

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

June 23, 2006

**Committee
Report No.**

06-64

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 June 6, 2006, makes reference to County Communication No. 06-115, from the Community Development Block Grant (CDBG) Program Manager, transmitting a proposed resolution entitled "AMENDING RESOLUTION NO. 02-61 TO CLARIFY THE ALOHA HOUSE, INC. PROJECT FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM".

The purpose of the proposed resolution is to revise the project's scope from the demolition and new construction of two buildings to the demolition and new construction of a single building.

Your Committee notes that on an annual basis, the County applies for grants from the U.S. Department of Housing and Urban Development (HUD) under its HUD-Assisted Small Cities CDBG Program. The grants are provided to assist local governments in meeting their community development needs, primarily benefiting low- and moderate-income persons and families.

Your Committee further notes that Aloha House, Inc. operates a drug and alcohol rehabilitation program located at 4593 Ike Drive, Makawao, also known as the "Old Maunaolu College site".

Your Committee further notes that Resolution No. 02-61 authorized a grant of \$125,585 for the "Renovation and expansion of two building facilities at Aloha House". The revised proposed resolution authorizes the grant for the demolition and new construction of only one of two buildings.

At its meeting, your Committee met with the CDBG Program Manager; the Corporation Counsel; and Jud Cunningham, Chief Executive Officer, Aloha House, Inc.

There was no public testimony.

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The CDBG Program Manager stated that because of rising costs of labor and materials since the resolution was adopted in 2002, and a lack of sufficient funding, Aloha House, Inc. has requested to revise their project's scope by deleting the construction of the 8-bed dormitory (Building A) and applying the entire grant toward the construction of a 16-bed dormitory (Building B) instead. The CDBG Program Manager further stated that allowing Building B to move forward will help address HUD's concerns regarding the progress of this 2002 CDBG Project.

Mr. Cunningham stated that Aloha House, Inc. has obtained a \$350,000 quote for the construction of Building B and intends to use \$295,585 in CDBG funds for the project. The balance of the funding will be through CDBG reprogrammable funds and/or private foundation grants.

Your Committee questioned whether Aloha House, Inc. still plans to pursue the construction of Building A. Mr. Cunningham stated that Aloha House still intends to move forward with construction of Building A. To fund this phase of the project, Aloha House, Inc. will apply for a grant from the Weinberg Foundation and utilize the line-item appropriation in the County of Maui's Fiscal Year 2007 Budget. Furthermore, as an alternate 2006 CDBG project, additional funds may become available.

Your Committee voted to recommend adoption of the proposed resolution and filing of the communication.

Your Budget and Finance Committee **RECOMMENDS** the following:

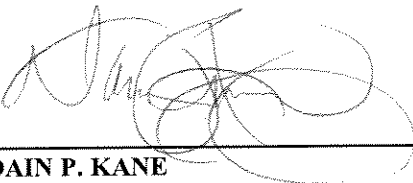
1. That Resolution No. _____, attached hereto, entitled "AMENDING RESOLUTION NO. 02-61 TO CLARIFY THE ALOHA HOUSE, INC. PROJECT FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM", be ADOPTED; and
2. That County Communication No. 06-115 be FILED.

Adoption of this report is respectfully requested.

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BUDGET AND FINANCE COMMITTEE

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Committee
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DAIN P. KANE Chair

DANNY A. MATEO Member

G. RIKI HOKAMA Vice-Chair

MICHAEL J. MOLINA Member

MICHELLE ANDERSON Member

JOSEPH PONTANILLA Member

ROBERT CARROLL Member

CHARMAINE TAVARES Member

JO ANNE JOHNSON Member

Resolution

No. _____

AMENDING RESOLUTION NO. 02-61
TO CLARIFY THE ALOHA HOUSE, INC. PROJECT
FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

WHEREAS, the Council of the County of Maui authorized the Mayor of the County of Maui, or his duly authorized representative, to execute and file an application on behalf of the County of Maui with the U.S. Department of Housing and Urban Development for a Community Development Block Grant ("CDBG") in the amount of ONE MILLION NINE HUNDRED FORTY-SEVEN THOUSAND DOLLARS (\$1,947,000) to aid in the development of various projects by adoption of Resolution No. 02-61, a copy of which is attached hereto as Exhibit "A" and incorporated herein; and

