

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 ENVIRONMENTAL MANAGEMENT, WASTEWATER ADMINISTRATION PROGRAM - SEWER FUND, 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 Interfund Transfers by \$383,000; 2) increasing Carryover/Savings from the Sewer Fund by \$383,000; 3) increasing Department of Environmental Management, Wastewater Administration Program - Sewer Fund, Debt Service, by \$383,000; 4) increasing Department of Finance, Countywide Costs, Bond Issuance and Debt Service, by \$383,000, due to a projected budgetary shortfall; and 5) amending the expenditure category limits in Appendix C to incorporate the changes.

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2. A Certification of Additional Revenues for FY 2016, dated February 22, 2016, for \$383,000 in Carryover/Savings from the Sewer Fund.

The Budget Director said the shortfall in Debt Service for the Sewer Fund is related to repayment of State Revolving Loan Funds ("SRF"). He said the difference for repayment of SRF and bond financing is that completion of a project will trigger the repayment for a SRF. The issuance of a general obligation bond will dictate the start of repayment for bond funded projects.

The Deputy Director of Environmental Management explained to your Committee upon completion and acceptance of a project funded by SRF, the Department will submit the necessary documents to the State of Hawaii Department of Health for concurrence on acceptance of the project. Upon receipt of the State's acceptance, repayment of the loan will begin.

The Deputy Director further explained to your Committee the anticipated repayment date is difficult to determine because it depends on the progress of the project and the actual completion date.

The Budget Director informed your Committee that financing projects with SRF costs the County three-quarters of a percent; one-half of a percent is for administrative fees, and one-quarter of a percent is for interest cost. He said the County's true interest cost for bond financing is 2.08 percent.

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

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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 ENVIRONMENTAL MANAGEMENT, WASTEWATER ADMINISTRATION PROGRAM - SEWER FUND, 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.

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



RIKI HOKAMA, Chair

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 ENVIRONMENTAL MANAGEMENT,
WASTEWATER ADMINISTRATION PROGRAM – SEWER FUND,
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 Interfund Transfers in the amount of \$383,000; increasing Carryover/Savings from the Sewer Fund in the amount of \$383,000; and increasing Total Estimated Revenues in the amount of \$766,000, 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]	<u>46,968,913</u>
Bond/Lapsed Bond		29,981,122
Carryover/Savings:		
General Fund		26,050,482
Sewer Fund	[2,922,538]	<u>3,305,538</u>
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 [633,949,791] 634,715,791"

SECTION 2. Fiscal Year 2016 Budget is hereby amended as it pertains to Section 3.B.3.b., Department of Environmental Management, Wastewater Administration Program – Sewer Fund, by increasing the appropriation for Debt Service in the amount of \$383,000, to read as follows:

"3. Department of Environmental Management		
a. Administration Program – General Fund		597,615
(1) Provided, that disbursement for salaries and premium pay is limited to 5.0 equivalent personnel.		
(2) Grant to Community Work Day Program, dba Malama Maui Nui		155,500
b. Wastewater Administration Program – Sewer Fund		2,521,722
(1) General		
(i) Provided, that disbursement for salaries and premium pay is limited to 18.0 equivalent personnel.		
(2) Contribution to General Fund – Employees' Retirement System (ERS) and Federal Insurance Contributions Act (FICA)		1,662,558
(3) Contribution to General Fund – Hawaii Employer-Union Health Benefits Trust Fund (EUTF)		1,175,594
(4) Contribution to General Fund – Other Post-Employment Benefits (OPEB)		904,458
(5) Contribution to General Fund – Reimbursement for the Department Of Environmental Management – Administration Program		448,816
(6) Debt Service	[9,046,991]	<u>9,429,991</u>
(7) Administration Overhead Charge		3,757,402
(8) Transfer to Countywide Sewer Capital Improvement Reserve Fund		1,868,567
c. Wastewater Operations Program – Sewer Fund		21,273,530
(1) Provided, that disbursement for salaries and premium pay is limited to 99.0 equivalent personnel.		
(2) Provided, that the expansion of 1.0 equivalent personnel shall be for a Wastewater Treatment Plant Worker on Lanai.		
(3) Provided, that \$70,000 shall be for a 200-gallon trailer-mounted spoils vacuum and \$10,000 shall be for a side-by-side utility task vehicle (UTV) both for the Lanai Wastewater Treatment Plant.		
d. Solid Waste Administration Program – Solid Waste Management Fund		
(1) General		1,183,822
(i) Provided, that disbursement for salaries and premium pay is limited to 14.0 equivalent personnel.		

