

Council Chair  
Danny A. Mateo

Vice-Chair  
Joseph Pontanilla

Council Members  
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Robert Carroll  
Elle Cochran  
Donald G. Couch, Jr.  
G. Riki Hokama  
Michael P. Victorino  
Mike White



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CORPORATION COUNSEL  
Director of Council Services  
Ken Fukuoka

2011 SEP -2 PM 4: 50

**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.mauicounty.gov/council](http://www.mauicounty.gov/council)

September 2, 2011

Mr. Joshua Stone, Chair  
and Members of the Charter Commission  
County of Maui  
Wailuku, Hawaii 96793

Dear Chair Stone and Members of the Charter Commission:

**SUBJECT: AMENDMENT TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, RELATING TO REVIEWS OF THE GENERAL PLAN AND OTHER LAND USE ORDINANCES (PAF 11-178)**

I am requesting that the Charter Commission consider amending Section 8-8.4 of the Revised Charter of the County of Maui (1983), as amended, ("Charter") to ensure consistency with Section 8-8.6 of the Charter. Furthermore, I am requesting that the Charter Commission review these sections of the Charter in their entirety for other inconsistencies with regard to established time frames.

May I please request that the Charter Commission ("Commission") consider the following:

1. The second section numbered 8-8.4(3) establishes a 120-day deadline "after the final public hearing" for the planning commission to transmit its findings and recommendations on proposed land use ordinances and amendments, which are unrelated to the general plan, to the Council. In contrast, Section 8-8.6(2) provides that the Council may pass revisions to land use ordinances if the planning commission fails to make its report within 120 days "after receipt of the referral" by the planning commission.

To correct this inconsistency, I am proposing the following amendment to Section 8-8.4 of the Charter:

"3. Review other proposed land use ordinances and amendments thereto prepared by the director or the council and, after public hearings, transmit such ordinances with its findings and recommendations thereon to the council for consideration and

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action no later than one hundred twenty (120) days after [the final public hearing] receipt of the referral.”

2. In consultation with the Department of Planning and the Department of the Corporation Counsel, please review Section 8-8.4 and Section 8-8.6 of the Charter in their entirety for other inconsistencies with regard to established time frames for action.
3. It is unclear whether the use of the phrases “prepared by”, “requested by” and “proposed by” in Sections 8-8.4 and 8-8.6 of the Charter are intended to have different meanings. For instance, it appears that the term “proposed by” in Sections 8-8.6(3) and 8-8.6(4) was intended to refer to revisions initiated by the planning director, as opposed to a private applicant or other source. In consultation with the Department of the Corporation Counsel, please propose amendments, if appropriate, to those sections for consistency and clarity.
4. As a housekeeping measure, please renumber the subsections within Section 8-8.4 of the Charter to remove duplication.

Should you have any questions, please contact me or Legislative Analyst Kimberley Willenbrink at 270-7761.

Sincerely,



DONALD G. COUCH, JR.  
Council Member

paf:kcw:11-178b

cc: Honorable Mayor Alan M. Arakawa  
William Spence, Planning Director  
Patrick K. Wong, Corporation Counsel

Mayor Alan Arakawa  
200 S. High Street, 9<sup>th</sup> Floor  
Wailuku, HI 96793

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CORPORATION COUNSEL

2011 SEP -8 AM 9:00

September 2, 2011

Dear Mayor Arakawa,

This letter is to respectfully request that you rescind your recent proposal, presented to the Maui County Charter Commission, recommending the addition of a "sustainability division" to the Department of Environmental Management. With all due respect, I appreciate your continued concerns for our island environment. However, I strongly feel that the addition of yet another layer of government is not the way to accomplish any positive objectives in this area.

One argument that you made in favor of your proposal was that, although the state already has the Department of Land and Natural Resources, you feel that this entity is "ill-equipped" to handle its job. Wouldn't it be more cost-effective to make sure that this existing department becomes sufficiently equipped, than it would be to create an entire new government division whose functions would be totally redundant? To me, such a move is blatant waste of taxpayer dollars.

I took the time to check out the websites of the cities that you referred to in the Maui News (August 27), as well as a few others. I also made some phone calls. In every instance, the "sustainability divisions" in these cities are in the Mayor's office, and consist of one to five employees, doing the exact same job that your own Environmental Coordinator, Rob Parsons is currently doing. Where I come from, we have a saying that goes, "if it ain't broke, don't fix it." I think that saying would apply in this instance.

I trust that you and the Charter Commission will reconsider the actual intent and viability of your Proposal #9, and decide to take it off the table. If it does make it onto the ballot in the 2012 elections, I can assure you that I will campaign strongly against it. We need to streamline government at every level, not add even more. Better stewardship of tax dollars and existing resources will resonate more with voters, despite the current political popularity of "green" initiatives and "sustainability" issues.

Thank you so much for taking the time to read over my request. I hope that you have been receiving many more just like it from other constituents throughout the county. I have every confidence that you will do the right thing – rather than succumbing to pressure from those that wish only to promote the popular "cause" of the day. I'll be watching to see what happens.

Sincerely,



Rhonda Glass  
256 Puumakani Street  
Kahului, HI 96732

092611-Item No. II.B. pg 1-1

cc: Maui County Charter Commission

**From:** Lisa Kahuhu  
**To:**  
**Subject:** Fwd: Maui Charter Commission proposal list

----- Forwarded message -----

From: EditorMolokai Advertiser-News George Peabody <[MolokaiMAN@basicisp.net](mailto:MolokaiMAN@basicisp.net)>  
Date: Wed, Sep 7, 2011 at 3:54 PM  
Subject: Maui Charter Commission proposal list  
To: [sherrybroder@sherrybroder.com](mailto:sherrybroder@sherrybroder.com), [jonmvandyke@gmail.com](mailto:jonmvandyke@gmail.com),  
[MolokaiMAN@basicisp.net](mailto:MolokaiMAN@basicisp.net)

[sherrybroder@sherrybroder.com](mailto:sherrybroder@sherrybroder.com), [jonmvandyke@gmail.com](mailto:jonmvandyke@gmail.com)

Aloha Sherry Broder: I have been trying to access and copy the text of the Maui Charter Commission matrix you apparently made and is posted on Maui website. But.

When I select and copy any part of the text, pasting of the text only results in pasting the county website URL not the text selected. So, we need the document to be made text selectable.

Also, I did not see my letter to commission with my proposals included therein. Why not? Please include that long letter/proposal for consideration.

Please send to me by email attachment, a word .doc or plain text or RTF word document, the data for the "matrix".

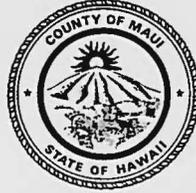
Did you get paid by Maui County to put that together, and to exclude other proposals submitted that you deemed in conflict with federal and state laws? How much?

mahalos,

George Peabody editor for Molokai Advertiser-News since 1984

092611 - Item No. II.C. Pg 1-1

ALAN M. ARAKAWA  
MAYOR



FRANKLYN L. SILVA  
DIRECTOR

TRACI FUJITA VILLAROSA  
DEPUTY DIRECTOR

DEPARTMENT OF LIQUOR CONTROL  
C O U N T Y O F M A U I

2145 KAOHU STREET, ROOM 105 • WAILUKU, MAUI, HAWAII 96793  
PHONE (808) 243-7753 • FAX (808) 243-7558

September 9, 2011

Chair Joshua A. Stone and Charter Commission Members  
Maui County Charter Commission  
200 S. High Street, 3<sup>rd</sup> Floor  
Wailuku, HI 96793

Re: #8.13.2 - Proposal to make no changes to Liquor Control Adjudication Board

Dear Chair Stone and Charter Commission Members:

The purpose of this testimony is to comment on the matrix of proposals prepared by Sherry P. Broder and Jon M. Van Dyke dated September 1, 2011. The Department of Liquor Control supports #8.13.2 – Proposal to make no changes to Liquor Control Adjudication Board ("Board"). There are several reasons to retain the current structure.

The Liquor Control Commission ("Commission") would decide both licensing and adjudication matters if the Commission inherited the Board's functions. This would result in a situation in which statements made by a Commissioner during the licensing process could be used to disqualify the Commissioner during the adjudication process. A licensee would argue that prior statements made by a Commissioner show that the Commissioner is biased and should not be allowed to make a decision on the licensee's adjudication matters.

In addition, it would be awkward for the Commission to decide adjudication matters because it directly oversees the Director who is prosecuting the adjudication matter. Please see Department Organization Chart identified as Exhibit "A" and attached hereto. Under the current structure and as illustrated on Exhibit "A", the Board is a separate entity and not connected to the Director. When the Board hears an adjudication case it is fresh and untainted by any actions or statements previously made.

Finally, adding adjudication matters to the Commission's duties would increase the length of Commission meetings and possibly increase the number of meetings the Commission would have each month. This could make it more difficult to find volunteers to serve on the Commission. Currently there are no issues with filling vacancies on either the Board or Commission.

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Chair Joshua A. Stone and Charter Commission Members  
September 9, 2011  
Page 2

In conclusion, a separate Board is efficient and promotes fairness in liquor law enforcement.

