

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

September 5, 2008

Committee
Report No.

08-107

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 August 18, 2008, makes reference to Contract No. C2198-6, between the County of Maui and EKO Systems Inc., dba Maui EKO Systems, relating to the operation of a co-composting facility at the Central Maui Landfill.

Your Committee notes that Contract No. C2198-6 increases the contract amount by \$1,900,000, for a total contract of \$9,060,000 and adds two provisions regarding insurance and indemnification.

At its meeting, your Committee met with the Assistant Budget Director, Office of the Mayor; the Director of Finance; the Director of Environmental Management; the Solid Waste Division Chief, Department of Environmental Management; and the First Deputy Corporation Counsel.

There was no public testimony.

The Chair of your Committee distributed a report entitled "County of Maui, Performance Audit of the County of Maui's Co-Composting Program of the Department of Public Works and Environmental Concerns: For the Contract Years 1996 to 2003" (audit report). The audit report was completed in June 2003.

The Director of Environmental Management stated that she was unaware of the audit report prior to amending the contract. She stated that the Department of Environmental Management is in the process of extending the contract with Maui EKO Systems for an additional 2.5 years. During this time, the Department will evaluate whether to solicit bids for the operation of the co-composting facility or execute the final 2.5-year option under the contract.

The Director of Environmental Management stated that the audit report indicated that the County's co-composting program complied with the United States Environmental Protection Agency's environmental requirements. She discounted the auditor's finding

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that Maui EKO Systems realized a large profit from its operations. The Director explained that the auditor did not have access to the contractor's financial records so the finding was based on estimates of production costs.

Your Committee voted to recommend filing of the contract.

Your Budget and Finance Committee **RECOMMENDS** that Contract No. C2198-6 be FILED.


Adoption of this report is respectfully requested.

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