

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

April 19, 2002

**Committee
Report No.**

02-54

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 March 12, 2002, March 20, 2002, and April 8, 2002, makes reference to County Communication No. 01-259, from the Community Development Block Grant (CDBG) Coordinator, transmitting the following:

1. Community Development Block Grant Program Fact Sheet, 2002 Program Year; and
2. County of Maui 2002 Consolidated Plan (CDBG) Submission Schedule.

By correspondence dated February 22, 2002, the Council Chair transmitted correspondence dated February 20, 2002 from the CDBG Coordinator, transmitting the following:

1. 2002 CDBG Grant Applications Received (a list of programs being reviewed for proposed funding);
2. CDBG Budget 2002 Program Year Administrative Account;
3. Executive Summaries for the 2002 Grant Year (a summary for each program being reviewed for proposed funding); and
4. CDBG Applications.

By correspondence dated February 22, 2002, the Council Chair transmitted correspondence dated February 22, 2002, from the CDBG Coordinator, transmitting a proposed resolution entitled "AUTHORIZING THE FILING OF AN APPLICATION WITH THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, UNITED STATES OF AMERICA, FOR A GRANT

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UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM” and related documents.

The purpose of the proposed resolution is as follows:

A. To authorize the Mayor or his representative to execute and file an application on behalf of the County of Maui with the U. S. Department of Housing and Urban Development (HUD) for a grant of \$1,947,000 to aid in the development of the following projects:

1. Aloha House\$120,000
Renovation and expansion of two building facilities at Aloha House
2. Boys & Girls Club of Maui 275,000
Design/planning/ construction of West and/or Central Maui Centers
3. Community Clinic of Maui, Inc.212,000
Construction of a satellite medical clinic facility in Lahaina
4. County of Maui, Department of Public Works 428,000
and Waste Management
ADA modifications of wheel chair ramps at various locations
5. County of Maui, Department of Housing 100,000
and Human Concerns
Renovation and expansion of Hale Mahaolu Akahi Community Building Complex
6. County of Maui, Maui Fire Department50,000
Purchase of a 4X4 utility vehicle for the Kaunakakai Fire Station

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- 7. County of Maui, Maui Fire Department 150,000
 Purchase of a brush/mini pumper fire truck
 for Hana, Maui

- 8. Maui Food Bank, Inc. 120,000
 Design, planning and environmental assessment
 of a collaborative service center project with
 Maui Food Bank, Inc. and Maui AIDS Foundation

- 9. County of Maui, Maui Police Department 92,000
 Purchase of two Emergency Incident Response
 Vehicles to be stationed in Wailuku and Lahaina

- 10. County of Maui, Department of Parks and 200,000
 Recreation
 ADA accessibility improvements and access to
 various parks and facilities

- 11. CDBG Program Administration 200,000

TOTAL: \$1,947,000

- B. To authorize the Mayor or his representative to: (1) receive and accept any grant award; (2) execute and file all understandings and assurances contained therein; (3) furnish information as requested by the HUD in connection with the application which is authorized to be filed; (4) accept the grant upon its approval by the HUD; and (5) execute all documents necessary for the acceptance and implementation of any grant award received pursuant to the application filed.

- C. To authorize, since the grant amount may vary, that the grant shall be applicable to the amount or amounts specified in the notification of grant award or similar comparable document, and that such amounts may be expended if appropriated under the terms of the

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budget ordinance or any amendment made to the budget ordinance.

By correspondence dated March 4, 2002, your Committee Chair requested that the CDBG Coordinator provide (1) the evaluation criteria used and the ranking explanation for the proposed CDBG projects; (2) a status report of the current CDBG programs; and (3) the current amount of funds available for reallocation to existing programs as a result of unused funds.

By correspondence dated March 4, 2002, your Committee Chair transmitted a copy of the proposed resolution regarding CDBG funding to the CDBG Program Year 2002 proposers, and requested their attendance at the March 12, 2002 Budget and Finance Committee meeting to present a brief project overview and to be available for questions.

By correspondence dated March 7, 2002, the CDBG Coordinator provided (1) the evaluation criteria and selection system used on proposed CDBG activities; (2) a summary status report for all open CDBG activities; and (3) a listing of uncommitted funds that may be available for reprogramming to existing activities.

By correspondence dated March 8, 2002, the Council Chair transmitted correspondence dated March 7, 2002 from Michael Nobriga in support of funding for the Boys & Girls Club of Maui.

By correspondence dated March 12, 2002, Jonathan Starr, Chief Volunteer Officer and Board Chairman, Boys & Girls Club of Maui, provided written testimony in support of the Central Maui project.

At its meeting of March 12, 2002, your Committee met with the Budget Director, the CDBG Coordinator, and a Deputy Corporation Counsel.

Your Committee received project overviews from all of the applicants with the exception of The ARC of Maui. The Boys & Girls Club of Maui informed your Committee that its proposal was revised to only focus on the Central Maui facility, since a site has not been selected for the West Maui facility.