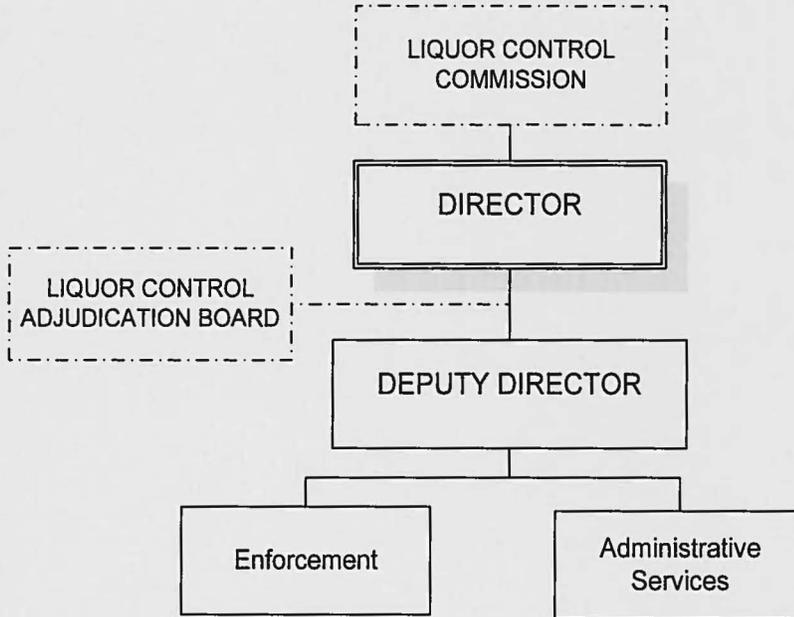
Very truly yours,

  
FRANKLYN L. SILVA  
Director of Liquor Control

# DEPARTMENT OF LIQUOR CONTROL

## Department Summary

### Organization Chart



### Mission Statement

To protect the health, safety and welfare of the general public by regulating and controlling the liquor industry in the importation, manufacture, sale and service of alcoholic beverages

### Financial Summary

	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY 2012 Adopted	Change Amount	% Change
<b>Program Summary</b>						
Liquor Fund						
Liquor Control	2,156,688	2,220,452	2,776,337	2,885,144	108,807	3.9%
<b>Total</b>	<u>2,156,688</u>	<u>2,220,452</u>	<u>2,776,337</u>	<u>2,885,144</u>	<u>108,807</u>	<u>3.9%</u>

### Equivalent Personnel Position Summary

	FY 2009 Actual	FY 2010 Actual	FY 2011 Budget	FY 2012 Adopted	Change Amount	% Change
Liquor Fund						
Liquor Control	26.0	26.0	26.0	26.0	0.0	n/a
<b>Total</b>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>0.0</u>	<u>n/a</u>

Equivalent Personnel (E/P) = Full-time equivalents of full- and part-time personnel.

ALAN M. ARAKAWA  
MAYOR



FRANKLYN L. SILVA  
DIRECTOR

TRACI FUJITA VILLAROSA  
DEPUTY DIRECTOR

DEPARTMENT OF LIQUOR CONTROL  
C O U N T Y O F M A U I

2145 KAOHU STREET, ROOM 105 • WAILUKU, MAUI, HAWAII 96793  
PHONE (808) 243-7753 • FAX (808) 243-7558

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September 9, 2011

Chair Joshua A. Stone and Charter Commission Members  
Maui County Charter Commission  
200 S. High Street, 3<sup>rd</sup> Floor  
Wailuku, HI 96793

Dear Chair Stone and Charter Commission Members:

The purpose of this testimony is to correct several misstatements made by Mr. Ian Ballantyne in testimony dated August 2, 2011 and submitted to the Commission at its August 15, 2011 meeting. Mr. Ballantyne also made similar statements at the Commission's Hana meeting on July 5, 2011.

"Needs additional layer of supervision/appeal process from the Mayor's office."

Section 281-17, Hawaii Revised Statutes, gives the liquor commission sole jurisdiction, power, authority, and discretion over liquor regulation matters, including the appointment and removal of an administrator.

"Only place in the world where one cannot dance if there is a liquor license."

This statement is false. Liquor regulations permit dancing in liquor licensed premises. However, licensees may choose not to have dancing within its premises.

"Only place in the world where one cannot taste wine in wine store."

This statement is false. Liquor regulations allow wine tasting in retail stores by permit.

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"Only place in the world where one cannot sell alcoholic beverages below cost. There are times when a wine is starting to turn because it is too old. Owner needs to sell quickly as wine will be unsellable within a few months. Better to sell at, say, half price to get something back rather than have to trash it."

This statement is false. The prohibition of selling liquor below cost is a common regulation nationwide. The purpose of the restriction is to prevent excessive consumption of liquor.

"Only place in the world where one cannot legally return a bottle of wine because it is corked. Reason is, as above, it is illegal to have an opened bottle of an alcoholic beverage in a liquor store. Also, it is illegal for the seller to taste it to check that it is bad (as per no wine tasting, as above)."

This statement is false. A bottle of wine can be returned like any other purchased item in a retail store.

"Following from above it is also illegal for a store wine buyer to taste any new wine before purchase. Buyer is expected to take the seller's word that it is a good wine."

As stated above, liquor regulations allow wine tasting in retail stores by permit.

"All above have been put before the commission to be reasonable and change the laws but nothing ever happens."

This statement is false. The Liquor Commission has addressed a request relating to dancing within a licensed premises. However, none of the other items has been brought before the Liquor Commission.

"Cost of liquor license is a % of sales which makes it extremely expensive compared to operating a liquor store in other States. All money collected goes to running the commission. This has lead to an extremely bloated organization that has so many employees that each liquor store can be visited to check for violations ever week. This is an excessive number...."

There appears to be confusion between state liquor taxes and county liquor fees. State liquor taxes are based upon the volume of liquor sold and such taxes are kept by the state. The Liquor Commission does not receive any portion of the state liquor taxes.

Licensees pay to the Department of Liquor Control county liquor fees based upon a percentage of sales. In 2010, the fee was .009% of the gross liquor sales in Maui County. For example, in 2010

Hasegawa General Store paid a total of \$2,299.54 in county liquor license fees for the year.

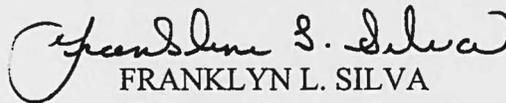
There are currently 19 employees in the Department of Liquor Control, 5 of which are assigned to inspect liquor licensed premises.

"Under the Mayor, office the cost of the license could be reduced by 25%, the size of the liquor commission substantially reduced and the excess license fees brought through to the general fund...."

§281-17.5, Hawaii Revised Statutes, requires that county liquor fees shall have a direct and proportionate relationship to costs and expenses of the Liquor Commission in its control, supervision, or regulation of the manufacture, importation, and sale of liquors. State law further restricts the use of county liquor license fees to costs and expenses directly relating to operational and administrative costs actually incurred by the Liquor Commission collecting or receiving such fees. Such fees shall not be used for any costs or expenses other than those directly relating to the Liquor Commission's operation and administration.

The Department of Liquor Control staff encourages anyone who has questions regarding liquor regulations to contact the Department. We would welcome the opportunity to educate community members to prevent misunderstandings of the rules and regulations of liquor control.

Very truly yours, .



FRANKLYN L. SILVA  
Director of Liquor Control

**From:** "Sherry P. Broder" <sherrybroder@sherrybroder.com>  
**To:** <Lisa.Kahuhu@co.mauhi.us>  
**Date:** 9/9/2011 2:10 AM  
**Subject:** Fwd: Maui Charter Commission  
**Attachments:** MauiCharterProposals9111.pdf

Sherry P. Broder, Esq.  
 Seven Waterfront Plaza, Suite 400  
 500 Ala Moana Blvd.  
 Honolulu, HI 96813

On Fri 09/09/11 2:01 AM , "Sherry P. Broder" <sherrybroder@sherrybroder.com> wrote:

> FYI I am forwarding the response to Mr. Peabody.  
 >  
 > Sherry P. Broder, Esq.  
 > Seven Waterfront Plaza, Suite 400  
 > 500 Ala Moana Blvd.  
 > Honolulu, HI 96813  
 >  
 > On Fri 09/09/11 1:57 AM , "Sherry P. Broder" wrote:  
 >  
 >> Dear Mr. Peabody,  
 >>  
 >> Thank you for your inquiry. We did read and examine your testimony and  
 >> materials, but were unable to identify a specific proposal for the  
 > Charter  
 >> Commission to address. We have designed the matrix so that additional  
 >> proposals can be added. If you could clarify for us the language that  
 >> formulates your specific proposal or proposals that you submitted for  
 > the  
 >> August 29, 2011 meeting. they could be added to the matrix. For your  
 >> assistance, we note that the Mayor appoints the members of the Police  
 >> Commission subject to approval by the Council, that the people elect the  
 >> Mayor and the members of the Council, and that the Sheriff Division is  
 > part  
 >> of the Department of Public Safety for the State of Hawaii.  
 >>  
 >> In response to your request, we are attaching the matrix to facilitate  
 >> your ability to access it.  
 >>  
 >> Aloha, Sherry Broder & Jon Van Dyke  
 >>  
 >> Sherry P. Broder, Esq.  
 >> Seven Waterfront Plaza, Suite 400  
 >> 500 Ala Moana Blvd.  
 >> Honolulu, HI 96813  
 >>  
 >>  
 >>  
 >  
 >  
 >

092611 - Item No. II.F, pg 1-1

From: <pillarj001@hawaii.rr.com>  
To: <letters@mauinews.com>  
CC: <charter.commission@mauicounty.gov>  
Date: 9/13/2011 5:58 PM

Surprise, surprise – the residents of Lanai, Molokai and East Maui don't want the voting scheme currently in place for electing County Council members changed. Of course they don't! They think that their combined population of 13,526 residents should have 3 seats on the Council while other, single districts with up to over 28,000 residents should only have 1. And, amazingly, the charter commission people seem to be somewhat in agreement. I'm dumbfounded!

The charter commission should not just consider their own personal opinions and the "overwhelming" opinion of a minority (13,536) over the rights of the vast majority (141,318) of disenfranchised voters of Maui County. 8.7% of the population should not have 33% of the Council's members, while 91.3% of the population has to divide the remaining 67% of the Council seats amongst themselves.

The mandate of 1 man/1 vote requirement was put in the Constitution for a reason - it requires EQUAL representation. County-wide voting does not begin to address this gross disparity.

Put this issue on the ballot and let "We the People" decide!