WHEREAS, Resolution No. 02-61 authorized a grant to Aloha House, Inc. in the amount of ONE HUNDRED TWENTY-FIVE THOUSAND FIVE HUNDRED EIGHTY-FIVE DOLLARS (\$125,585) for the renovation and expansion of two building facilities at Aloha House; and

WHEREAS, by letter dated January 30, 2006, attached hereto as Exhibit "B" and incorporated herein, Aloha House, Inc. requested that its project scope be changed to demolition and new construction of only one of the two buildings (Building B - a 1,020 square foot dormitory) at Aloha House; and

WHEREAS, the Program Manager of the CDBG Program, County

of Maui has reviewed the request by Aloha House, and recommends approval by letter dated February 28, 2006, attached hereto as Exhibit "C" and incorporated herein; now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That it does hereby approve the change in scope for the project of Aloha House, Inc.; and

2. That the Mayor, or his duly authorized representative is hereby authorized to execute any and all documents necessary to change the project scope in accordance with the attached Exhibit "B"; and

3. That certified copies of this resolution be transmitted to the Mayor, the Director of Finance, Budget Director and the CDBG Program Manager.

APPROVED AS TO FORM
AND LEGALITY:



JESSE K. SOUKI
Deputy Corporation Counsel
COUNTY OF MAUI

Resolution

No. 02-61

AUTHORIZING THE FILING OF AN APPLICATION
WITH THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT,
UNITED STATES OF AMERICA, FOR A GRANT UNDER THE
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

WHEREAS, pursuant to Title I, Housing and Community Acts of 1974 and 1977, and Section 7(d), Department of Housing and Urban Development Act, the United States of America has authorized the making of grants to public bodies to aid in financing housing and community development projects; and

WHEREAS, the assistance of the U.S. Department of Housing and Urban Development is desired to aid in the development of various community development projects within the County of Maui; now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That it does hereby authorize the Mayor of the County of Maui, or his duly authorized representative, to execute and file an application on behalf of the County of Maui with the U.S. Department of Housing and Urban Development for a grant of ONE MILLION NINE HUNDRED FORTY SEVEN THOUSAND AND NO/100 DOLLARS (\$1,947,000) to aid in the development of the following projects:

EXHIBIT" A "

Resolution No. 02-61

1.	Aloha House Renovation and expansion of two building facilities at Aloha House	\$ 125,585
2.	Boys & Girls Club of Maui Design, Planning and construction of Central Maui Center, provided that no grant funds shall be disbursed by the County of Maui before a lease agreement for the project site is executed with the County of Maui	150,000
3.	Community Clinic of Maui, Inc. Construction of a satellite medical clinic facility in Lahaina	212,000
4.	County of Maui, Department of Public Works and Waste Management. ADA modifications of wheel chair ramps at various locations	617,415
5.	County of Maui, Department of Housing and Human Concerns Renovation and expansion of Hale Mahaolu Akahi Community Building Complex	100,000
6.	County of Maui, Department of Fire Control Purchase of a 4X4 utility vehicle for the Kaunakakai Fire Station	50,000
7.	County of Maui, Department of Fire Control. Purchase of a brush/mini-pumper fire truck for Hana, Maui	150,000
8.	Maui Food Bank, Inc. Design, planning and environmental assessment of a collaborative service center project between Maui Food Bank, Inc., and Maui AIDS Foundation, provided that no grant funds shall be disbursed by the County of Maui before a project site is identified	50,000

and secured by Maui Food Bank, Inc.

9.	County of Maui, Department of Police	92,000
	Purchase of two Emergency Incident Response Vehicles to be stationed in Wailuku and Lahaina	
10.	County of Maui, Department of Parks and Recreation	200,000
	ADA accessibility improvements and access to various parks and facilities	
11.	CDBG Program Administration.	<u>200,000</u>
	Total	\$1,947,000

2. That the Mayor, or his representative, is also hereby authorized to receive and accept any grant award, to execute and file all understandings and assurances contained therein, and to furnish such information as the U.S. Department of Housing and Urban Development may request in connection with the application which is herein authorized to be filed; and further, the Mayor is hereby authorized to accept the grant upon its approval by the U.S. Department of Housing and Urban Development, and to execute all documents necessary for the acceptance and implementation of any grant award received pursuant to the application filed; and

3. That inasmuch as the amount of the grant specified hereinabove may vary when finally approved, the authorizations herein granted shall be applicable to the amount or amounts

herein granted shall be applicable to the amount or amounts specified in the notification of grant award or similar comparable document, and that such amounts may be expended if appropriated under the terms of the budget ordinance or any amendment thereof; and

4. That certified copies of this resolution be transmitted to the Mayor, the Director of Finance, and the CDBG Coordinator.

