

COUNCIL OF THE COUNTY OF MAUI

# BUDGET AND FINANCE COMMITTEE

March 2, 2001

**Committee**  
**Report No.**

01-29

Honorable Chair and Members  
of the County Council  
County of Maui  
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on February 13, 2001, makes reference to County Communication No. 01-58, from the Budget Director, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2001 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO THE DEPARTMENT OF PUBLIC WORKS AND WASTE MANAGEMENT AND THE HIGHWAY AND WASTEWATER FUNDS".

The purpose of the proposed bill is to recognize an additional \$425,000 for the Highway Fund and \$1,100,000 for the Wastewater Fund in carryover/savings for appropriation for unexpected increases in electricity costs.

By letter dated February 9, 2001, the Budget Director transmitted a copy of a letter dated February 8, 2001 from the Director of Finance, certifying that there is available for appropriation revenues of \$425,000 from the Highway Fund and \$1,100,000 from the Wastewater Fund from Carryover/Savings in excess of the budget estimates for Fiscal Year 2001.

At its meeting, your Committee met with the Budget Director, the Director of Finance, the Director of Public Works and Waste Management, and a Deputy Corporation Counsel.

The Director of Finance informed your Committee that due to unexpected increases in electricity costs for Fiscal Year 2001, both the Highway Fund and the Wastewater Fund will incur budget shortfalls. He stated that the increased costs are based on two elements: increased usage and the energy fuel cost adjustment factor (fuel cost factor). Maui Electric Company, Ltd. (MECo) has indicated that the majority of the increase is due to the fuel cost factor. This fuel cost factor is a result of higher fuel costs incurred by MECo, which is passed directly to the consumer as a factor on utility bills.

COUNCIL OF THE COUNTY OF MAUI  
**BUDGET AND FINANCE COMMITTEE**

March 2, 2001  
Page 2

**Committee**  
**Report No.**      01-29

The Director of Finance stated that the funds are available from the Fiscal Year 2000 Carryover/Savings, which is reflected under the title, "Unreserved Fund Balances", on page 93 of the Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2000. He informed your Committee that the Carryover/Savings is unappropriated and cannot be spent without Council approval and that this proposed bill is requesting that appropriation. He further noted that Carryover/Savings may be used for those unanticipated items such as the increase in electricity costs.

The Director of Public Works and Waste Management informed your Committee that both the Highway and Wastewater divisions are exercising electrical efficiency. In the last several years, they have installed new motors, chillers and lighting. He stated that the cost for running these facilities is a pass-through cost from MECo, over which the County has little control. The Director of Public Works and Waste Management further informed your Committee that the funding for Highways will be utilized for required streetlights, traffic signals and lights for off-street parking facilities. In the Wastewater division, the need for additional funding is a result of the increase in fuel costs by MECo and the increase in reclaimed water use.

After extensive discussion, your Committee voted to recommend passage of the proposed bill on first reading and filing of the communication.

Your Budget and Finance Committee **RECOMMENDS** the following:

1. That Bill No. \_\_\_\_\_ (2001), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2001 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO THE DEPARTMENT OF PUBLIC WORKS AND WASTE MANAGEMENT AND THE HIGHWAY AND WASTEWATER FUNDS" PASS FIRST READING and BE ORDERED TO PRINT; and
2. That County Communication No. 01-58 be FILED.

Adoption of this report is respectfully requested.

COUNCIL OF THE COUNTY OF MAUI  
**BUDGET AND FINANCE COMMITTEE**

March 2, 2001  
Page 3

Committee  
Report No. 01-29

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