

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

December 7, 2007

Committee
Report No.

07-142

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 November 15, 2007, makes reference to County Communication No. 07-291, from the Budget Director, transmitting the following:

1. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2008 BUDGET FOR THE FISCAL YEAR JULY 1, 2007 TO JUNE 30, 2008 COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES AND CAPITAL IMPROVEMENT PROJECTS" (Budget bill).

The purpose of the proposed Budget bill is to amend the Fiscal Year (FY) 2008 Budget by decreasing bond/lapsed bond revenues by \$7,200,000; increasing other intergovernmental revenues for State Revolving Fund Loans by \$7,500,000; deleting the Central Maui Landfill (CML) Gas Collection and Flare Construction and the Molokai Landfill Cell 3 Construction projects and their corresponding appropriations from the Bond Fund; adding the CML Gas Collection and Flare Construction project and appropriation for \$4,200,000 and the Molokai Landfill Cell 3 Construction project and appropriation for \$3,300,000 to State Revolving Fund Loan; and increasing the "Total Estimated Revenues" and the "Total Capital Improvement Project Appropriations" by \$300,000.

2. A proposed bill entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR A STATE WATER POLLUTION CONTROL REVOLVING FUND LOAN FOR THE CENTRAL MAUI LANDFILL GAS COLLECTION AND FLARE SYSTEM".

The purpose of the proposed bill is to authorize the Mayor to enter into an intergovernmental agreement to finance the construction of the CML Gas

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Collection and Flare System for an amount not to exceed \$4,200,000 with a State Water Pollution Control Revolving Fund Loan.

3. A proposed bill entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR A STATE WATER POLLUTION CONTROL REVOLVING FUND LOAN FOR THE MOLOKAI LANDFILL CELL #3 CONSTRUCTION".

The purpose of the proposed bill is to authorize the Mayor to enter into an intergovernmental agreement to finance the construction of the Molokai Landfill Cell 3 for an amount not to exceed \$3,300,000 with a State Revolving Fund loan.

By correspondence dated November 8, 2007, the Budget Director transmitted the following:

1. A revised proposed bill entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR A STATE WATER POLLUTION CONTROL REVOLVING FUND LOAN FOR THE CENTRAL MAUI LANDFILL GAS COLLECTION AND FLARE CONSTRUCTION".

The revised proposed bill corrects the name of the project to the Central Maui Landfill Gas Collection and Flare Construction as identified in the FY 2008 Budget.

2. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. 3459 (2007) RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI" (Bond bill).

The purpose of the proposed Bond bill is to decrease the general obligation bond authorization by \$7,200,000 for the deletion of the CML Gas Collection and Flare Construction and the Molokai Landfill Cell 3 Construction projects, for a total bond principal amount not to exceed \$29,850,000.

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By correspondence dated November 14, 2007, the Budget Director transmitted a revised proposed Budget bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2008 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES, CAPITAL IMPROVEMENT PROJECTS, AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)" (revised proposed Budget bill).

The purpose of the revised proposed Budget bill is to correct the title of the bill; amend the FY 2008 Budget by decreasing bond/lapsed bond revenues by \$7,200,000; increase other intergovernmental revenues for State Revolving Fund Loans by \$7,500,000; delete the CML Gas Collection and Flare Construction and the Molokai Landfill Cell 3 Construction projects and their corresponding appropriations from the Bond Fund; add the CML Gas Collection and Flare Construction project and appropriation for \$4,200,000 and the Molokai Landfill Cell 3 Construction project and appropriation for \$3,300,000 to State Revolving Fund Loan; and increase the "Total Estimated Revenues", the "Total Capital Improvement Project Appropriations", and the "Total Appropriations (Operating and Capital Improvement Projects)" by \$300,000.

Your Committee notes that Chapter 342D-83, Hawaii Revised Statutes, establishes a Water Pollution Control Revolving Fund to be administered by the State Director of Health. The State Revolving Fund loan's primary purpose is to provide loans and other financial assistance to eligible State and County agencies to plan, design, and construct publicly-owned projects in accordance with Title 33, United States Code, Sections 1381 through 1387; implement management programs established under Title 33, United States Code, Section 1329; and implement conservation and management plans under Title 33, United States Code, Section 1330.

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

There was no public testimony.

The Budget Director stated that financing these projects through low-interest State Revolving Fund loans is more cost effective than using County general obligation bonds.

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The Solid Waste Division Chief stated that the Department of Environmental Management encumbered \$219,550 of the existing \$3,000,000 Bond Fund appropriation for the Molokai Landfill Cell 3 Construction project for amendments to the design consultant's contract to include oversight of the installation of the landfill liner and quality control during construction. The Solid Waste Division Chief further stated that the Department received a low bid of \$2,741,000 for the construction of the Molokai Landfill Cell 3 project.

The Solid Waste Division Chief further stated that the additional \$300,000 requested for the Molokai Landfill Cell 3 Construction project represents a contingency for change orders during construction.

Your Committee questioned whether it was appropriate to use construction funds to pay for the oversight of the installation of the landfill liner and quality control during construction.

The Solid Waste Division Chief responded that the work relates to actual construction and not design.

Your Committee voted to recommend passage of the revised proposed bills authorizing the Mayor to enter into intergovernmental agreements, passage of the revised proposed Budget bill, passage of the proposed Bond bill, and filing of the communication.

Your Committee is in receipt of a revised proposed bill entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR A STATE WATER POLLUTION CONTROL REVOLVING FUND LOAN FOR THE MOLOKAI LANDFILL CELL 3 CONSTRUCTION" from the Department of the Corporation Counsel incorporating nonsubstantive revisions to properly reflect the name of the project by deleting the "#" in the title and the body of the proposed bill.

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Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill No. _____ (2007), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR A STATE WATER POLLUTION CONTROL REVOLVING FUND LOAN FOR THE CENTRAL MAUI LANDFILL GAS COLLECTION AND FLARE CONSTRUCTION", be PASSED ON FIRST READING and be ORDERED TO PRINT;
2. That Bill No. _____ (2007), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR A STATE WATER POLLUTION CONTROL REVOLVING FUND LOAN FOR THE MOLOKAI LANDFILL CELL 3 CONSTRUCTION", be PASSED ON FIRST READING and be ORDERED TO PRINT;
3. That Bill No. _____ (2007), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2008 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES, CAPITAL IMPROVEMENT PROJECTS, AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)", be PASSED ON FIRST READING and be ORDERED TO PRINT;
4. That Bill No. _____ (2007), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. 3459 (2007) RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI", be PASSED ON FIRST READING and be ORDERED TO PRINT; and
5. That County Communication No. 07-291 be FILED.

Adoption of this report is respectfully requested.

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JOSEPH PONTANILLA **Chair**

DANNY A. MATEO **Member**

G. RIKI HOKAMA **Vice-Chair**

BILL KAUAKEA MEDEIROS **Member**

MICHELLE ANDERSON **Member**

MICHAEL J. MOLINA **Member**

GLADYS C. BAISA **Member**

MICHAEL P. VICTORINO **Member**

JO ANNE JOHNSON **Member**