

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

May 5, 2015

Committee
Report No. _____

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 30, 2015, and April 14, 2015, makes reference to County Communication 15-57, from the Budget Director, transmitting the following:

1. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2015 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES; DEPARTMENT OF FINANCE, COUNTYWIDE COSTS; TOTAL OPERATING APPROPRIATIONS; AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)".

The purpose of the proposed bill is to amend the Fiscal Year ("FY") 2015 Budget by (1) increasing Carryover/Savings in the General Fund by \$2,305,000; and (2) amending Section 3.B.4.f, Department of Finance, Countywide Costs, by (a) deleting the \$13,000,000 appropriation for Transfer to the Post-Employment Obligations Fund, and (b) adding a \$15,305,000 appropriation for Other Post-Employment Obligations Fund.

2. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2015 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES – SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2015, POST-EMPLOYMENT OBLIGATIONS FUND".

The purpose of the proposed bill is to amend the FY 2015 Budget, Appendix A, Part II, Special Purpose Revenues –

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Schedule of Revolving/Special Funds, Post-Employment Obligations Fund, by decreasing the Anticipated Revenues and Total for FY 2015 by \$13,000,000.

3. A certification of Additional Revenues for FY 2015, dated December 23, 2014, for \$2,305,000 in Carryover/Savings from the General Fund.

By correspondence dated April 7, 2015, the Budget Director transmitted the following:

1. A revised proposed bill to amend the FY 2015 Budget, Section 3.B.4.f, Department of Finance, Countywide Costs, by increasing the appropriation for Transfer to the Post-Employment Obligations Fund by \$2,305,000.
2. A revised proposed bill to amend the FY 2015 Budget, Appendix A, Part II, Special Purpose Revenues – Schedule of Revolving/Special Funds, Post-Employment Obligations Fund, by (1) decreasing the Estimated Balance as of June 30, 2014, by \$97,222,413; (2) increasing the Anticipated Revenues for FY 2015 by \$2,305,000; (3) decreasing the Total for FY 2015 by \$94,917,413; and (4) adding a proviso that \$15,305,000 shall be disbursed to the Hawaii Employer-Union Health Benefits Trust Fund (“EUTF”) for payment of the County’s post-employment benefit obligations.

Your Committee noted the Special Purpose Revenues – Schedule of Revolving/Special Funds Estimated Balance as of June 30, 2014, shown on the revised proposed bill, was zeroed out because the \$97,222,413 contribution to EUTF was submitted prior to the end of June 2014.

Your Committee notes the revised proposed bills will allow the County to make a larger contribution to the EUTF, adding \$2,305,000 to the already-appropriated \$13,000,000.

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Your Committee further notes Act 268 (2013) established a phase-in schedule for higher annual EUTF contributions by public employers. The higher annual contribution, known as the Annual Required Contribution ("ARC"), is composed of the "pay-as-you-go" amount, which is the current obligation for employee and retiree benefits, plus an amount derived from the difference between the County's accrued liability and its market value of assets. The required contribution will increase on a graduated schedule, starting at 20 per cent of the ARC in FY 2015, and reaching 100 per cent of the ARC for FY 2019 and future years.

The Director of Finance informed your Committee because the County made a \$97,222,413 EUTF contribution in June 2014, the County's unfunded liability was significantly reduced. Therefore, the County was able to obtain new, lower required contribution amounts. For FY 2015, the County's revised minimum required payment is \$3,061,000, and the revised ARC is \$15,305,000.

Your Committee expressed concern with the timing of the FY 2015 payment and felt the appropriated amount should have been submitted to the EUTF in the beginning of the fiscal year to take advantage of a potentially greater return. Your Committee was dissatisfied with delaying the FY 2015 payment in anticipation of the Council's consideration of a proposed budget amendment to increase the contribution amount.

Your Committee voted 9-0 to recommend passage of the revised proposed bills on first reading and filing of the communication. Committee Chair Hokama, Vice-Chair White, and members Baisa, Carroll, Cochran, Couch, Crivello, Guzman, and Victorino voted "aye".

Your Committee is in receipt of revised proposed bills, approved as to form and legality by the Department of the Corporation Counsel, incorporating nonsubstantive revisions.

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Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill _____ (2015), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2015 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES; DEPARTMENT OF FINANCE, COUNTYWIDE COSTS; TOTAL OPERATING APPROPRIATIONS; AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)", be PASSED ON FIRST READING and be ORDERED TO PRINT;

2. That Bill _____ (2015), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2015 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2015, POST-EMPLOYMENT OBLIGATIONS FUND", be PASSED ON FIRST READING and be ORDERED TO PRINT; and

3. That County Communication 15-57 be FILED.

This report is submitted in accordance with Rule 8 of the Rules of the Council.



