

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

April 7, 2006

Committee
Report No.

06-43

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 March 14, 2006, makes reference to the following:

1. County Communication No. 05-64, from the Budget Director, transmitting the "FISCAL YEAR 2005 – SECOND QUARTER CAPITAL IMPROVEMENT PROJECTS IMPLEMENTATION REPORT", as of December 31, 2004.
2. County Communication No. 05-177, from the Budget Director, transmitting the "FISCAL YEAR 2005 – THIRD QUARTER CAPITAL IMPROVEMENT PROJECTS IMPLEMENTATION REPORT", as of March 31, 2005.
3. County Communication No. 05-302, from the Budget Director, transmitting the "FISCAL YEAR 2005 – FOURTH QUARTER CAPITAL IMPROVEMENT PROJECTS IMPLEMENTATION REPORT", as of June 30, 2005.
4. County Communication No. 05-374, from the Budget Director, transmitting the "FISCAL YEAR 2006 – FIRST QUARTER CAPITAL IMPROVEMENT PROJECTS IMPLEMENTATION REPORT", as of September 30, 2005.
5. County Communication No. 06-46, from the Budget Director, transmitting the "FISCAL YEAR 2006 – SECOND QUARTER CAPITAL IMPROVEMENT PROJECTS IMPLEMENTATION REPORT", as of December 31, 2005.

Your Committee notes that the Capital Improvement Projects Implementation Report provides an accounting for capital improvement projects on a quarterly basis.

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At its meeting, your Committee met with the Budget Director, the Director of Finance, the Account System Administrator from the Department of Finance, the Director of Water Supply, and the First Deputy Corporation Counsel.

There was no public testimony.

Your Committee focused its review on the most recent report, the “FISCAL YEAR 2006 – SECOND QUARTER CAPITAL IMPROVEMENT PROJECTS IMPLEMENTATION REPORT”, as of December 31, 2005 (Report).

Your Committee questioned whether several of the projects listed in the Report should be considered repair or maintenance work rather than capital improvement projects.

The Budget Director acknowledged that repair and maintenance work have been considered capital improvement projects, and that he is developing a policy to properly identify projects. He stated that bond-funded projects are carefully reviewed to ensure that they are capital improvement projects.

Your Committee expressed concern that improperly identifying repair and maintenance work as capital improvement projects may distort the amount of repair and maintenance work performed by departments.

Your Committee questioned why some of the remarks included in the “Remarks” section of the Report are inconsistent with the actual status of the projects.

Your Committee requested that the Budget Director provide written responses to the following:

1. Why does the Department of Water Supply’s Pipeline and Facility Improvements project have a \$314,319 current encumbrance when the remarks indicate that it is “completed and closed out”?
2. What “prior year’s funding” is being used for the Department of Fire and Public Safety’s new Kaunakakai Fire Station?

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3. Why did the Department of Parks and Recreation expend \$26,596 on the Papalaua Park Restroom when the project is "...on hold pending Highway realignment plan"?

4. What will happen to the \$354,664 "Balance Available" for the Department of Public Works and Environmental Management's Waiale Mahalani Street Extension project, since the project uses Federal funds and is "...complete and closed"?

5. How was the Department of Public Works and Environmental Management able to encumber \$2,021,253 for the purchase of a Rearend Packer Truck and a D-8 Bulldozer when the "Countywide equipment fund lapsed"?

6. Why did the Department of Public Works and Environmental Management encumber \$208,732 for Kaupakalua Bridge Replacement when the project was canceled?

The Director of Finance stated that there is no comprehensive capital improvement projects tracking system that would provide detailed information on the status of capital improvement projects. He further stated that establishing such a complex system would require significant planning and take years to complete.

The Director of Water Supply stated that the Department of Water Supply tracks capital improvement projects by meeting with the various project managers. No formal reports on capital improvement projects are prepared.

Your Committee expressed concern that the Council is not provided the detailed information required to properly evaluate the County's capital improvement projects.

Your Committee voted to recommend filing of the communications.

Your Budget and Finance Committee RECOMMENDS the following:

1. That County Communication No. 05-64 be FILED;

2. That County Communication No. 05-177 be FILED;

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3. That County Communication No. 05-302 be FILED;
4. That County Communication No. 05-374 be FILED; and
5. That County Communication No. 06-46 be FILED.

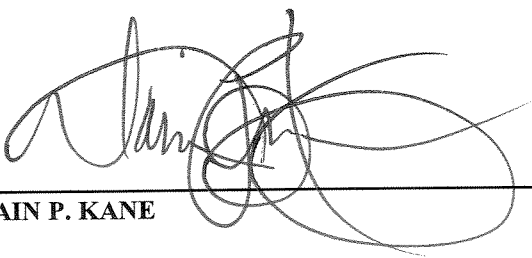
Adoption of this report is respectfully requested.

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