(2) Contribution to General Fund – Employees' Retirement System (ERS) and Federal Insurance Contributions Act (FICA)	1,391,032
(3) Contribution to General Fund – Hawaii Employer-Union Health Benefits Trust Fund (EUTF)	983,597
(4) Contribution to General Fund – Other Post-Employment Benefits (OPEB)	756,743
(5) Contribution to General Fund – Reimbursement for the Department of Environmental Management – Administration Program	344,026
(6) Debt Service	4,510,566
(7) Administrative Overhead Charge	4,681,119
e. Solid Waste Operations Program – Solid Waste Management Fund	11,677,939
(1) Provided, that disbursement for salaries and premium pay is limited to 82.0 equivalent personnel.	
(2) Provided, that the expansion of 3.0 equivalent personnel shall be for a Landfill Attendant at the Central Maui Landfill, a Landfill Equipment Operator I at the Hana Landfill, and a Landfill Equipment Operator I at the Lanai Landfill.	
(3) Provided, that \$126,000 shall be to continue the Curbside Recycling Pilot Program in South Maui.	
f. Environmental Protection and Sustainability Program – Solid Waste Management Fund	4,551,986"
(1) Provided, that disbursement for salaries and premium pay is limited to 3.0 equivalent personnel.	
(2) Provided, that \$15,000 shall be for the Community Work Day Program, dba Malama Maui Nui, to conduct monthly recycling events in West Maui.	

SECTION 3. 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 Bond Issuance and Debt Service in the amount of \$383,000, 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		71,555,409
(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]	<u>40,426,854</u>
(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 4. Fiscal Year 2016 Budget is hereby amended as it pertains to the Total Operating Appropriations to reflect an increase of \$766,000, to read as follows:

"TOTAL OPERATING APPROPRIATIONS	[523,522,711]	<u>524,288,711"</u>
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SECTION 5. Fiscal Year 2016 Budget is hereby amended as it pertains to the Total Appropriations (Operating and Capital Improvement Projects) to reflect an increase of \$766,000, to read as follows:

"TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)	[633,949,791]	<u>634,715,791"</u>
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SECTION 6. 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 Environmental Management, Wastewater Administration – Sewer Fund, Debt Service, by increasing the Category B appropriation by \$383,000 and the Total appropriation by \$383,000, to read as follows:

"APPENDIX C A,B,C CATEGORIES (REFERENCED IN SECTION 7)				
I. FUNCTIONS AND PROGRAMS				
Department of Environmental Management	A	B	C	Total

Administration Program – General Fund	\$ 418,315	\$ 174,800	\$ 4,500	\$ 597,615
Grant to Community Work Day Program, dba Malama Maui Nui	\$ -	\$ 155,500	\$ -	\$ 155,500
Wastewater Administration Program - Sewer Fund	\$ 1,310,088	\$ 1,193,634	\$ 18,000	\$ 2,521,722
Contribution to General Fund - Employees' Retirement System (ERS) and Federal Insurance Contributions Act (FICA)	\$ -	\$ 1,662,558	\$ -	\$ 1,662,558
Contribution to General Fund - Hawaii Employer-Union Health Benefits Trust Fund (EUTF)	\$ -	\$ 1,175,594	\$ -	\$ 1,175,594
Contribution to General Fund - Other Post-Employment Benefits (OPEB)	\$ -	\$ 904,458	\$ -	\$ 904,458
Contribution to General Fund - Reimbursement for the Department of Environmental Management - Administration Program	\$ -	\$ 448,816	\$ -	\$ 448,816
Debt Service	\$ -	[\$ 9,046,991] \$ 9,429,991	\$ -	[\$ 9,046,991] \$ 9,429,991
Administrative Overhead Charge	\$ -	\$ 3,757,402	\$ -	\$ 3,757,402
Transfer to Countywide Sewer Replacement Capital Improvement Reserve Fund	\$ -	\$ 1,868,567	\$ -	\$ 1,868,567
Wastewater Operations Program - Sewer Fund	\$ 6,037,882	\$ 14,551,548	\$ 684,100	\$ 21,273,530

SECTION 7. 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, Bond Issuance and Debt Service by increasing the Category B appropriation by \$383,000 and the Total appropriation by \$383,000, to read as follows:

"APPENDIX C A,B,C CATEGORIES (REFERENCED IN SECTION 7)				
I. FUNCTIONS AND PROGRAMS				
Department of Finance	A	B	C	Total
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	\$ -	\$ 71,555,409	\$ -	\$ 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] \$ 40,426,854	\$ -	[\$ 40,043,854] \$ 40,426,854
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"
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SECTION 8. Material to be repealed is bracketed. New material is underscored.

SECTION 9. This Ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:



JEFFREY UEOKA
Deputy Corporation Counsel