/s/ Jerry Piller  
Kihei  
879-6554

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ALAN M. ARAKAWA  
Mayor



DANILO F. AGSALOG  
Director

JEREMIAH L. SAVAGE  
Deputy Director

COUNTY OF MAUI  
**DEPARTMENT OF FINANCE**  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793

September 16, 2011

Joshua A. Stone, Chair  
Maui County Charter Commission  
c/o Department of the Corporation Counsel  
200 South High Street  
Wailuku, Hawaii 96793

**APPROVED FOR TRANSMITTAL**  
  
Mayor Date 9/16/11

**SUBJECT: REQUEST FOR INFORMATION:  
AUDITOR'S DEPARTMENT  
FOUR YEAR TERMS FOR COUNCIL MEMBERS**

Dear Mr. Stone:

In response to your request of August 8, 2011, on the following questions:

1. *A cost estimate and analysis of establishing and running a new County Auditors Department. This would include startup costs such as leasing of new space, buying equipment (desks, computers, etc.) and the costs of staffing the department, including projected number of staff needed, civil service classifications, salaries and benefits.*

**Auditor's Department**

Staffing: 5 Equivalent Personnel – SEE ATTACH ORGANIZATIONAL CHART

County Auditor	\$100,000.00
Deputy (Senior Auditor)	\$ 95,000.00
Private Secretary	\$ 60,000.00
Audit Manager (CPA)	\$ 80,000.00
Program Auditor	<u>\$ 60,000.00</u>
Subtotal	\$395,000.00
Fringe Benefit @ 74.05%	<u>\$292,497.50</u>
<b>TOTAL</b>	<b>\$687,497.50</b>

Space:

At 250 square feet per person	1250 sqft
At 4/square foot	\$5,000/month
<b>Annual Cost</b>	<b>\$ 60,000.00</b>

Start-up Cost:

At \$3,000/per staff **\$ 15,000.00**

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Joshua A. Stone, Chair  
September 16, 2011  
Page 2 of 2

**TOTAL COSTS FOR YEAR 1**                      **\$762,497.50**

Optional Additional Costs:

Professional Services	\$200,000.00
Travel Expenses	\$ 5,000.00
Training Expenses	\$ 3,000.00
<b>TOTAL</b>	<b>\$208,000.00</b>

**TOTAL OPERATIONAL BUDGET:**        **\$970,497.50**

2. A comparative cost analysis of expenditures and savings from changing the Maui County Council terms from 2 years to 4 years thereby having the elections every 4 years instead of every 2 years.

**Four-Year Terms for Council Members**

Based upon cost estimates provided by the Office of the County Clerk, it appears that the County could potentially save approximately \$404,000 every two years. This is calculated based upon the County's share of the cost of the election system being leased by the State of Hawaii (\$254,200 per election) plus the cost of temporary election clerks hired by the Office of the County Clerk (\$150,000 per election). The Charter Commission is encouraged to contact the Office of the County Clerk for any additional questions.

If you have any questions or require additional information, please feel free to contact me at 270-7475.

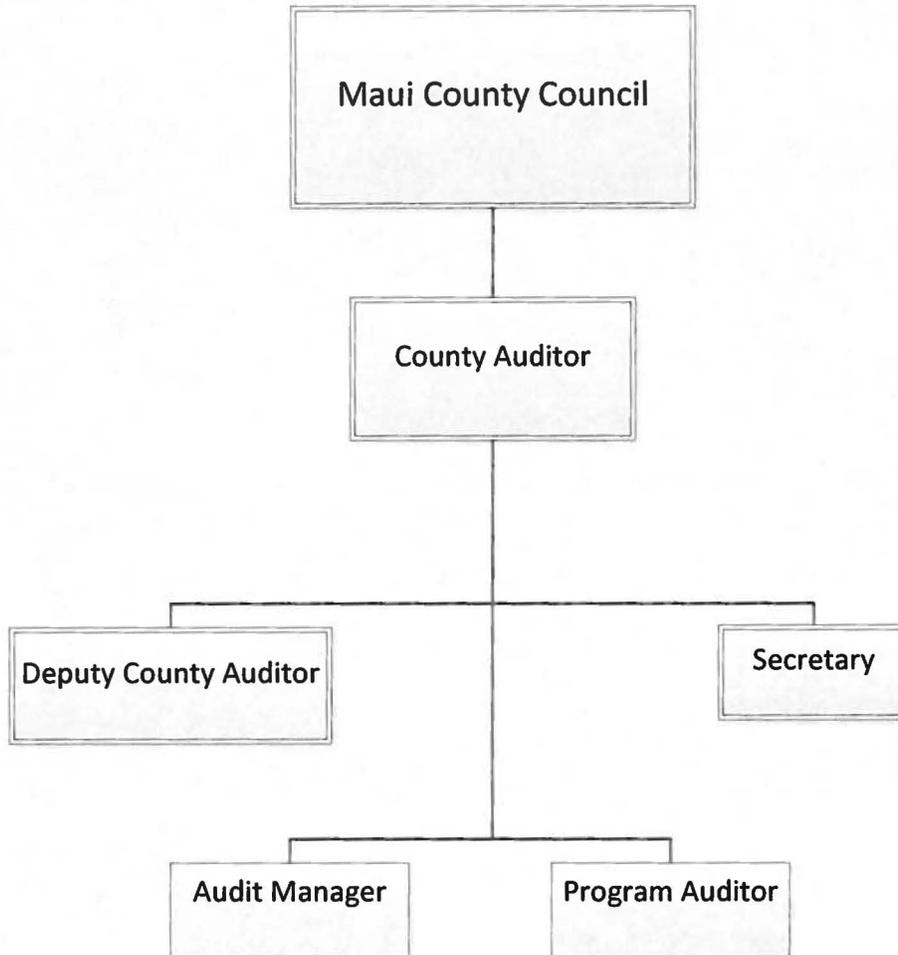
Sincerely,



DANILO F. AGSALOG  
Director

Attachment

# Proposed Organization County Auditor County of Maui



**ALAN M. ARAKAWA**  
Mayor

**KEITH A. REGAN**  
Managing Director



Joshua A. Stone, Chair  
Wayne N. Hedani, Vice Chair  
Artemio C. Baxa  
Stephanie S. Crivello  
David P. DeLeon  
Frank R. De Rego, Jr.  
Clifford P. Hashimoto  
Susan A. Moikeha  
Linda Kay Okamoto  
Yuki Lei Sugimura  
Flo V. Wlger

CHARTER COMMISSION  
COUNTY OF MAUI  
C/O DEPARTMENT OF THE CORPORATION COUNSEL  
200 SOUTH HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
Email: Charter.commission@co.maui.hi.us

August 8, 2011

Danilo F. Agsalog, Director  
Department of Finance  
200 S. High Street  
Wailuku, Hawaii 96793

Re: Request for Information

Aloha Director Agsalog:

I'm Joshua Stone and am the Chairman of the Maui County Charter Commission. Our Commission is responsible for reviewing, researching and proposing charter amendments for the upcoming 2012 election. A large part of this process is gathering information from a number of sources to assist us in making a determination on what proposals will be put forward, and what impacts these proposals will have.

In light of pending proposals that have come forward, the Commission respectfully requests the following information from your department:

1. A cost estimate and analysis of establishing and running a new County Auditors Department. This would include startup costs such as leasing of new space, buying equipment (desks, computers, etc.) and the costs of staffing the department, including projected number of staff needed, civil service classifications, salaries and benefits.

2. A comparative cost analysis of expenditures and savings from changing the Maui County Council terms from 2 years to 4 years thereby having the elections every 4 years instead of every 2 years.

Danilo F. Agsalog, Director  
August 8, 2010  
Page 2

Please assist us in our endeavor by responding to our request for information on or before September 16, 2011. The Commission would like to review your response at its meeting of September 26, 2011.

If you, or your staff have any questions, please contact me directly via email, [stone@aloha.net](mailto:stone@aloha.net), or by phone, (808) 870-7227, or you can contact Lisa Kahuhu of the Department of the Corporation Counsel at (808) 270-7585.

Thanks very much for your assistance with this request.

Mahalo,

**JOSHUA A. STONE**

JOSHUA A. STONE, Chair  
Maui County Charter Commission

cc: Charter Commission Members

ALAN M. ARAKAWA  
MAYOR

RECEIVED  
CORPORATION COUNSEL  
2011 SEP 16 PM 4:05



200 South High Street  
Wailuku, Hawai'i 96793-2155  
Telephone (808) 270-7855  
Fax (808) 270-7870  
e-mail: mayors.office@mauicounty.gov

## OFFICE OF THE MAYOR

Ke'ena O Ka Meia  
COUNTY OF MAUI – Kalana O Maui

September 16, 2011

MR. JOSHUA A. STONE, CHAIR  
Charter Commission, County of Maui  
C/O DEPARTMENT OF CORPORATION COUNSEL  
200 S. High Street  
Wailuku, HI 96793

Dear Chairman Stone:

### RE: REQUEST FOR INFORMATION – BIENNIAL BUDGET

The Budget Office and the Department of Finance were in receipt of your letter dated August 8, 2011, requesting information regarding the systems and cost analysis of instituting a Biennial Budget system. After reviewing the letter, the Budget Director and Finance Director agreed to this joint response to provide the Commission with the requested information.

Thank you for this opportunity to provide the Commission with the following information regarding budget process and implementation. Please find the attach hard copy of a power point presentation prepared by the Budget Office covering the overview of the budget process and some biennial considerations.

As you will find in the attached document the budget process and implementation are guided and controlled by the County Charter as well as Maui County Codes. These include but not limited to revenue collections, rate setting, and financial reporting. Depending on the final form or parameters adopted for the biennial budget system, the Charter and County Codes will have to be adjusted or amended in order for the budgeting process and implementation so that they are in compliance with these controlling documents. Also, process changes may become evident later such as requiring the council to act on proposed budget amendments within a set period of time.

A significant amount of time and evaluation of many variables for consideration would be required to provide the commission a report on a systems and cost analysis of annual budget versus a biennial budget. That being said, we have determined that there most likely will not be a significant cost savings. The majority of monetary savings will come from the administration and council only doing one set each of community meetings and

APPROVED FOR TRANSMITTAL

  
\_\_\_\_\_  
Mayor Date 9/16/11

09241 - Item No. II.I. pgs 1-31

hearings every two years. Savings would be in the transportation, lodging, and per diem for the travels to Lanai and Molokai as well as personnel time for staffing the meetings. Also, there could be a slight savings in the preparation of the proposed budget documents.

