

**COUNCIL OF THE COUNTY OF MAUI**

# **BUDGET AND FINANCE COMMITTEE**

May 20, 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 April 29, 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 April 20, 2016, the Budget Director transmitted a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2016 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO THE DEPARTMENT OF PUBLIC WORKS, HIGHWAYS ADMINISTRATION PROGRAM – HIGHWAY FUND, ROAD, BRIDGE, AND DRAINAGE MAINTENANCE PROGRAM – HIGHWAY FUND."

The purpose of the proposed bill is to amend the FY 2016 Budget by adding \$400,000 to the Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund ("Highway Beautification Fund") and decreasing the Road, Bridge, and Drainage Maintenance Program, Highway Fund, by the same amount.

According to the Budget Director, revenue projections for the Highway Beautification Fund were overestimated in previous fiscal years, the Fund is facing a budgetary shortfall for FY 2016, and the appropriation is needed to prevent disruption in services and activities performed under the Fund.

A representative of the Budget Office said it was recently discovered that the revenues for the past several years have been overstated by approximately \$1 million a year.

The representative said the Fund's current balance is a negative \$100,302.71, and a \$400,000 shortfall is anticipated for FY 2016. In

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response to concerns of your Committee, she said the employees whose salaries are paid from the Fund have been paid.

The representative noted the Department of Finance collects revenue for the Fund through vehicle registrations, but multiple departments use the Fund. Provisos were created in the past to identify which departments would be able to use the Fund, and new index codes were created. The process resulted in a transfer into the Fund being recognized as revenue, double counting the amount of revenue. The Budget Office will be working with the Department of Finance to correct the problem.

Your Committee asked who is responsible for monitoring account balances, and whether bank reconciliations are being done on a monthly basis. Your Committee requested the Director of Finance provide a written response.

The Budget representative said the Budget Office would propose to use the Solid Waste Management Fund to cover the required costs until the budget amendment is passed, at which time the funds would be transferred back to the Highway Beautification Fund.

Your Committee noted a desire to request the County Auditor start auditing additional accounts, including special purpose revenue funds, and make that component a part of the County's comprehensive annual financial audit. Your Committee expressed a reluctance to consider provisos in the FY 2017 Budget for special purpose revenue funds such as the Affordable Housing Fund because of concerns over the accuracy of fund balances available for appropriation. Your Committee noted it needs to be apprised of the amount of funds available for appropriation from the special purpose revenue funds.

The Budget representative and the Deputy Director of Finance noted a communication breakdown led to the errors. Your Committee requested the Department of Finance review County funds system-wide and re-examine the way the special purpose revenue funds are structured.

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

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 THE DEPARTMENT OF PUBLIC WORKS, HIGHWAYS ADMINISTRATION PROGRAM – HIGHWAY FUND, ROAD, BRIDGE, AND DRAINAGE MAINTENANCE PROGRAM – HIGHWAY FUND," 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.

  
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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 THE DEPARTMENT OF PUBLIC WORKS,  
HIGHWAYS ADMINISTRATION PROGRAM – HIGHWAY FUND,  
ROAD, BRIDGE, AND DRAINAGE MAINTENANCE PROGRAM – HIGHWAY FUND

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 3.B.15.e., Department of Public Works, Highways Administration Program – Highway Fund, by adding an appropriation entitled, "Contribution to Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund", in the amount of \$400,000; and Section 3.B.15.f., Department of Public Works, Road, Bridge, and Drainage Maintenance Program – Highway Fund, by decreasing the appropriation in the amount of \$400,000, to read as follows:

