

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

May 26, 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 May 15, 2015, makes reference to County Communication 15-121, from the Budget Director, transmitting 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, ECONOMIC DEVELOPMENT REVOLVING FUND".

The purpose of the proposed bill is to amend the Fiscal Year 2015 Budget to appropriate \$105,000 from the Economic Development Revolving Fund to Sea Link of Hawaii, Inc. to maintain operation of the Molokai Ferry ("Ferry"), which provides maritime transportation for passengers traveling between the islands of Maui and Molokai.

Your Committee notes the Council adopted Resolution 15-44, entitled "URGING THE MAYOR TO PROPOSE AN AMENDMENT TO THE FISCAL YEAR 2015 BUDGET FOR THE CONTINUED OPERATION OF THE MOLOKAI FERRY", on April 7, 2015. The resolution urged the Mayor to propose a budget amendment and seek State funding to enable the Ferry to continue its operations.

Section 3.81.020, Maui County Code, states:

The purpose of the economic development revolving fund is to provide funds for economic development and economic development programs in the County of Maui. The Council finds that the creation of the fund is necessary to strengthen and diversify the County's economy; to support existing County businesses; to promote job creation; to attract new

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business, industry, construction, and events that will foster economic development in the County; and to improve the overall economic and social well-being of the County.

The Economic Development Director informed your Committee the Ferry is in need of financial assistance. Last year, a drop in ridership and an increase in costs resulted in an operating deficit of more than \$280,000 to Sea Link of Hawaii, Inc.

Your Committee noted loss of the Ferry would create hardship for Molokai residents who use it to travel to and from Maui for work, medical treatment, or other personal needs. It would also limit countywide participation in academic, athletic, cultural, social, and economic events.

David Jung, President of Sea Link of Hawaii, Inc., informed your Committee that the funding will be used to operate the Ferry through July 1, 2015, while he awaits approval from the Public Utilities Commission on a proposed schedule change to allow for more feasible operations.

He noted the State had provided subsidies for the Ferry's operations during parts of the 1980s and 1990s.

Your Committee recognizes the importance of the transportation service provided by the Ferry to the residents of Molokai. Your Committee discussed the future of the Ferry and is not supportive of the County's acquisition of the service.

Your Committee supports the interim funding and urged Sea Link of Hawaii, Inc. to continue seeking long-term financing.

Your Committee voted 7-0 to recommend passage of the proposed bill on first reading and filing of the communication. Committee Chair Hokama, Vice-Chair White, and members Baisa, Cochran, Couch, Crivello, and Victorino voted "aye". Committee members Carroll and Guzman were excused.

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Your Committee is in receipt of a revised proposed bill, approved as to form and legality by the Department of the Corporation Counsel, incorporating nonsubstantive revisions, including adjustments to reflect the expected passage of other pending legislation.

Your Budget and Finance Committee RECOMMENDS the following:

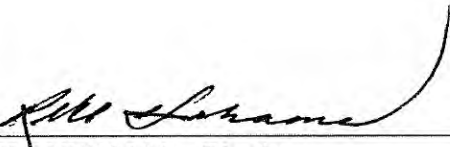
1. That Bill \_\_\_\_\_ (2015), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2015 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2015, ECONOMIC DEVELOPMENT REVOLVING FUND", be PASSED ON FIRST READING and be ORDERED TO PRINT; and
2. That County Communication 15-121 be FILED.

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

  
\_\_\_\_\_  
RIKI HOKAMA, Chair

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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,  
ECONOMIC DEVELOPMENT REVOLVING 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 Economic Development Revolving Fund, by adding provisos, 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>
Q. Economic Development Revolving Fund (Chapter 3.81, Maui County Code)	1,000,000	0	1,000,000
(1) Provided, that \$200,000 shall be for Uptown Service Inc. to renovate and convert its existing car wash facility to a full-service and take-out restaurant called "Da Car Wash Café", serving Wailuku and the broader community.			
(2) Provided, that \$175,000 shall be for Maui Innovation Group LLC for the development of a medical care management software solution for medical offices to better manage patient care and comply with new Affordable Care Act regulations.			
(3) Provided, that \$250,000 shall be for HNu Photonics, LLC for the purchase of infrastructure improvements and equipment acquisition to deploy proprietary technology on the International Space Station for the purpose of studying stem cell differentiation under microgravity conditions.			

- (4) Provided, that \$250,000 shall be for Aumakua Holdings, Inc. for the purpose of obtaining additional equipment for a new Maui Brewing Co. facility in Kihei that will enable the company to add new lines of beverages for local consumption as well as increase exportation to new and existing markets.
- (5) Provided, that \$105,000 shall be for Sea Link of Hawaii, Inc. to maintain operations of the Molokai Ferry which provides a vital transportation link between the islands of Maui and Molokai."

SECTION 2. New material is underscored.

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

APPROVED AS TO FORM AND LEGALITY:



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JEFFREY UEOKA  
Deputy Corporation Counsel