If the Commission needs more information and/or further clarification, the Budget Office and Department of Finance will be very glad to answer specific questions that might assist the commission in arriving to an informed decision with regards to the issue of budgeting process and implementation.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Danilo F. Agsalog', with a long horizontal flourish extending to the right.

DANILO F. AGSALOG  
Finance Director

A handwritten signature in blue ink, appearing to read 'Sananda K. Baz', with a long horizontal flourish extending to the right.

SANANDA K. BAZ  
Budget Director

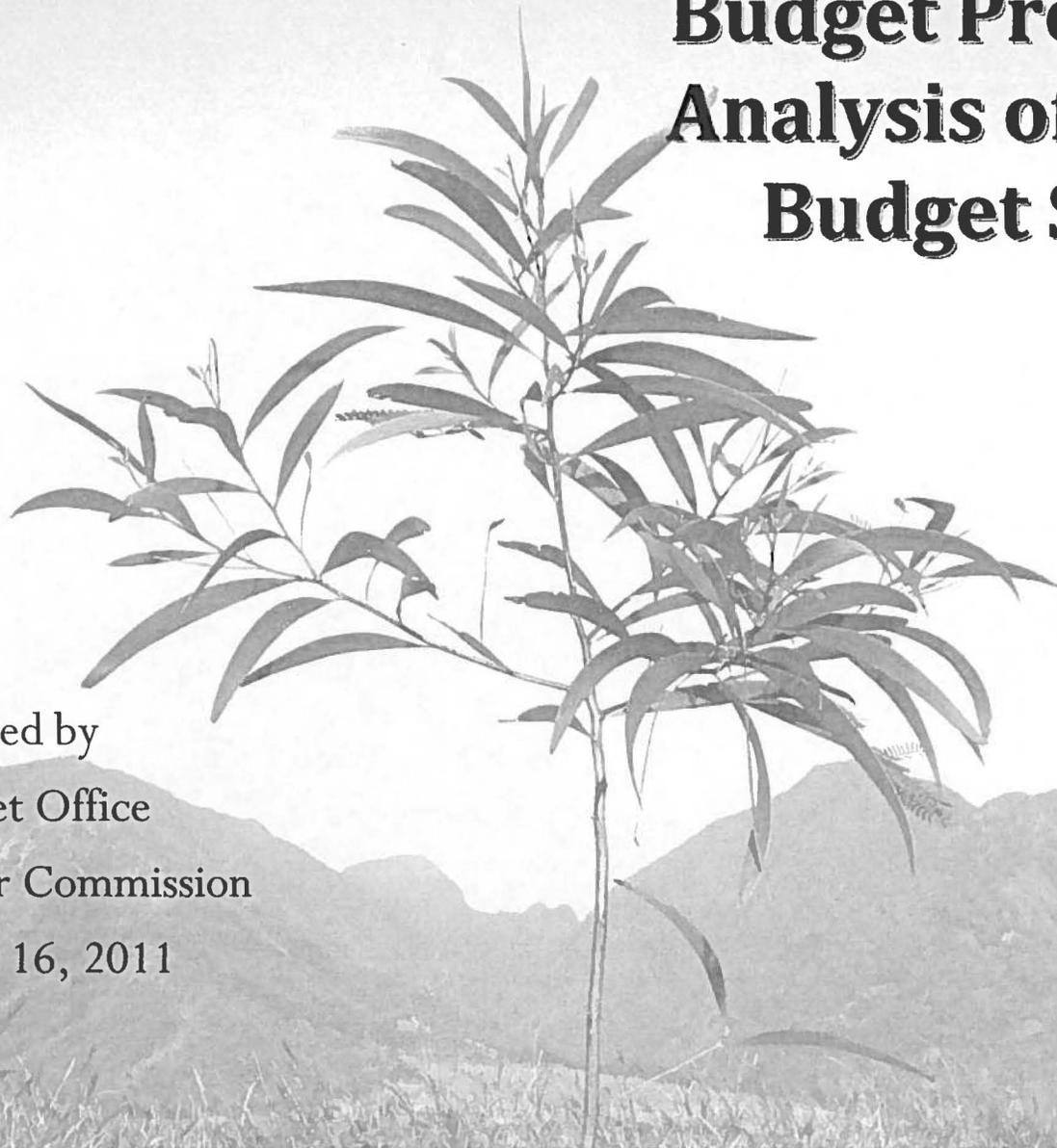
**COUNTY OF MAUI**

**Overview of the  
Budget Process and  
Analysis of Biennial  
Budget System**

Prepared by  
the Budget Office

For the Charter Commission

September 16, 2011



# Overview of the Budget

- Two Annual Budgets
  - Operating Budget
    - Executive and Legislative - 19 Governmental Units
  - Capital Program Budget
    - Projects for Ensuing Fiscal Year
    - Projects Proposed for 5 years succeeding
- Legal Governance
  - State Constitution
  - Hawaii Revised Statutes (HRS)
  - Maui County Charter
    - Article 9 Financial Procedures
  - Maui County Code
    - Title 3 Revenue and Finance
  - General Budget Provisions
    - In Budget Ordinance

# County Charter – Article 9

- Fiscal Year July 1 to June 30 of following year
- All fiscal affairs controlled by
  - 1) Budget Ordinance and appendices
  - 2) Capital Program Ordinance
- Complete financial plan for fiscal year
- A Balanced Budget is required:
  - Estimated Revenues = Expenditures and Appropriations

# County Code – MCC 3.04.030

The operating budget which the mayor transmits to the council shall include the following information:

- Summaries for the county and for each county agency;
- Definitions for operating expenditure categories.
- Estimated revenues for the current fiscal year;
- Estimated revenues for the ensuing fiscal year.
- Expenditures for the preceding fiscal year;
- Appropriations for the current fiscal year;
- Requested appropriations for the ensuing fiscal year.
- Requested appropriation for each piece of equipment requested.

# Charter - Restrictions

- Conditions, limitations or restrictions shall be set forth in the budget (ie. proviso)
- Expenditures shall be made from revenues other than borrowing
  - exceptions: bond retirement, capital program, emergencies
- All fees, rates, assessments, and taxes shall be set forth in the budget (Appendix B)

# Charter - Council Action

- Council may pass or amend budget
- Council may add, increase, delete, decrease amounts except appropriations required by law and appropriations to pay indebtedness
- Council shall pass budget by June 10<sup>th</sup> or Mayor's proposed budget goes into effect
- Approved budget goes into effect on July 1<sup>st</sup>
- Mayor may propose amendments to the budget throughout the fiscal year, Council may approve or disapprove requested amendment

# Constructing the Budget - Revenue

- General Fund
  - RPT, TAT, Public Services Tax, Etc. – All Except Liquor Control and Water Supply
- Special Revenue Funds
  - Sewer Fund (Wastewater) – Sewer Fees – Environmental Management
  - Highway Fund – Fuel Tax, Weight Tax, Public Transit Fares – Public Works and Transportation
  - Bikeway Fund – License Fees – Public Works (CIP only)
  - Solid Waste Fund – Refuse Collection, Tipping Fees – Environmental Management
  - Liquor Fund – License, Permit Fees – Liquor Control
- Enterprise Funds
  - Golf Fund – Green Fees and Concessions – Parks and Recreation
  - Water Fund – Water Service, Source Development Fees – Water Supply
- Grant Revenue
  - Federal, State, Private (Generally for Specific Purposes)

# Appendices

- Grant Revenues are estimated in Appendix A
- Rates and Fees are shown in Appendix B
  - Real Property Tax Rates
  - Taxi and Bicycle License Fees
  - Building Permit Fees
  - Planning and Special Use Fees
  - Motor Vehicle and Driver License Fees
  - Camping and Community Center Permit Fees
  - Water and Sewer Rates
  - Concession Fees

# Revenues & Expenditures\* (in millions)

	FY 2010 ADOPTED	FY 2010 ACTUAL	FY 2011 ADOPTED	FY 2012 MAYOR'S PROPOSED
ESTIMATED REVENUES	<u>\$563.7</u>	<u>\$621.6</u>	<u>\$524.2</u>	<u>\$632.0**</u>
OPERATING EXPENDITURES	\$462.0	\$415.2	\$434.5	\$475.3**
CAPITAL EXPENDITURES	\$101.7	\$54.8	\$ 89.7	\$156.7**
TOTAL	<u>\$563.7</u>	<u>\$470.0</u>	<u>\$524.2</u>	<u>\$632.0**</u>

\*Does not include Grant Revenue.

\*\* FY12 Council Adopted-\$463.0 Operating, \$101.7 CIP, \$564.7 Total

# Proposed Operating Budget – by Expenditure Type (in millions)

<b>EXPENDITURE TYPE</b>	<b>FY 2010 COUNCIL ADOPTED</b>	<b>FY 2010 ACTUAL</b>	<b>FY 2011 COUNCIL ADOPTED</b>	<b>FY 2012 MAYOR'S PROPOSED</b>
Salaries & Wages (A)*	\$143.5	\$132.3	\$138.9	\$145.1
Operations (B)**	\$310.5	\$275.2	\$293.1	\$323.7
Equipment (C)	\$ 8.0	\$ 7.7	\$ 2.5	\$ 6.5
<b>TOTAL</b>	<b>\$462.0</b>	<b>\$415.2</b>	<b>\$434.5</b>	<b>\$475.3</b>

\* Fringe Benefits are appropriated in Countywide Cost, Employee Fringe Benefits.