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Your Committee received the following documents:

1. Additional information on the Central Maui Center from Kelly Pearson, Operations Director, Boys & Girls Club of Maui; and
2. A development site plan from Debra Johnson, Executive Director, Maui Food Bank and Jon Berliner, Executive Director, Maui AIDS Foundation for their project.

Your Committee expressed concern that only 11 applications are being considered this year and that 6 of the 11 are County of Maui projects.

The CDBG Coordinator reviewed the notification process, which is outlined on the "2002 Consolidated Plan (CDBG) Submission Schedule". In addition, he stated that prior applicants and nonprofit agencies are mailed a notice requesting CDBG proposals.

The CDBG Coordinator informed your Committee that two additional applications were not accepted. One application was from the Hana Medical Center to remodel an existing building to house nurses. He stated that the project did not qualify under HUD's guidelines. The second application from Wailuku Main Street Association, Inc. (WMSA) was not processed because of unresolved questions between WMSA and HUD. In addition, the CDBG Coordinator stated that WMSA is included in the Mayor's Budget.

Your Committee deferred the matter pending further discussion.

By correspondence dated March 14, 2002, your Committee Chair requested that the Director of Housing and Human Concerns provide a breakdown, by major category, of the \$100,000 proposed costs for the expansion of the Hale Mahaolu Akahi Community Building Complex.

By correspondence dated March 14, 2002, your Committee Chair requested that the Department of the Corporation Counsel review (1) the use of a Type III activity permit versus County Property Lease for the Boys & Girls Club of Maui; and (2) Maui Food Bank Inc./Maui AIDS Foundation's request for CDBG funds without having an identified site.

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By correspondence dated March 14, 2002, your Committee Chair requested that Charles Ridings, Executive Director of Ka Hale A Ke Ola Homeless Resource Center, provide written confirmation on whether an agreement has been made with Community Clinic of Maui, Inc. to operate a facility in the West Maui Resource Center.

By correspondence dated March 18, 2002, Debra Johnson, President/CEO, Maui Food Bank, provided information regarding the oversight policies of the Maui Food Bank, Inc.

By correspondence dated March 19, 2002, the Director of Housing and Human Concerns provided an estimated cost breakdown and drawings of the Hale Mahaolu Akahi Community Building Complex.

By correspondence dated March 19, 2002, your Committee Chair transmitted the Chair's recommendations for CDBG projects.

By correspondence dated March 19, 2002, Charles Ridings, Executive Director, Ka Hale A Ke Ola Homeless Resource Center, provided confirmation that he is authorized by the Board of Directors of Ka Hale A Ke Ola to provide space at the West Maui Resource Center for the Community Clinic of Maui, Inc. to operate a clinic similar to the clinic at the Ka Hale A Ke Ola Homeless Resource Center in Wailuku.

At its meeting of March 20, 2002, your Committee met with the Budget Director, the CDBG Coordinator, and a Deputy Corporation Counsel.

Your Committee received testimony from two individuals, who outlined a new request for CDBG funding. The request from Mental Health Kokua is for \$250,000 for the purchase and renovation of transitional housing for mental health consumers. The CDBG funds will be added to funds from the State and private foundations to purchase a building in Wailuku, which can easily be transformed into transitional housing. The testifiers informed your Committee that approximately 75 of the 300 seriously, mentally ill residents of Maui County would benefit from the transitional program. Your Committee was further

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informed that at the time CDBG proposals were requested, the building was not available.

Your Committee received testimony from one individual in support of the Boys & Girls Club of Maui and its request for a new Central Maui facility.

Your Committee received the following documents:

1. A chart of reprogrammed CDBG projects from the CDBG Coordinator; and
2. Information regarding Mental Health Kokua's request for CDBG funds from Elizabeth Lum of Mental Health Kokua.

The Deputy Corporation Counsel informed your Committee that concerns regarding the Type III activity permit, which the Boys & Girls Club has with the County of Maui, versus a lease are addressed in the Maui County Code. Section 13.04.100 covers the responsibility of the applicant when seeking permits for use of County facilities, Section 13.04.110 covers the permittee's liability requirements, and Section 13.04.130 covers duration of use.

Your Committee expressed concern that the requirement in Maui County Code Section 13.04.130, that the director notify the Council when the director has authorized the use of a facility for Type III or Type IV activities for more than three consecutive days, has not been followed by the Administration.

The Deputy Corporation Counsel also informed your Committee that there is no legal requirement for a site to be identified before granting the funds.

Your Committee deliberated on the allocation of funding for the various projects.

Your Committee recommended increasing the funding for Aloha House to the requested amount of \$125,585, for the expansion and improvement of two under utilized buildings that will add 10 additional beds to the residential facility.

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Your Committee recommended reducing the funding for the Boys & Girls Club of Maui to \$150,000, for the design of the Central Maui Center. In addition, your Committee added a provision that the County of Maui shall disburse no grant funds before a lease agreement is executed with the County of Maui for the project site.

Your Committee recommended increasing the funding for the County of Maui, Department of Public Works and Waste Management to \$447,415 for wheelchair ramps at various locations.

