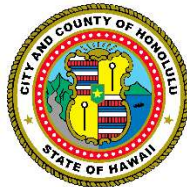


DEPARTMENT OF CUSTOMER SERVICES
KA 'OIHANA LAWELAWE KUPA
CITY AND COUNTY OF HONOLULU

ADMINISTRATION
925 DILLINGHAM BOULEVARD, SUITE 257 • HONOLULU, HAWAII 96817
PHONE: (808) 768-3392 • FAX: (808) 768-3750 • WEBSITE: honolulu.gov

RICK BLANGIARDI
MAYOR
MEIA



KIMBERLY HASHIRO
DIRECTOR
PO'O

DEREK MAYESHIRO
DEPUTY DIRECTOR
HOPE PO'O

July 1, 2024

SENT VIA EMAIL

Kanoelani B. Perry, President
All Island Wreckers, Inc.
98-320 Moanalua Road, Unit 15-1, Suite 328
'Aiea, Hawai'i 96701
allislandtowing@yahoo.com

Re: Contract No. MA-CSD-2300062

Dear Ms. Perry:

As you recall, following complaints from registered owners, the City issued a letter to All Island Wreckers, Inc. (All Island) dated June 28, 2023, to review and audit All Island's invoices for improperly charging the Non-Statutory Difficult Hook Up fees (NSDHU) referenced in Contract No. MA-CSD-2300062 (Contract).

Following the issuance of our June 28, 2023 letter, we had several meetings to discuss the Contract, in particular the proper application of the NSDHU fee. As we stated, Appendix A, Section II.A(1)(e) of the Contract defines a NSDHU fee to include "use of multiple tow vehicles, recovery from hazardous location such as off-road, ravines, streams, shorelines, and canals." This Contract provision flows from Hawai'i Revised Statutes (HRS) § 291C-165.5 that states that tow operators may charge reasonable amounts for excavating vehicles from off-road locations.¹

¹ As you know, the Contract requires that All Island comply with all applicable laws and ordinances. Section 2.14 of the City and County of Honolulu's General Terms and Conditions (February 1, 2015) states, "The Contractor shall at all times observe, perform, and comply with all federal, state and local laws or ordinances, rules and regulations which in any manner affect those engaged or employed in the performance of the work... required under the contract[.] See Appendix E of the Contract.

Thus, as we have previously explained, the NSDHU fee is only appropriate if the vehicle is off the road and if the amount is *reasonable* notwithstanding All Island's line item bid amount of \$900 per 15 minute period following an initial 15 minutes. Again, as previously explained, the Department of Customer Services (CSD) considers a vehicle off the road when more than 50% of the vehicle is not on the roadway as defined in the State of Hawai'i's Traffic Code found in HRS Chapter 291C. HRS § 291C-2 defines "Roadway" as "that portion of a highway improved, designed, or ordinarily used for vehicular travel, exclusive of the berm or shoulder."

As you are aware, on September 13, 2023, CSD provided All Island with the opportunity to either amend 349 invoices or provide additional supporting documentation for the apparent unjustified charges. All Island chose not to amend these invoices but rather to provide additional documentation. Accordingly, CSD has completed its review and audit of the invoices and materials that All Island provided.

Pursuant to Appendix A, Section II.A(1)(e) of the Contract, which provides that "[t]he CITY shall be the sole judge of approving or disapproving" NSDHU fees, CSD determined that 782 invoices improperly assessed NSDHU fees charged to registered owners. These 782 invoices are disapproved per the CSD's Director's authority as the Officer-in-Charge.

Attached is a list of the invoices that contains the improperly charged and disapproved NSDHU fees. Also, please note that any and all invoices that assessed the NSDHU fee within the audit period of January 1, 2023 to June 28, 2023 that All Island failed to provide to CSD are also hereby disapproved.

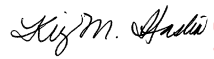
Pursuant to Section X of Appendix D of the Contract, "Proven excessive charges shall be refunded to the vehicle owner and liquidated damages shall apply." Pursuant to Section VII of Appendix D, CSD assesses liquidated damages (LDs) in the amount of SEVENTY-EIGHT THOUSAND TWO HUNDRED DOLLARS (\$78,200.00) calculated as follows: 782 disapproved invoices x \$100 LDs per violation = \$78,200.00.

Finally, pursuant to Appendix A, Section II.A(1)(e), CSD will also investigate All Island's application of the NSDHU fees from June 29, 2023 to present. CSD requests that All Island produce all invoices and supporting documentation, photographs, and information from June 29, 2023 to present in which All Island assessed the NSDHU fee(s), including Impound Invoice No. 24-108679 dated February 20, 2024 and Impound Invoice No. 24-109773 dated March 5, 2024. Under Section XI of the Appendix D, Special Provisions, All Island has five (5) calendar days to provide these records. No extension will be given without All Island immediately commencing production of the documents and providing CSD with a good faith explanation for more time. An extension is in CSD's sole discretion.

Kanoelani B. Perry, President
All Island Wreckers, Inc.
July 1, 2024
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If you have any questions regarding the above, please contact CSD at
808-768-3393.

Sincerely,



Digitally signed by
Hashiro, Kimberly
Date: 2024.07.01
15:16:01 -10'00'

Kimberly M. Hashiro
Director

Encl.

cc: Purchasing Division, Budget and Fiscal Services
Corporation Counsel