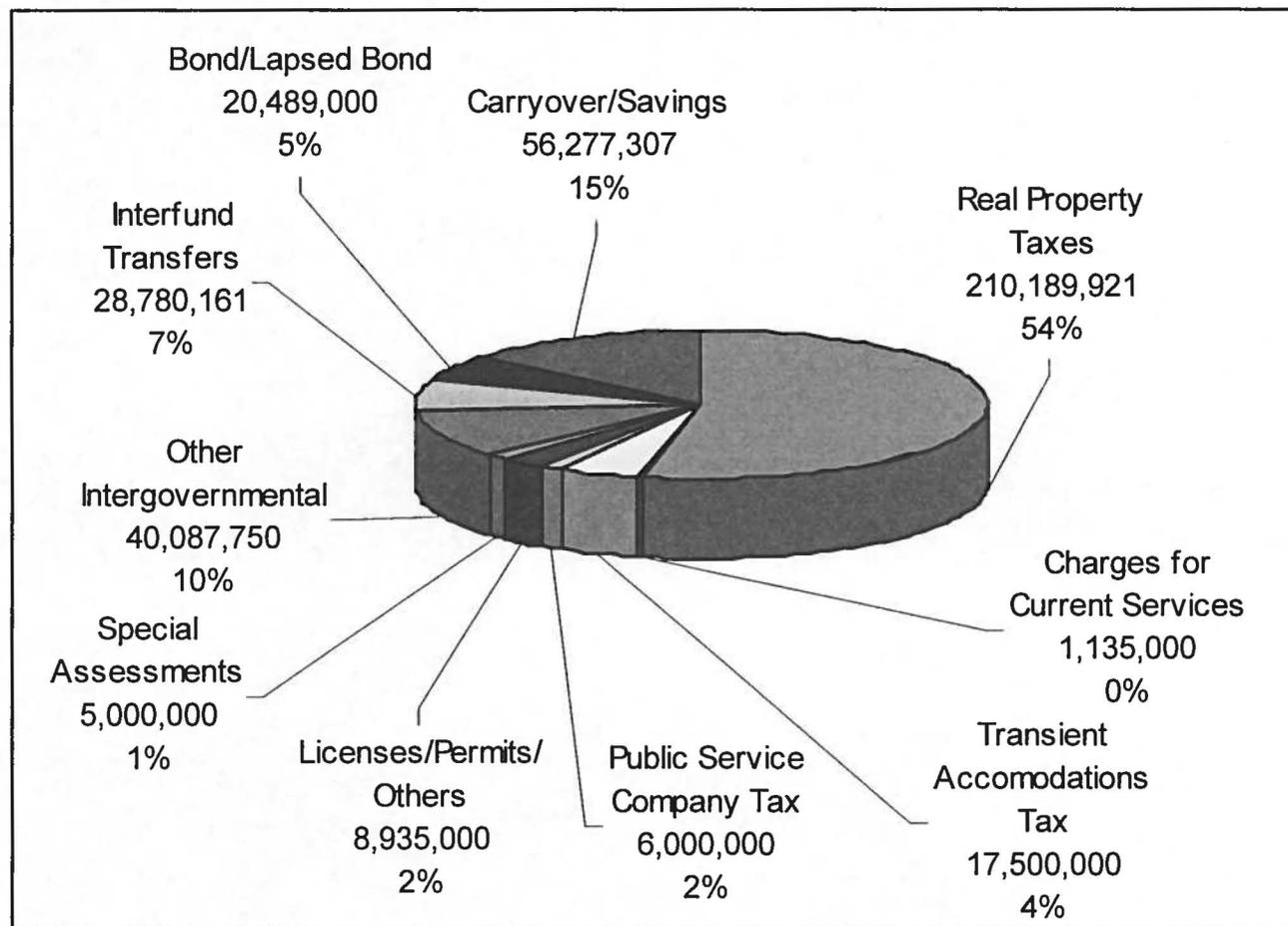
\*\* Includes Special Operation Costs (Contributions to General Fund for ERS, FICA and, Health Fund, Other Post Employment Benefits, Debt Service and Administrative Overhead Charge) and Countywide Costs (Insurance, Debt Service Payments, Interdepartmental Transfers and Employee Fringe Benefits).

# Proposed Operating Budget – by Fund

<b>Fund (in millions)</b>	<b>ESTIMATED REVENUES</b>	<b>OPERATING BUDGET</b>	<b>CAPITAL BUDGET</b>	<b>TOTAL BUDGET</b>
General	<b>\$394.4</b>	<b>\$321.5</b>	<b>\$72.9</b>	<b>\$394.4</b>
Water	<b>\$ 97.0</b>	<b>\$ 53.1</b>	<b>\$43.9</b>	<b>\$ 97.0</b>
Wastewater	<b>\$ 60.4</b>	<b>\$ 38.3</b>	<b>\$ 22.1</b>	<b>\$ 60.4</b>
Highway	<b>\$ 47.1</b>	<b>\$ 31.5</b>	<b>\$ 15.6</b>	<b>\$ 47.1</b>
Solid Waste	<b>\$ 27.7</b>	<b>\$ 25.7</b>	<b>\$ 2.0</b>	<b>\$ 27.7</b>
Liquor	<b>\$ 2.9</b>	<b>\$ 2.9</b>	<b>\$ 0.0</b>	<b>\$ 2.9</b>
Golf	<b>\$ 2.3</b>	<b>\$ 2.3</b>	<b>\$ 0.0</b>	<b>\$ 2.3</b>
Bikeway	<b>\$ 0.3</b>	<b>\$ 0.0</b>	<b>\$ 0.3</b>	<b>\$ 0.3</b>
<b>TOTAL</b>	<b>\$632.0</b>	<b>\$475.3</b>	<b>\$156.7</b>	<b>\$632.0</b>