RIKI HOKAMA, Chair

ORDINANCE NO. _____

BILL NO. _____ (2015)

A BILL FOR AN ORDINANCE AMENDING
THE FISCAL YEAR 2015 BUDGET FOR THE COUNTY OF MAUI
AS IT PERTAINS TO ESTIMATED REVENUES;
DEPARTMENT OF FINANCE, COUNTYWIDE COSTS;
TOTAL OPERATING APPROPRIATIONS; AND
TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Ordinance No. 4133, Bill No. 37 (2014), as amended, "Fiscal Year 2015 Budget", is hereby amended as it pertains to Section 2, Estimated Revenues by increasing Carryover/Savings from the General Fund in the amount of \$2,305,000, and increasing Total Estimated Revenues in the amount of \$2,305,000, to read as follows:

"ESTIMATED REVENUES

FROM TAXES, FEES AND ASSESSMENTS:

Real Property Taxes	238,015,312
Circuit Breaker Adjustment	(297,122)
Charges for Current Services	121,285,248
Transient Accommodations Tax	23,280,000
Public Service Company Tax	9,000,000
Licenses/Permits/Others	29,043,396
Fuel and Franchise Taxes	21,100,000
Special Assessments	4,130,000
Other Intergovernmental	18,109,000

FROM OTHER SOURCES:

Interfund Transfers	48,316,652
Bond/Lapsed Bond	56,955,308
Carryover/Savings:	
General Fund	[30,772,637]
Sewer Fund	9,264,849
Highway Fund	5,165,973
Solid Waste Management Fund	2,015,382
Golf Fund	157,634
Liquor Fund	719,109
Bikeway Fund	346,946
Water Fund	9,484,652

TOTAL ESTIMATED REVENUES [626,864,976] 629,169,976"

SECTION 2. Fiscal Year 2015 Budget is hereby amended as it pertains to Section 3.B.4.f., Department of Finance, Countywide Costs, by increasing the appropriation entitled, Transfer to the Post-Employment Obligations Fund, in the amount of \$2,305,000, to read as follows:

"4. Department of Finance
f. Countywide Costs

(1) Fringe Benefits		66,458,267
(2) Fringe Benefit Reimbursements		(18,555,491)
(3) Bond Issuance and Debt Service		43,175,338
(4) Supplemental Transfer to the Golf Fund		2,544,644
(5) Supplemental Transfer to the Solid Waste Management Fund		15,060,234
(6) Insurance Programs and Self Insurance		8,000,000
(7) Transfer to the Open Space, Natural Resources, Cultural Resources, and Scenic Views Preservation Fund		2,377,182
(8) Transfer to the Affordable Housing Fund		4,754,364
(9) General Costs		1,095,126
(10) Overhead Reimbursement		(18,112,535)
(11) Transfer to the Post-Employment Obligations Fund	[13,000,000]	<u>15,305,000</u>
(12) Transfer to the Emergency Fund		3,405,866"

SECTION 3. Fiscal Year 2015 Budget is hereby amended as it pertains to the Total Operating Appropriations to reflect an increase of \$2,305,000, to read as follows:

"TOTAL OPERATING APPROPRIATIONS [504,468,970] 506,773,970"

SECTION 4. Fiscal Year 2015 Budget is hereby amended as it pertains to the Total Appropriations (Operating and Capital Improvement Projects) to reflect an increase of \$2,305,000, to read as follows:

"TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS) [626,864,976] 629,169,976"

SECTION 5. Material to be repealed is bracketed. New material is underscored.

SECTION 6. This Ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:



 JEFFREY UEOKA
 Deputy Corporation Counsel

ORDINANCE NO. _____

BILL NO. _____ (2015)

A BILL FOR AN ORDINANCE AMENDING APPENDIX A
OF THE FISCAL YEAR 2015 BUDGET FOR THE COUNTY OF MAUI
AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES -
SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2015,
POST-EMPLOYMENT OBLIGATIONS FUND

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Ordinance No. 4133, Bill No. 37 (2014), as amended, "Fiscal Year 2015 Budget", Appendix A, Part II, "Special Purpose Revenues – Schedule of Revolving/Special Funds for Fiscal Year 2015", is hereby amended as it pertains to the Post-Employment Obligations Fund, by increasing the Anticipated Revenues for FY 2015 in the amount of \$2,305,000, and increasing the Total for FY 2015 in the amount of \$2,305,000, to read as follows:

**"II. SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS
FOR FISCAL YEAR 2015**

	<u>ESTIMATED BALANCE AS OF 6/30/14</u>	<u>ANTICIPATED REVENUES FOR FY 2015</u>	<u>TOTAL FOR FY 2015</u>
P. Post-Employment Obligations Fund (Chapter 3.97, Maui County Code)	[97,222,413]	[13,000,000]	[110,222,413]
(1) <u>Provided, that \$15,305,000 shall be disbursed to the Hawaii Employer-Union Health Benefits Trust Fund for payment of the County's post-employment benefit obligations.</u>	<u>0</u>	<u>15,305,000</u>	<u>15,305,000</u>

SECTION 2. Material to be repealed is bracketed. New material is underscored.

SECTION 3. This Ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:



JEFFREY UEOKA
Deputy Corporation Counsel