

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

April 1, 2016

**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 15, 2016, makes reference to County Communication 15-164, from Councilmember Riki Hokama, relating to amendments to the Fiscal Year ("FY") 2016 Budget.

By correspondence dated February 22, 2016, the Budget Director transmitted the following:

1. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2016 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 FY 2016 Budget by 1) increasing Carryover/Savings from the General Fund by \$2,000,000; 2) increasing Department of Finance, Countywide Costs, Fringe Benefits, by \$2,000,000; and 3) amending the expenditure category limits in Appendix C to incorporate the changes. The Department of Finance projects a budgetary shortfall in the appropriation for the Employees' Retirement System ("ERS") of the State of Hawaii due to collective bargaining increases, and for the State of Hawaii Employer-Union Health Benefits Trust Fund ("EUTF") due to an increase in health plan costs and an employer contribution rate increase of 4 percent.

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2. A Certification of Additional Revenues for FY 2016, dated February 22, 2016, for \$2,000,000 in Carryover/Savings from the General Fund.

The Budget Director said \$2,000,000 is requested for Countywide Costs, Fringe Benefits, relating to required ERS and EUTF payments. He explained that collective bargaining unit pay increases, including retroactive step increases and ERS rate increases, caused a shortfall in the appropriation for the ERS. The ERS rate increased during this fiscal year by one-half percent for general employees and 1 percent for public safety employees.

He further explained an increase in the number of employees participating in health insurance benefits and an increase of 4 percent to the employer's contribution of health insurance premiums resulted in a shortfall in the appropriation for the EUTF.

Your Committee expressed concern with the miscalculation of fringe benefit costs but acknowledged the County's obligation to pay for ERS and EUTF benefits.

Your Committee voted 8-0 to recommend passage of the proposed bill on first reading. Committee Chair Hokama, and members Baisa, Carroll, Cochran, Couch, Crivello, Guzman, and Victorino voted "aye." Committee Vice-Chair White was excused.

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 that take into account prior amendments to the FY 2016 Budget and include adjustments to reflect the expected passage of other pending legislation.

Your Budget and Finance Committee **RECOMMENDS** that Bill \_\_\_\_\_ (2016), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2016 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES; DEPARTMENT OF FINANCE, COUNTYWIDE COSTS; TOTAL OPERATING

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APPROPRIATIONS; AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS),” be PASSED ON FIRST READING and be ORDERED TO PRINT.

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. \_\_\_\_\_ (2016)

A BILL FOR AN ORDINANCE AMENDING  
THE FISCAL YEAR 2016 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. 4231, Bill No. 38 (2015), Draft 1, as amended, "Fiscal Year 2016 Budget", is hereby amended as it pertains to Section 2, Estimated Revenues, by increasing Carryover/Savings from the General Fund in the amount of \$2,000,000; and by increasing Total Estimated Revenues in the amount of \$2,000,000, to read as follows:

"ESTIMATED REVENUES

FROM TAXES, FEES AND ASSESSMENTS:

Real Property Taxes	255,944,996
Circuit Breaker Adjustment	(360,846)
Charges for Current Services	126,381,439
Transient Accommodations Tax	23,280,000
Public Service Company Tax	9,061,812
Licenses/Permits/Others	31,672,421
Fuel and Franchise Taxes	22,430,000
Special Assessments	480,000
Other Intergovernmental	39,046,700

FROM OTHER SOURCES:

Interfund Transfers	46,585,913
Bond/Lapsed Bond	29,784,122
Carryover/Savings:	
General Fund	[24,050,482] <u>26,050,482</u>
Sewer Fund	2,922,538
Highway Fund	4,142,020
Solid Waste Management Fund	(822,125)
Golf Fund	(149,289)
Liquor Fund	864,275
Bikeway Fund	327,789
Water Fund	<u>16,110,544</u>

TOTAL ESTIMATED REVENUES

[631,752,791]

633,752,791"

SECTION 2. Fiscal Year 2016 Budget is hereby amended as it pertains to Section 3.B.4.f., Department of Finance, Countywide Costs, by increasing the appropriation for Fringe Benefits in the amount of \$2,000,000, to read as follows:

"4. Department of Finance		
a. Administration Program		705,032
(1) Provided, that disbursement for salaries and premium pay is limited to 9.8 equivalent personnel.		
b. Accounts Program		1,438,750
(1) Provided, that disbursement for salaries and premium pay is limited to 18.0 equivalent personnel.		
c. Financial Services Program		
(1) General		6,021,551
(i) Provided, that disbursement for salaries and premium pay is limited to 97.0 equivalent personnel.		
(2) Countywide Service Center – Annual Lease Costs		506,800
d. Purchasing Program		451,004
(1) Provided, that disbursement for salaries and premium pay is limited to 7.0 equivalent personnel.		
e. Treasury Program		985,892
(1) Provided, that disbursement for salaries and premium pay is limited to 14.0 equivalent personnel.		
f. Countywide Costs		
(1) Fringe Benefits	[69,555,409]	<u>71,555,409</u>
(2) Transfer to the Post-Employment Obligations Fund		14,930,000
(3) Fringe Benefits Reimbursements		(18,905,987)
(4) Bond Issuance and Debt Service		40,043,854
(5) Supplemental Transfer to the Golf Fund		3,049,627
(6) Supplemental Transfer to the Solid Waste Management Fund		13,465,415
(7) Insurance Programs and Self Insurance		10,500,000
(8) Transfer to the Open Space, Natural Resources, Cultural Resources, and Scenic Views Preservation Fund		2,555,842
(9) Transfer to the Affordable Housing Fund		5,111,683
(10) General Costs		1,095,126
(11) Overhead Reimbursement		(20,668,014)
(12) Transfer to the Emergency Fund		4,000,000"

SECTION 3. Fiscal Year 2016 Budget is hereby amended as it pertains to the Total Operating Appropriations to reflect an increase of \$2,000,000, to read as follows:

"TOTAL OPERATING APPROPRIATIONS	[521,522,711]	<u>523,522,711"</u>
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SECTION 4. Fiscal Year 2016 Budget is hereby amended as it pertains to the Total Appropriations (Operating and Capital Improvement Projects) to reflect an increase of \$2,000,000, to read as follows:

"TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS) [631,752,791] 633,752,791"

SECTION 5. Fiscal Year 2016 Budget is hereby amended as it pertains to Appendix C, A,B,C Categories (Referenced in Section 7), Functions and Programs, Department of Finance, Countywide Costs, Fringe Benefits, by increasing the Category B appropriation by \$2,000,000 and the Total appropriation by \$2,000,000, to read as follows:

<b>"APPENDIX C A,B,C CATEGORIES (REFERENCED IN SECTION 7)</b>				
<b>I. FUNCTIONS AND PROGRAMS</b>				
<b>Department of Finance</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>Total</b>
Administration Program	\$ 611,070	\$ 92,462	\$ 1,500	\$ 705,032
Accounts Program	\$ 1,014,000	\$ 421,750	\$ 3,000	\$ 1,438,750
Financial Services Program	\$ 4,306,000	\$ 1,709,051	\$ 6,500	\$ 6,021,551
Countywide Service Center - Annual Lease	\$ -	\$ 506,800	\$ -	\$ 506,800
Purchasing Program	\$ 383,912	\$ 67,092	\$ -	\$ 451,004
Treasury Program	\$ 621,292	\$ 363,600	\$ 1,000	\$ 985,892
Countywide Costs				
Fringe Benefits	\$ -	[\$ 69,555,409] \$ 71,555,409	\$ -	[\$ 69,555,409] \$ 71,555,409
Transfer to the Post-Employment Obligations Fund	\$ -	\$ 14,930,000	\$ -	\$ 14,930,000
Fringe Benefits Reimbursements	\$ -	\$(18,905,987)	\$ -	\$(18,905,987)
Bond Issuance and Debt Service	\$ -	\$ 40,043,854	\$ -	\$ 40,043,854
Supplemental Transfer to the Golf Fund	\$ -	\$ 3,049,627	\$ -	\$ 3,049,627
Supplemental Transfer to the Solid Waste Management Fund	\$ -	\$ 13,465,415	\$ -	\$ 13,465,415
Insurance Programs and Self Insurance	\$ -	\$ 10,500,000	\$ -	\$ 10,500,000
Transfer to Open Space, Natural Resources, Cultural Resources, and Scenic Views Preservation Fund	\$ -	\$ 2,555,842	\$ -	\$ 2,555,842
Transfer to the Affordable Housing Fund	\$ -	\$ 5,111,683	\$ -	\$ 5,111,683
General Costs	\$ -	\$ 1,089,126	\$ 6,000	\$ 1,095,126
Overhead Reimbursements	\$ -	\$(20,668,014)	\$ -	\$(20,668,014)
Transfer to the Emergency Fund	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000

SECTION 6. Material to be repealed is bracketed. New material is underscored.

SECTION 7. This Ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:



JEFFREY UEOKA  
Deputy Corporation Counsel