

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

October 17, 2008

Committee
Report No.

08-126

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 4, 2008, and September 29, 2008, makes reference to County Communication No. 08-169, from the Budget Director, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. 3571 (2008) RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI".

The purpose of the proposed bill is to authorize the issuance of general obligation bonds to provide funding for the Central Maui Landfill Phase V Construction project (Landfill Project). This project appropriation was adopted by the Council and is listed in Ordinance No. 3573 (2008), (the Fiscal Year (FY) 2009 Operating Budget Ordinance).

At its meeting of August 4, 2008, your Committee met with the Budget Director; 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.

Your Committee received a computer-generated presentation from the Director of Environmental Management, concerning the Landfill Project, along with a printout of the presentation. The presentation included an overview of the facts, figures, and statistics associated with the Landfill Project, a historical account of the previous phases, and plans for an anticipated Phase V and VI.

The Director of Environmental Management stated that a construction contract for the Landfill Project was recently signed and the designs are in process. The Director noted that she anticipates the designs to be completed by October 3, 2008, and the bid process to begin on November 3, 2008. She also stated a desired construction start date of December 1, 2008, with a March 1, 2009 completion date. The Director characterized the timetable as "aggressive", noting that a consultant had estimated that the Central Maui Landfill will reach capacity by the end of calendar year 2009.

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Your Committee asked how the construction of the Landfill Project fits in with the County's Solid Waste Plan.

The Director of Environmental Management advised your Committee that the Solid Waste Plan reflects a need to extend the capacity and life of the Landfill, and a need to increase the County's recycling rate from 30 percent to 60 percent.

By correspondence dated August 8, 2008, the Chair of your Committee requested that the Budget Director provide the status of the capital improvement projects authorized under Section 4 of the FY 2009 Operating Budget Ordinance, and a timeline for each project.

By correspondence dated August 19, 2008, the Chair of your Committee requested that the Budget Director revise the proposed bill by: (1) replacing \$28,984,000 with \$31,484,000 in Section 1; and (2) reflecting the addition of the South Maui Community Park, Phase I, in the amount of \$2,500,000, which had since separately been authorized by the Council.

By correspondence dated August 20, 2008, the Director of Environmental Management provided an update on the status of capital improvement projects authorized for her Department under Sections 4.D, 4.G, and 4.H of the FY 2009 Operating Budget Ordinance.

By correspondence dated August 25, 2008, the Budget Director provided an update on the status of all capital improvement projects authorized under Section 4 of the FY 2009 Operating Budget Ordinance, except for those projects associated with the Civil Defense Agency.

By correspondence dated August 26, 2008, the Budget Director provided an update on the status of capital improvement projects for the Civil Defense Agency authorized under Section 4 of the FY 2009 Operating Budget Ordinance.

By correspondence dated September 2, 2008, the Budget Director transmitted a revised proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. 3571 (2008) RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI", incorporating the revisions requested by your Committee.

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At its meeting of September 29, 2008, your Committee met with the Budget Director; 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 Director of Environmental Management stated that construction bids will be accepted in the second quarter of Fiscal Year 2009, with a desire to begin construction by March 1, 2009.

Your Committee expressed concern that the Administration's intention to "get projects out" and ready for construction within an 18-month period has consistently not been met, and requested assurances that the respective departments will perform in a timely manner.

The Budget Director stated that the 18-month timeframe has been difficult to maintain due, in part, to negotiations.

Your Committee discussed the availability of Lapsed Bond Funds to be reallocated for the Landfill Project. The Budget Director advised that he was not aware of any specific available Lapsed Bond Funds for the project. He further commented that Fiscal Year 2008 projects will be "lapsing" at the end of calendar year 2008, as reflected in the Quarterly Implementation Reports.

Your Committee inquired into the availability of sufficient cash reserves to accommodate the Landfill Project as well as other County needs. The Director of Finance stated that cash reserves are currently forecasted to adequately meet the needs of the County for a period of 12 months without accessing bond revenue. He cautioned, however, that his statement is only a forecast, and reserved judgment as to the availability of cash reserves after the 12-month period.

The Chair of your Committee requested that the Budget Director provide a status report on all bond-authorized projects.

Your Committee recommended that the proposed bill be revised to incorporate pending budget amendments and make any nonsubstantive revisions as required.

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Your Committee is in receipt of a revised proposed bill, approved as to form and legality by the Department of the Corporation Counsel, updating the total aggregate principal amount of General Obligation Bonds authorized to \$43,484,000.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill No. _____ (2008), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. 3571 (2008) RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI", be PASSED ON FIRST READING and be ORDERED TO PRINT; and
2. That County Communication No. 08-169 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

ORDINANCE NO. _____

BILL NO. _____ (2008)

A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. 3571
(2008) RELATING TO THE ISSUANCE OF
GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Ordinance No. 3571 (2008), is amended by amending
Section 1 to read as follows:

"SECTION 1. Authorization of General Obligation Bonds. Pursuant to Chapter 47, Hawaii Revised Statutes, as amended, and particularly Part I thereof, there are hereby authorized to be issued and sold from time to time general obligation bonds of the County of Maui, State of Hawaii (the "County") in an aggregate principal amount not to exceed [\$31,484,000] \$43,484,000 (the "Bonds"), the proceeds derived from the sale of which shall be used to pay all or part of the cost of appropriations for the public improvements of the County described in Section 2 hereof."