Your Committee recommended reducing the funding for the Maui Food Bank, Inc. collaborative project with the Maui AIDS Foundation to \$50,000. In addition, your Committee added a provision that the County of Maui shall disburse no grant funds before a project site is identified and secured.

Your Committee recommended adding \$150,000 for the Mental Health Kokua program for the purchase and renovation of transitional housing for mental health consumers. In addition, your Committee recommended that, in the event the Mental Health Kokua program does not qualify for CDBG funds, the funds shall be redirected to the County of Maui, Department of Public Works and Waste Management, for ADA modifications of wheelchair ramps at various locations.

Your Committee recommended increasing the funding for CDBG Program Administration to \$220,000, provided that \$20,000 shall be for an external audit of the CDBG Program Administration with the auditor selected by the Council.

Your Committee made no changes to the remaining recommendations submitted by the Administration in the proposed resolution.

In response to your Committee's concern regarding the redirection of unexpended funds, the CDBG Coordinator explained that the CDBG Office in coordination with the Administration selects the projects that will receive the additional funds. Only currently approved projects can receive the redirected funds. Your Committee stated its position that the Council should be notified when funds are available for redirection so that the Council is provided an option to specify which projects receive priority consideration for the redirected funds.

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Your Committee voted to recommend adoption of the revised proposed resolution and filing of the communication.

Your Committee requested that the Department of the Corporation Counsel revise the proposed resolution to incorporate your Committee's recommendations, including the additional provisions to the individual grants.

Subsequent to your Committee's recommendations, your Committee Chair was verbally advised by the Department of the Corporation Counsel that one of the provisions added by your Committee, regarding the selection of an auditor to review the CDBG program, was improper.

By correspondence dated April 1, 2002, your Committee Chair requested that the Department of the Corporation Counsel conduct legal research on the provision regarding the audit of the CDBG Program Administration, specifically regarding the requirement that the selection of the auditor be made by the Council.

By correspondence dated April 3, 2002, the CDBG Coordinator stated that an additional external audit on the CDBG Program Administration is considered ineligible since the County is already required to conduct an annual audit under the U. S. Office of Management and Budget (OMB) Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations), which is known as the Single Audit Act.

By correspondence dated April 5, 2002, the Department of the Corporation Counsel advised that a separate audit of the CDBG Office using CDBG funds is not appropriate. However, a portion of the cost of the annual audit on existing CDBG projects can be paid with CDBG funds provided that the audit is performed in accordance with the Single Audit Act. Generally, the percentage of costs charged to Federal awards for a Single Audit is limited to the percentage derived by dividing Federal funds expended by total funds expended by the County during the fiscal year. Each source of Federal grant funds would then contribute its proportional share to the Federal share of the cost of the audit.

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Your Committee notes that based on Fiscal Year 2001 data, the CDBG share of the County's annual Single Audit is approximately \$230.

By correspondence dated April 5, 2002, the Department of the Corporation Counsel provided your Committee with two draft proposed resolutions reallocating the \$20,000 designated for the audit to either the Maui Food Bank for the collaborative project with the Maui Aids Foundation or the Department of Public Works and Waste Management for ADA wheelchair ramps at various locations.

At its meeting of April 8, 2002, your Committee met with the Budget Director, the CDBG Coordinator, the First Deputy Corporation Counsel, and a Deputy Corporation Counsel.

Your Committee Chair provided an overview of the issues that were raised subsequent to your Committee's March 20th meeting.

Your Committee recognized the need to expedite compliance with the Consent Decree regarding ADA wheelchair ramps. In addition, your Committee expressed concern regarding ADA accessibility with some of the sidewalks surrounding obstacles, such as trees and utility poles.

After a brief discussion, your Committee voted to recommend that (1) the \$20,000 allocated for an audit be redirected to the Department of Public Works and Waste Management for ADA wheelchair ramps at various locations; (2) the revised proposed resolution be adopted; (3) the Council Chair be authorized to contract for an independent audit or evaluation regarding whether the CDBG Office's decisions on grant applications and administration are justifiable, appropriate, and fair; and (4) the communication be filed.

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

1. That Resolution No. _____, as revised herein and attached hereto, entitled "AUTHORIZING THE FILING OF AN APPLICATION WITH THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, UNITED STATES OF AMERICA, FOR A

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GRANT UNDER THE COMMUNITY DEVELOPMENT BLOCK
GRANT PROGRAM” be ADOPTED;

2. That the Council Chair be AUTHORIZED to contract for the performance of an independent audit or evaluation of the Community Development Block Grant (CDBG) Program of the County, regarding whether the County CDBG Office’s decisions on grant applications and administration (monitoring and reporting) are justifiable, appropriate, and fair; and
3. That County Communication No. 01-259 be FILED.

Adoption of this report is respectfully requested.

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G. RIKI HOKAMA Chair

PATRICK S. KAWANO Member

ALAN M. ARAKAWA Member

MICHAEL J. MOLINA Member

ROBERT CARROLL Member

WAYNE K. NISHIKI Member

JO ANNE JOHNSON Member

CHARMAINE TAVARES Member

DAIN P. KANE Member