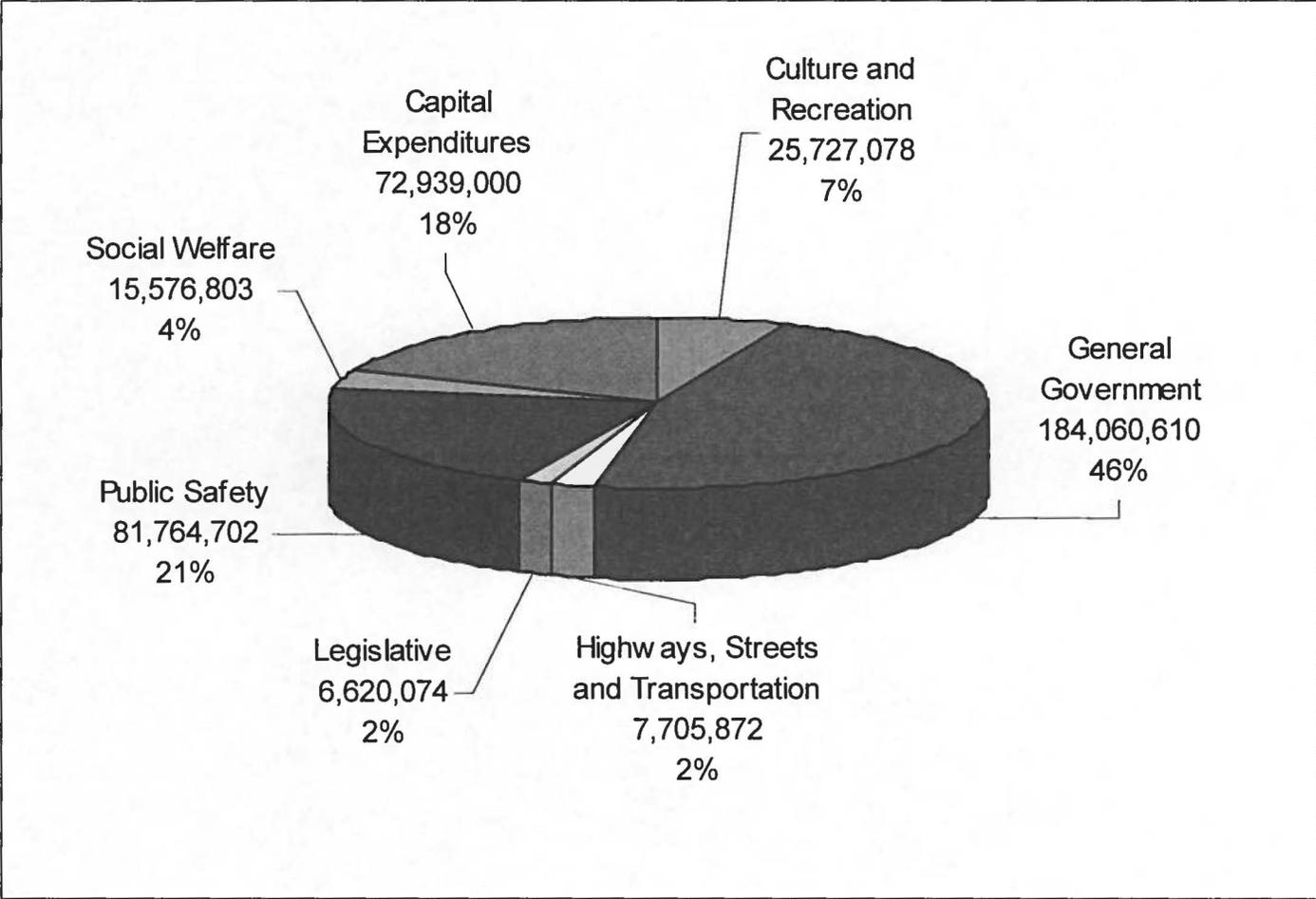
# General Fund - \$394,394,139

## ESTIMATED REVENUES



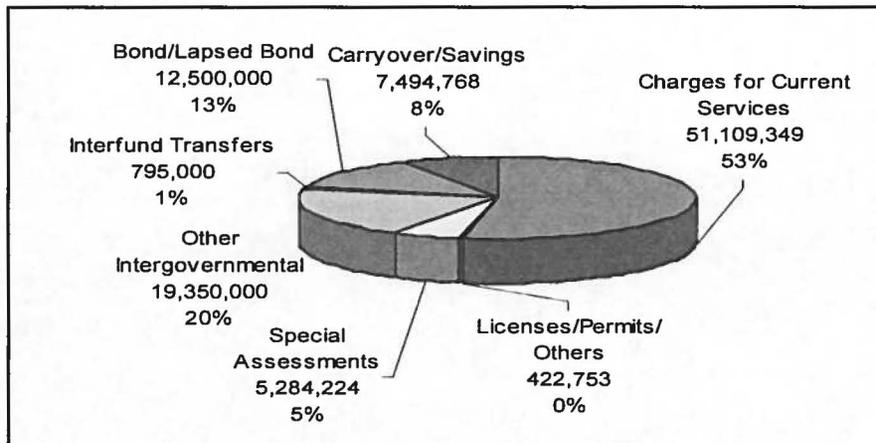
# General Fund - \$394,394,139

## EXPENDITURES AND OTHER USES

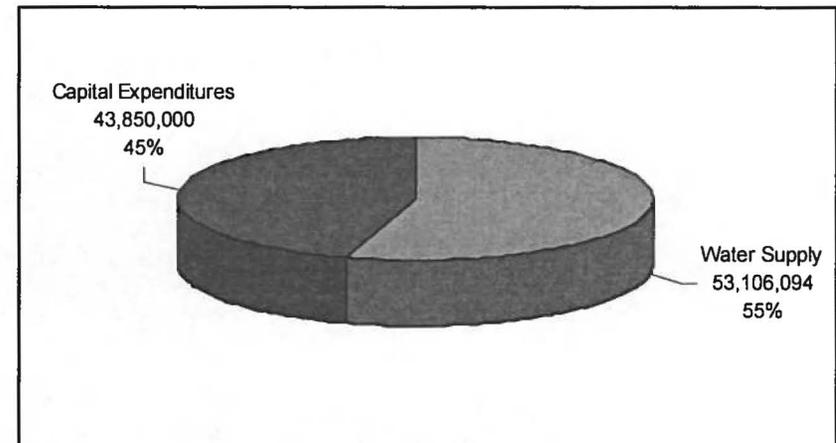


# Water Fund - \$96,956,094

## ESTIMATED REVENUES

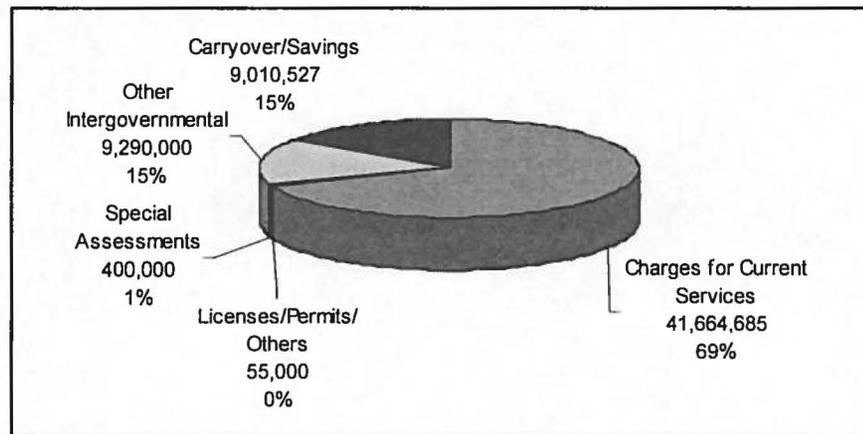


## EXPENDITURES

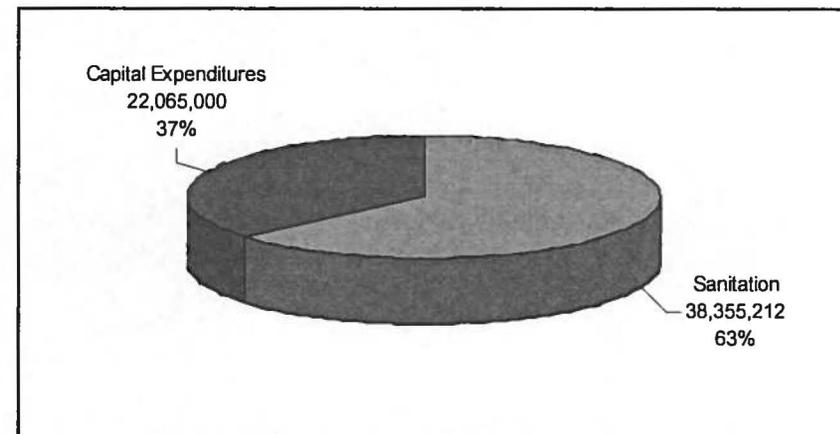


# Wastewater Fund - \$60,420,212

## ESTIMATED REVENUES

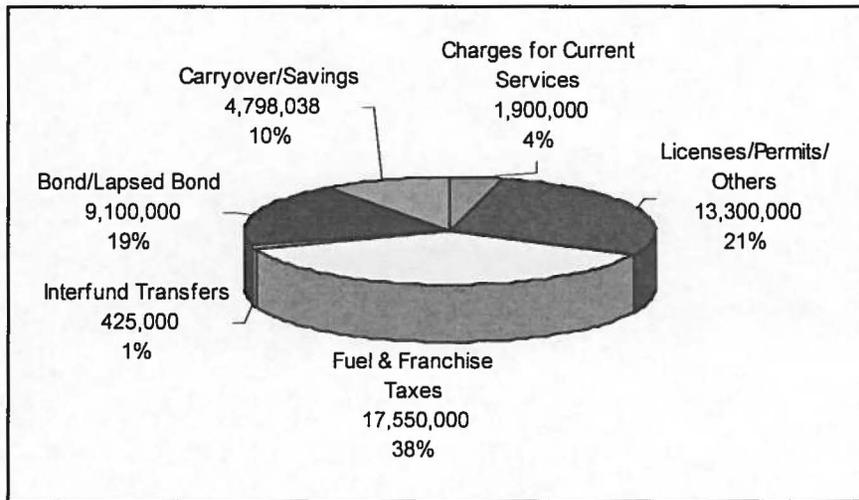


## EXPENDITURES

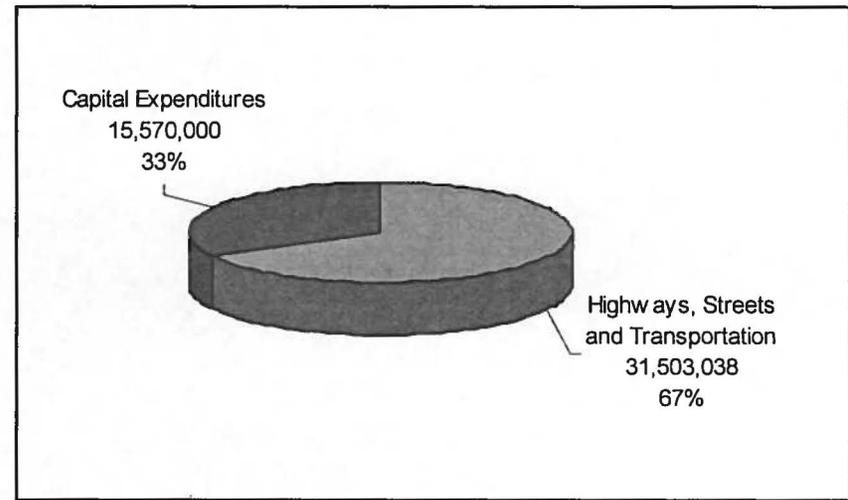


# Highway Fund - \$47,073,038

## ESTIMATED REVENUES



## EXPENDITURES



# FY 2012 Expenditures by Department

## General Fund

Department	Salaries	Operations	Equipment	Total Budget*
Civil Defense	400,749	403,300	0	804,049
Corporation Counsel	2,183,384	480,813	15,000	2,679,197
Council Services	2,326,978	2,749,346	39,263	5,115,587
County Clerk	691,387	813,100	0	1,504,487
EM-General	403,780	155,400	4,500	563,680
Finance	6,546,220	2,931,398	4,200	9,481,818
Finance - Countywide*	0	142,159,252	0	142,159,252
Fire	23,868,542	4,102,930	1,618,800	29,590,272
Housing & Human Concerns	3,237,592	12,326,472	12,739	15,576,803
Management	2,691,092	1,468,400	524,000	4,683,492
Mayor	2,067,756	8,306,201	35,000	10,408,957
Parks & Recreation	15,934,979	9,704,598	87,500	25,727,077
Personnel Services	1,098,330	368,380	7,800	1,474,510
Planning	3,337,420	1,391,436	40,000	4,768,856
Police	36,988,723	7,968,000	1,036,160	45,992,883
Prosecutors	4,979,112	398,386	0	5,377,498
PW-General	4,748,110	3,016,239	76,500	7,840,849
Transportation-General	348,068	7,355,304	2,500	7,705,872
<b>Total General Fund</b>	<b>111,852,222</b>	<b>206,098,955</b>	<b>3,503,962</b>	<b>321,455,139</b>