APPROVED AS TO FORM
AND LEGALITY:



TRACI FUJITA VILLAROSA
Deputy Corporation Counsel
COUNTY OF MAUI

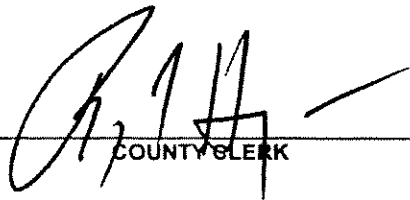
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COUNCIL OF THE COUNTY OF MAUI
WAILUKU, HAWAII 96793

CERTIFICATION OF ADOPTION

It is **HEREBY CERTIFIED** that **RESOLUTION NO. 02-61** was adopted by the Council of the County of Maui, State of Hawaii, on the 19th day of April, 2002, by the following vote:

MEMBERS	Patrick S. KAWANO Chair	Dain P. KANE Vice-Chair	Alan M. ARAKAWA	Robert CARROLL	G. RIKI HOKAMA	Jo Anne JOHNSON	Michael J. MOLINA	Wayne K. NISHIKI	Charmaine TAVARES
ROLL CALL	Excused	Aye	Aye	Aye	Aye	Aye	Excused	Aye	Aye



COUNTY CLERK



RECEIVED

January 30, 2006

2006 FEB -2 PM 3:09

CDBG

Agnes M. Hayashi, Coordinator
Community Development Block Grant Program
County of Maui
200 South High Street
Wailuku, HI 96793

Subject: Grant # Aloha House - 02-1

Dear Ms. Hayashi:

This letter is written for the purpose of requesting an amendment as needed for the above-referenced CDBG grant in order to begin construction of dormitories for use in Aloha House's drug and alcohol rehabilitation program located at 4593 Ike Drive, Makawao, known as the old Maunaolu College site. Following is a brief description of the events leading to this request:

CDBG funds were awarded to Aloha House for this project in both fiscal years 2002 and 2003 totaling \$295,000 for the demolition of two outdated buildings and the construction of two new and expanded facilities. The required Environmental Assessment took an extraordinary length of time to complete (although there have thus far been no findings of significant impact). At this point, we expect the completion of the EA process to be imminent, all issues having been addressed.

As the architectural design and plans have been completed for some time, Aloha House advertised for bids and received only two, the lowest of which was approximately \$667,000 for demolition and construction of both buildings. Although we have made efforts to secure the gap funding, to date we have not been successful in raising sufficient funds to complete both buildings concurrently. Reasons for the much higher than anticipated cost of the project include rising costs of labor and materials, as well as the current booming construction market on Maui. We have, therefore, determined to take the alternate approach of completing the project in two phases, referred to as Building "A" and Building "B". Funds for Building "B" construction were included in our 2003 CDBG award in the amount of \$170,000. For identification purposes, Building "B" is described as replacement of a current structure that consists of approximately 1,020 square feet and, of course, is beyond salvage or repair.

Our specific request is to amend Grant #02-1, which is currently designated for partial cost of construction for both Buildings (A and B), by targeting the funds for only Building "B", i.e., withdraw reference to Building "A". By amending #02-1 in this fashion, a total of \$295,000.00 in CDBG funds (including #03-7) will then be available to apply toward the cost of constructing Building "B" first and delay the construction of Building "A" until additional funding is secured. As the estimated cost of construction for Building "B" is \$431,000 based on the bid proposal received from Maui Masterbuilders, the balance of additional funds in the amount of \$136,000.00 will be secured through private foundation grants and fundraising. It is our intent "re-bid" the project, which will hopefully result in a lowered cost overall.

