

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

November 2, 2007

**Committee
Report No.**

07-119

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 October 1, 2007, makes reference to Contract No. C3907, between the County of Maui and Diversified Machinery Incorporated, for construction of improvements to Market Street, from Wells Street to Kahawai Street, in Wailuku, in the amount of \$6,767,040.

Your Committee notes that the Fiscal Year (FY) 2007 Budget appropriated \$2 million in General Obligation Bonds for the Market Street Improvements, which was expected to be supplemented by a \$4.8 million Federal Highway Administration/Intermodal Surface Transportation Efficiency Act (ISTEA) Highway grant.

Your Committee further notes that the contract certification identifies the sources of funds for this contract as follows: \$790,658 of County funds from FY 2007 Budget appropriations for Market Street Improvements; an additional \$562,750 of County funds from FY 2007 Budget appropriations for Wailuku-Kahului Community Plan District Road Resurfacing; and \$5,413,632 from Federal grant funds.

At its meeting, your Committee met with the Budget Director; the Director of Finance; the Director of Public Works; the Engineering Program Manager, Department of Public Works; and a Deputy Corporation Counsel.

There was no public testimony.

The Director of Public Works stated that the original scope of the project was reduced because of the high bids that were anticipated. Although the scope of the project was reduced, the bids received exceeded the funds appropriated for the project.

The Director of Public Works further stated because the receipt of Federal grant funds requires the County to provide 20 percent in matching funds, the Department utilized the funds appropriated for the Wailuku-Kahului Community Plan District Road

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Resurfacing to meet the County's share of the Market Street Improvements project, and received the commitment of \$5,413,632 of Federal grant funds.

Your Committee was concerned that using funds intended for district road resurfacing would cause the Department to fall further behind in its district resurfacing program. Your Committee suggested that the Department should have looked for other possible funding sources before reducing the funds earmarked for district road resurfacing.

The Engineering Program Manager stated that the project is scheduled for completion in 16 months and the construction will be coordinated with the merchants, residents, and public to minimize the disruption of businesses and services.

Your Committee voted to recommend filing the contract.

Your Budget and Finance Committee **RECOMMENDS** that Contract No. C3907 be **FILED**.

Adoption of this report is respectfully requested.

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