# FY 2012 Expenditures by Department Special Revenues Fund

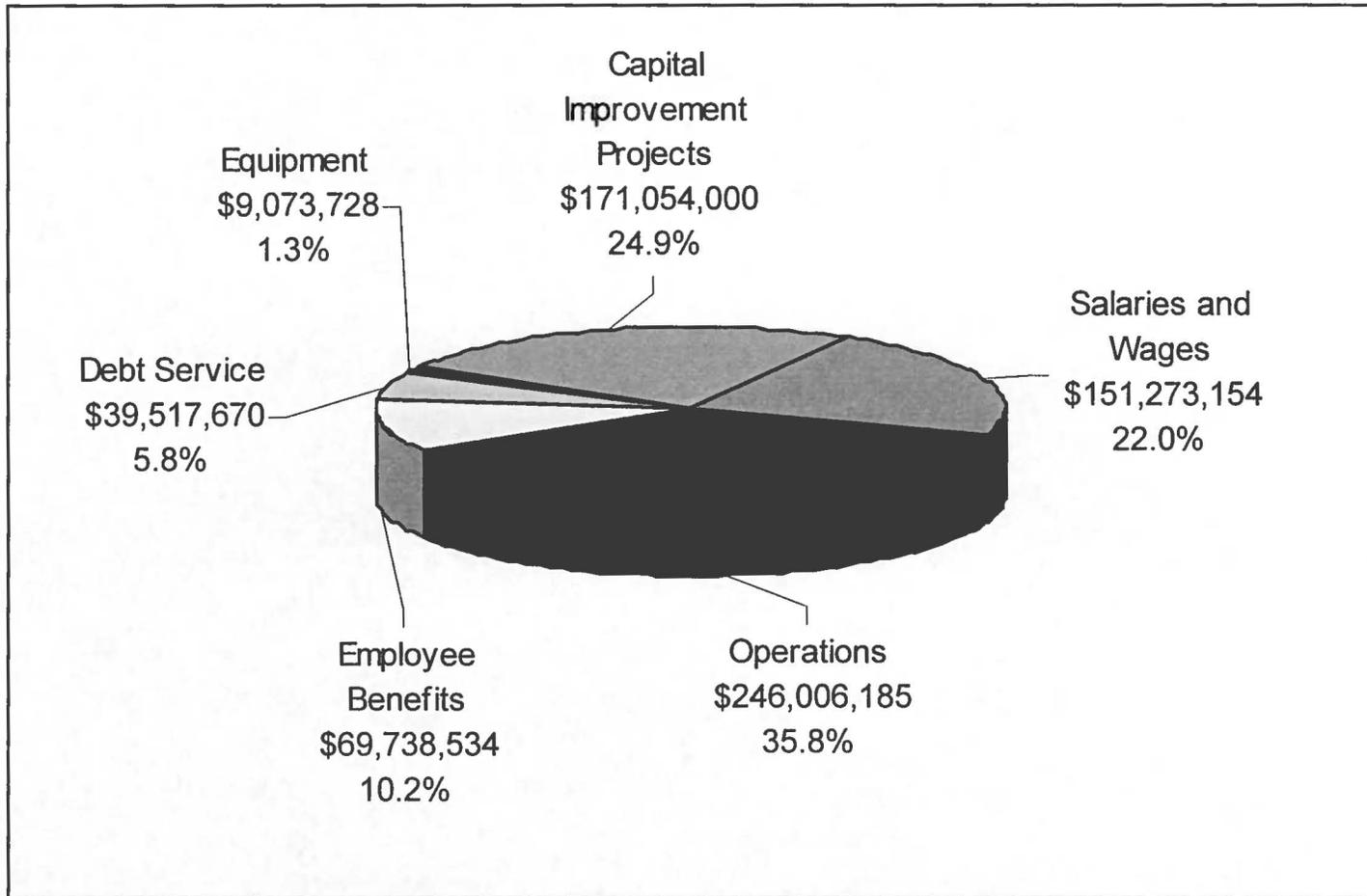
<b>Department</b>	<b>Salaries</b>	<b>Operations</b>	<b>Equipment</b>	<b>Total Budget*</b>
EM-Wastewater	6,610,268	31,024,544	720,400	38,355,212
EM-Solid Waste	4,847,887	18,850,568	1,990,000	25,688,455
Liquor Control	1,412,308	1,443,036	29,800	2,885,144
PW-Highways	7,617,924	14,407,614	0	22,025,538
Transportation-Highways	0	9,477,500	0	9,477,500
<b>Total Special Revenue Funds</b>	<b>20,488,387</b>	<b>75,203,262</b>	<b>2,740,200</b>	<b>98,431,849</b>

# FY 2012 Expenditures by Department Enterprise Fund

<b>Department</b>	<b>Salaries</b>	<b>Operations</b>	<b>Equipment</b>	<b>Total Budget*</b>
Waiehu Golf Course	888,301	1,420,429	20,000	2,328,730
Water Supply	11,872,000	40,981,041	253,053	53,106,094
<b>Total Enterprise Funds</b>	<b>12,760,301</b>	<b>42,401,470</b>	<b>273,053</b>	<b>55,434,824</b>

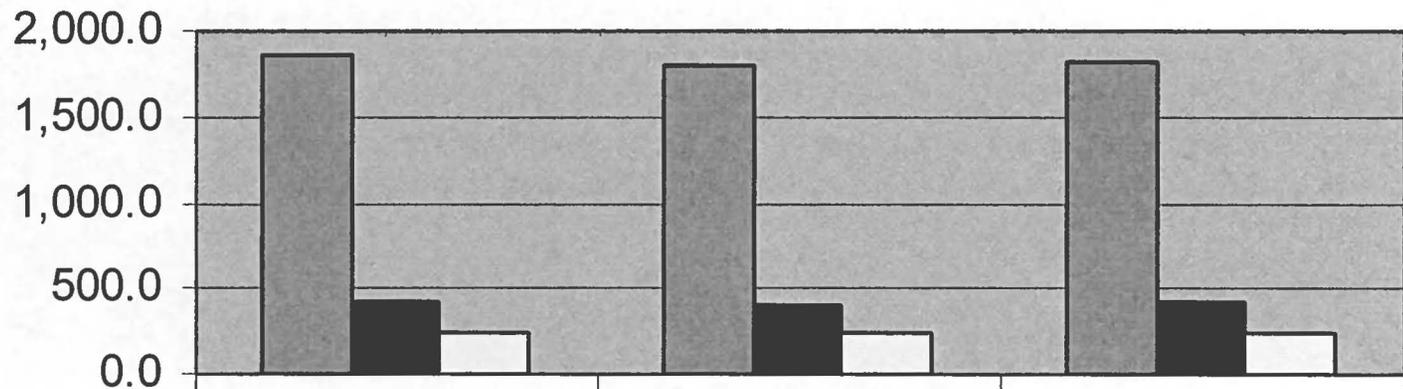
# FY 2012 Expenditures by Category

## Total County Funds



# Personnel Summary by Fund

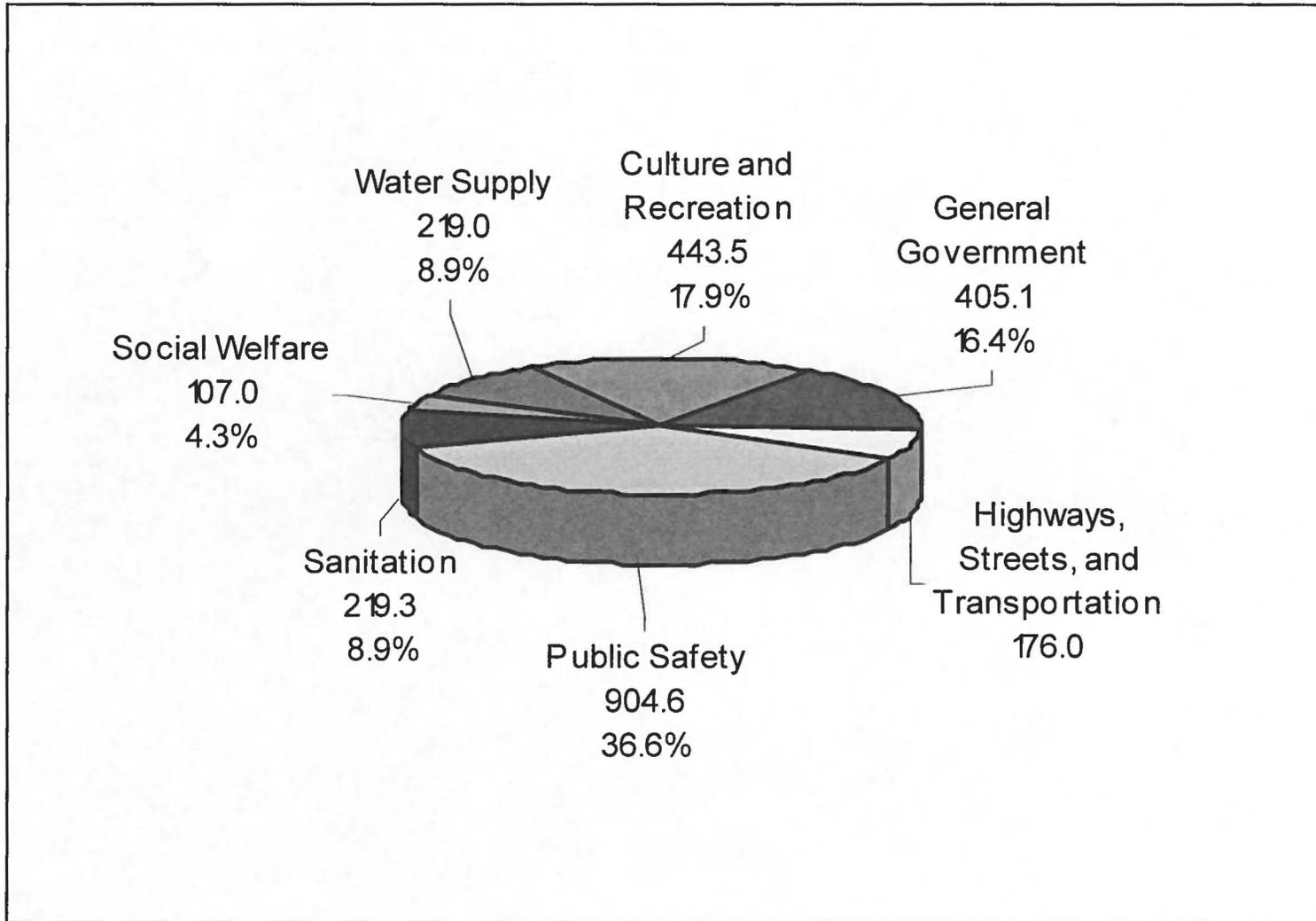
## Total County Funds



	FY 2010 Actual	FY 2011 Budget	FY 2012 Request
■ General Fund	1,849.1	1,803.3	1,817.3
■ Special Revenue Funds	419.6	413.3	416.3
□ Enterprise Funds	242.1	239.9	240.9