SECTION 2. Ordinance No. 3571 (2008), is amended by amending
Section 2 to read as follows:

"SECTION 2. Disposition of Bond Proceeds. All or any portion of the proceeds derived from the sale of the Bonds or any notes issued in anticipation of the Bonds shall be used to pay all or part of the cost of any of the public improvements listed below in accordance with appropriations contained in the Fiscal Year 2009 Budget, including amendments and supplements thereto, duly approved by the Council of the County (the "Council") for the fiscal year ending June 30, 2009 (the "Fiscal Year 2009 Budget"); provided, however, that pursuant to Section 47-5, Hawaii Revised Statutes, the part of such proceeds which are in excess of the amounts required for the purposes for which the Bonds are initially issued from time to time, or which may not be applied to such purposes, or which the Council deems should not be applied to such purposes, may be applied to finance such other public improvements of the County as the Council shall, by ordinance approved by an affirmative vote of two-thirds of all of its members, determine; and provided further that the actual use and application of the proceeds of

Bonds issued pursuant to this ordinance shall not in any way affect the validity or legality of such Bonds. No proceeds of the Bonds shall be applied to any public improvement listed in this section unless and until there shall be a valid appropriation of general obligation bond proceeds in effect for such public improvement. The public improvements provided for or to be provided for in the Fiscal Year 2009 Budget, to be financed with proceeds from the sale of the Bonds, are as follows:

Public Improvements:

		<u>Estimated Project Cost</u>
1.	Hana Community Plan Area	
	a. Road Improvements (and related improvements, beautification, sidewalks, bike paths, drainage, bridge repairs and maintenance, safety and utilities, accessibility for persons with disabilities) including:	
	(1) Papahawahawa Bridge Replacement	\$ 1,100,000
2.	Paia-Haiku Community Plan Area	
	a. Government Facilities	
	(1) Haiku Fire Station	\$ 600,000
3.	Makawao-Pukalani-Kula Community Plan Area	
	a. Water Supply	
	(1) Makawao Waterline Improvements	\$ 1,100,000
4.	Wailuku-Kahului Community Plan Area	
	a. Parks and Recreation	
	(1) War Memorial Complex Improvements	\$ 500,000
	b. Sewer	
	(1) Environmental Protection Agency Consent Decree Sewer Rehabilitation	\$ 1,000,000
	c. Water Supply	
	(1) Waihee Wells Backup Generator	\$ 700,000
	(2) Wailuku Waterline Improvements	\$ 3,334,000
	d. <u>Sanitation</u>	
	(1) <u>Central Maui Landfill Phase V Construction</u>	<u>\$12,000,000</u>

- 5. Kihei-Makena Community Plan Area
 - a. Road Improvements (and related improvements, beautification, sidewalks, bike paths, drainage, bridge repairs and maintenance, safety and utilities, accessibility for persons with disabilities) including:
 - (1) Liloa and Piikea Avenue Roundabout \$ 2,500,000
 - (2) South Kihei Road Sidewalks \$ 250,000
 - b. Sewer
 - (1) Environmental Protection Agency Consent Decree Sewer Rehabilitation \$ 1,000,000
 - c. Water Supply
 - (1) Maui Meadows Booster Pump Improvements \$ 1,500,000
 - d. Parks and Recreation
 - (1) South Maui Community Park, Phase I \$ 2,500,000

- 6. West Maui Community Plan Area
 - a. Road improvements (and related improvements, beautification, sidewalks, bike paths, drainage, bridge repairs and maintenance, safety and utilities, accessibility for persons with disabilities) including:
 - (1) Lower Honoapiilani Road Improvements \$ 1,000,000
 - b. Sewer
 - (1) Environmental Protection Agency Consent Decree Sewer Rehabilitation \$ 1,000,000

- 7. Molokai Community Plan Area
 - a. Government Facilities
 - (1) Molokai Baseyard \$ 2,000,000

- 8. Countywide
 - a. Sewer
 - (1) Countywide Environmental Protection Agency Consent Decree Wastewater Reclamation Facility Renovation Projects \$ 3,400,000
 - (2) Countywide Pump Station Renovations \$ 8,000,000

The cost of issuance of the Bonds or any series thereof, including without limitation, the initial fee of paying agents and registrars, the fees of financial consultants and bond counsel, the cost of preparation of any Official Statement relating to the Bonds, any notices of sale and forms of bid and the definitive Bonds, and the costs of publication of any notices of sale, may be paid from the proceeds of the Bonds or any series thereof and such costs shall be allocated pro rata to each of the foregoing projects financed from such proceeds."

SECTION 3. Material to be replaced is bracketed. New material is underscored. In printing this ordinance, the County Clerk need not include the brackets, the bracketed material or the underscoring.

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

APPROVED AS TO FORM
AND LEGALITY:



TRACI FUJITA VILLAROSA
First Deputy Corporation Counsel
County of Maui

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