"15. Department of Public Works	
a. Administration Program – General Fund	562,239
(1) Provided, that disbursement for salaries and premium pay is limited to 7.0 equivalent personnel.	
b. Engineering Program – General Fund	4,060,465
(1) Provided, that disbursement for salaries and premium pay is limited to 35.0 equivalent personnel.	
c. Special Maintenance Program – General Fund	3,069,867
(1) Provided, that disbursement for salaries and premium pay is limited to 34.0 equivalent personnel.	
d. Development Services Administration Program – General Fund	2,321,744
(1) Provided, that disbursement for salaries and premium pay is limited to 39.0 equivalent personnel.	
e. Highways Administration Program - Highway Fund	
(1) General	542,556
(i) Provided, that disbursement for salaries and premium pay is limited to 7.0 equivalent personnel.	
(2) Contribution to General Fund – Employees' Retirement System (ERS) and Federal Insurance Contributions Act (FICA)	1,509,491
(3) Contribution to General Fund – Hawaii Employer-Union Health Benefits Trust Fund (EUTF)	1,067,360
(4) Contribution to General Fund – Other Post-Employment Benefits (OPEB)	821,187

(5) Contribution to Bikeway Fund	265,680
(6) Contribution to General Fund for Engineering Program service	942,988
(7) Debt Service	5,008,965
(8) Administrative Overhead Charge	3,901,242
(9) <u>Contribution to Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund</u>	<u>400,000</u>
f. Road, Bridge, and Drainage Maintenance Program - Highway Fund [10,772,831]	<u>10,372,831</u>
(1) Provided, that disbursement for salaries and premium pay is limited to 123.0 equivalent personnel.	
(2) Provided, that the expansion of 2.0 equivalent personnel shall be for an Equipment Operator IV and a Laborer II, both for the West Maui District.	
g. Traffic Management Program - Highway Fund	1,480,939
(1) Provided, that disbursement for salaries and premium pay is limited to 15.0 equivalent personnel.	
h. Garage Services Program - Highway Fund	1,290,613"

SECTION 2. 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 Public Works, by adding an appropriation entitled, "Contribution to Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund", and a Category B and Total appropriation of \$400,000; and by decreasing the Category B and Total appropriation for the Road, Bridge, and Drainage Maintenance Program – Highway Fund by \$400,000, 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 Public Works</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>Total</b>
Administration Program – General Fund	\$ 502,939	\$ 59,300	\$ -	\$ 562,239
Engineering Program – General Fund	\$ 2,218,268	\$ 1,815,697	\$ 26,500	\$ 4,060,465
Special Maintenance Program - General Fund	\$ 1,720,992	\$ 1,348,875	\$ -	\$ 3,069,867
Development Services Administration Program – General Fund	\$ 2,147,800	\$ 171,944	\$ 2,000	\$ 2,321,744
Highways Administration Program – Highway Fund	\$ 477,460	\$ 65,096	\$ -	\$ 542,556
Contribution to General Fund - Employees' Retirement System (ERS) and Federal Insurance Contributions Act (FICA)	\$ -	\$ 1,509,491	\$ -	\$ 1,509,491
Contribution to General Fund - Hawaii Employer-Union Health Benefits Trust Fund (EUTF)	\$ -	\$ 1,067,360	\$ -	\$ 1,067,360
Contribution to General Fund - Other Post-Employment Benefits (OPEB)	\$ -	\$ 821,187	\$ -	\$ 821,187
Contribution to Bikeway Fund	\$ -	\$ 265,680	\$ -	\$ 265,680

Contribution to General Fund for Engineering Program service	\$ -	\$ 942,988	\$ -	\$ 942,988
Debt Service	\$ -	\$ 5,008,965	\$ -	\$ 5,008,965
Administrative Overhead Charge	\$ -	\$ 3,901,242	\$ -	\$ 3,901,242
<u>Contribution to Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund</u>	\$ -	\$ 400,000	\$ -	\$ 400,000
Road, Bridge, and Drainage Maintenance Program – Highway Fund	\$ 5,822,428	<del>[\$ 3,600,403]</del> \$ 3,200,403	\$ 1,350,000	<del>[\$ 10,772,831]</del> \$ 10,372,831
Traffic Management Program – Highway Fund	\$ 797,532	\$ 683,407	\$ -	\$ 1,480,939
Garage Services Program – Highway Fund	\$ -	\$ 1,290,613	\$ -	\$ 1,290,613

SECTION 3. Material to be repealed is bracketed. New material is underscored.

SECTION 4. This Ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:

  
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 JEFFREY UEOKA  
 Deputy Corporation Counsel