per the rates specified in our master contract. HIC will invoice DBEDT for work completed on a monthly basis.

Total Cost: Unknown

B. SOWs Signed

1. Hawai'i County, Online Road Test Schedule System
2. Department of Business, Economic Development and Tourism (DBEDT), Small Business Regulatory Review Board, Website
3. Office of Enterprise and Technology Services, Consolidated Annual Financial Report (CAFR)

VI. Annual Portal Report

Acting Chair Ichiyama moved to go into executive session pursuant to HRS Section 92-5(a)(4) to consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities to discuss the draft of the Annual Report, which was seconded by Member Thornton. Member Allen stated that an executive session was needed for the committee to discuss information that would be included in the Annual Report on the Operation of the Internet Portal to the Legislature and seek legal advice to publish the information. The committee moved into executive session at 2:10 p.m.

The meeting reconvened at 2:58 p.m.

VII. Good of the Order

A. Announcements

A special meeting will be held in January 2019.

B. AHC 2019 Meeting Schedule

March 7, 2019, 1:00 p.m.

June 6, 2019, 1:00 p.m.

September 5, 2019, 1:00 p.m.

December 5, 2019, 1:00 p.m.

VIII. Adjournment

Member Shirai made a motion to adjourn the meeting, which was seconded by Member Brooks. Vote was taken, and the motion unanimously passed. Meeting adjourned at 2.59 p.m.

Recorded by: _____
Susan Bannister, ETS