It is also our intent to continue seeking funds through a variety of private and public sources to complete construction of Building "A" in the near future.

We have secured a firm quote on the cost of constructing Building "B" from the low bidder on the project, Maui Masterbuilders, a copy of which is enclosed. This quote will be held firm until May 15, 2006, as confirmed by Maui Masterbuilders. Should you concur and approve our request to combine funding and change the project scope to the construction of Building B only at this time

Comprehensive, family-centered behavioral health interventions

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Thomas Leutenecker
Virginia Pierce

CHIEF EXECUTIVE OFFICER

Jud R. Cunningham, LSW

444 Hana Highway
Suite 201
Kahului, HI 96732
808-871-1314
808-871-1060(fax)

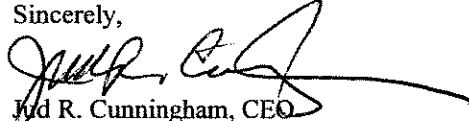
EXHIBIT " B "

Agnes Hayashi
January 30, 2006
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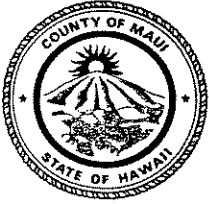
and the amended Subrecipient Agreement between Aloha House and County of Maui can be executed within the next 30 days , we can award the construction contract as early as March 31, 2006 and start construction by May 1, 2006, with project completion by November 30, 2006.

We very much appreciate your understanding of this development and your assistance in modifying the grant documents as needed to effect this change.

Sincerely,



Todd R. Cunningham, CEO



OFFICE OF THE MAYOR

**COMMUNITY DEVELOPMENT
BLOCK GRANT (CDBG) PROGRAM**

COUNTY OF MAUI
200 SOUTH HIGH STREET, WAILUKU, HAWAII 96793

ALAN M. ARAKAWA
Mayor
AGNES M. HAYASHI
Program Manager
TESSA N. TANAKA
Program Specialist

Phone: (808) 270-7213
Fax: (808) 270-7159

February 28, 2006

Via FAX

Mr. Jud Cunningham
Executive Director
Aloha House, Inc.
444 Hana Highway, Suite 201
Kahului, Hawaii 96732

Dear Mr. Cunningham:

Subject: Aloha House Expansion and Improvements
CDBG Project No. 02-1

We have reviewed your letter dated January 30, 2006, that was received by our office on February 2, 2006, requesting an amendment to your subrecipient agreement (SRA) for a change in project scope to construct only one building (Building B) instead of two (Buildings A and B).

Based on the information provided in your letter, we find your request to be reasonable and justified, and hereby approve your change in project scope. For your information, amendment of the SRA shall first require an amendment to Resolution No. 02-61 which requires County Council approval. With approval by the Council, we can then execute the amended SRA. We are initiating the steps to start this amendment process. Please be aware that the scheduling of this item on the Council meeting agenda is handled by the County Council.

Your letter stated that you advertised for bids for the construction of both buildings and also received from Maui Master Builders a firm quote dated November 11, 2005, which will be held firm until May 15, 2006, for constructing only Building B. Pursuant to your SRA Section D, Performance Schedule, "All work to be performed by Subrecipient shall not commence until this Agreement is executed by the parties hereto, and until written notice to proceed is issued by the County." Under the SRA's Standard Terms and Conditions, Subcontracting, "No project cost may be incurred by the Subrecipient until it has been formally notified that the County has obtained the appropriate level of environmental clearance from HUD and a Notice to Proceed has been issued by the County." By our letter dated February 21, 2006, we informed you that the environmental review requirements had been completed and issued the project's Notice to Proceed. As such, the procurement actions conducted prior to the issuance of the NTP was in violation of the SRA and the bids received are invalid.

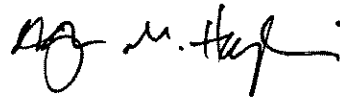
EXHIBIT " C "

Mr. Jud Cunningham
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February 28, 2006

Now that the NTP has been issued, however, you may procure for construction services as soon as we review and approve the bid notice and bid documents (project manual and architectural drawings).

Should you have any questions or concerns, please contact CDBG Specialist Tessa Tanaka at 270-7213.

Sincerely,



Agnes M. Hayashi
CDBG Program Manager