# Personnel Summary by Functional Area

## Total County Funds



# Capital Program Budget

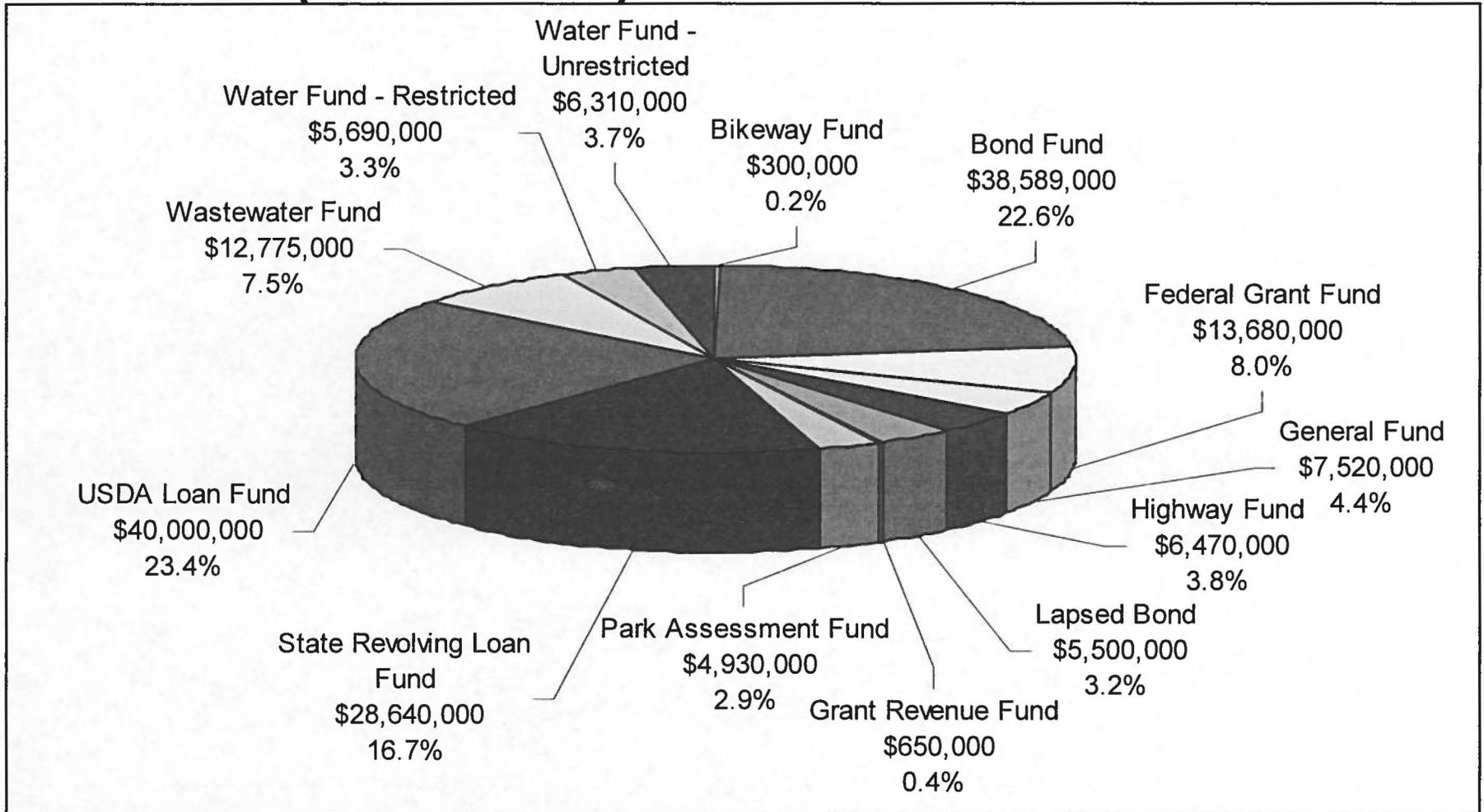
- Capital Improvement Projects are organized under three headings
  - Source of Funding
  - Community Plan
  - Type of Project
- Capital Improvement Program is a six-year program with annual appropriations
- Unencumbered or unexpended Capital Improvement appropriations shall be deemed abandoned six (6) months after the close of the fiscal year

# County Code – MCC 3.04.040

The capital program which the mayor transmits to the council shall include the following information for each pending or proposed capital improvement:

- Unlapsed appropriations made for years preceding the ensuing fiscal year;
- Requested appropriations for the ensuing fiscal year;
- Anticipated requested appropriations for the five years next succeeding the ensuing fiscal year.
- A narrative explanation of the need for the capital improvement, and quantifiable criteria for measuring the need and the fulfillment of the need;
- An appropriation and expenditure plan for each project, in the following detail:
  - Land acquisition,
  - Design,
  - Construction,
  - Furnishing,
  - Maintenance,
  - Staffing;
- The anticipated life of the capital improvements.

# Capital Program Budget - Funding Source (All Funds)



# Biennial Budget Considerations

- Revenue Forecasting
- Expenditure fluctuations
- Goals, Performance Measures
- Departments Expectations
- Program Budget - Overrun/Underrun
- Budget Amendments
  - Currently Mayor may propose amendments to the budget throughout the fiscal year, Council may approve or disapprove requested amendment
- Supplemental Budget Deliberations (2<sup>nd</sup> Year) Consideration
- CAFR Reporting – Fiscal Year

**MAHALO!**

**Questions?**

**Mayor**  
Alan M. Arakawa

**Budget Director**  
Sandy Baz

**Senior Budget  
Specialist**  
May-Anne Alibin

**Budget Specialists**  
Kristina Cabbat  
Jennifer Phillips



ALAN M. ARAKAWA  
Mayor

KEITH A. REGAN  
Managing Director

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OFFICE OF THE MAYOR



Joshua A. Stone, Chair  
Wayne N. Hedani, Vice Chair  
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Stephanie S. Crivello  
David P. DeLeon  
Frank R. De Rego, Jr.  
Clifford P. Hashimoto  
Susan A. Moikeha  
Linda Kay Okamoto  
Yuki Lei Sugimura  
Flo V. Wiger

CHARTER COMMISSION  
COUNTY OF MAUI  
C/O DEPARTMENT OF THE CORPORATION COUNSEL  
200 SOUTH HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
Email: Charter.commission@co.maui.hi.us

August 8, 2011

Danilo F. Agsalog, Director  
Department of Finance  
200 S. High Street  
Wailuku, Hawaii 96793

Sananda K. Baz  
Budget Director  
Office of the Mayor  
200 South High Street  
Wailuku, Hawaii 96793

Re: Request for Information

Aloha Director Agsalog and Director Baz:

I'm Joshua Stone and am the Chairman of the Maui County Charter Commission. Our Commission is responsible for reviewing, researching and proposing charter amendments for the upcoming 2012 election. A large part of this process is gathering information from a number of sources to assist us in making a determination on what proposals will be put forward, and what impacts these proposals will have.

In light of pending proposals that have come forward, the Commission respectfully requests the following information from your departments:

1. A systems and cost analysis of instituting a Biennial Budget system for the County. A systems analysis would include the nuts and bolts of instituting a biennial budget system for the County, including, but not limited to, outlining processes for supplemental budget requests in the interim period of the biennium, anticipated impacts of two year projections on department operations, and impacts (if any) on the process of property tax rate-setting, estimation, and collection.

Danilo F. Agsalog, Director  
Sananda K. Baz, Budget Director  
August 8, 2010  
Page 2

Please assist us in our endeavor by responding to our request for information on or before September 16, 2011. The Commission would like to review your responses, jointly or individually, at its meeting of September 26, 2011.

If you, or your respective staffs, have any questions you may contact me directly via email, [stone@aloha.net](mailto:stone@aloha.net), or by phone, (808) 870-7227, or you can contact Lisa Kahuhu of the Department of the Corporation Counsel at (808) 270-7585.

Thanks very much for your assistance with this request.

Mahalo,

**JOSHUA A. STONE**

JOSHUA A. STONE, Chair  
Maui County Charter Commission

cc: Charter Commission Members

**Sherry P. Broder  
Jon M. Van Dyke**

Attorneys at Law  
Seven Waterfront Plaza, Suite 400  
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sherrybroder@sherrybroder.com  
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September 19, 2011

Chair Joshua A. Stone and Charter Commission Members  
Maui County Charter Commission  
200 High Street, 3<sup>rd</sup> Floor  
Wailuku, HI 96793

Dear Chair Stone and Charter Commission Members:

This letter is written in response to the request we received from Chair Joshua Stone on Sept. 13, asking the following question:

1. The commissioners would like to know if and when single member district voting has been proposed to the voters in the past charter commissions. In other words...did district voting ever make it onto the ballot, and if so, in what elections did that kind of proposal get on?

**Answer:**

Single-member district voting refers to the system whereby Maui County would be divided into districts, each with an equal number of voters, and one Councilmember would be elected from each of the districts, with only those living within the district voting for the Councilmember. It is our understanding that single-member district voting has not been proposed and placed on the ballot by past charter commissions. The question of how the County Council members should be elected was discussed in the 1963-64 and 1966-67 Charter Commissions, but these discussions did not result in a ballot question for a charter amendment on single-member districts. The 1976 Commission proposed a system with seven residency areas and two at-large seats (all elected by voters county-wide), which was adopted and remained in place until 1992, when the current system of nine residency areas (again with all councilmembers elected county-wide) was adopted. The 2002 Charter Commission again discussed this matter, but did not propose any charter amendment to change the procedures for council elections.

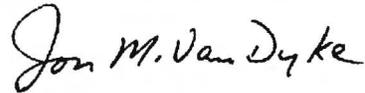
To summarize, the voters of Maui did vote on the structure of the County Council pursuant to proposals put forward in 1976 and 1992, but neither of these proposals

092611 - Item No. II.J.<sup>1</sup> pgs 1-2

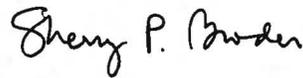
involved single-member districts. To our knowledge, the single-member district option has never been presented to the voters of Maui.

Please let us know if we can be of any further assistance on this issue.

Sincerely yours,

A handwritten signature in black ink that reads "Jon M. Van Dyke". The signature is written in a cursive, slightly slanted style.

Jon M. Van Dyke, Esq.

A handwritten signature in black ink that reads "Sherry P. Broder". The signature is written in a cursive, slightly slanted style.

Sherry P. Broder, Esq.

cc: Lisa Kahuhu, Supervising Law Technician  
Edward S. Kushi, Jr., Deputy Corporation Counsel