

COUNCIL OF THE COUNTY OF MAUI  
**BUDGET AND FINANCE COMMITTEE**

April 4, 2003

Committee  
Report No. 03-30

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 11, 2003 and March 18, 2003, makes reference to County Communication No. 02-180, from the Community Development Block Grant (CDBG) Coordinator, transmitting the following:

1. "COUNTY OF MAUI 2003 CONSOLIDATED PLAN (CDBG) SUBMISSION SCHEDULE"; and
2. "COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FACT SHEET 2003 PROGRAM YEAR".

Your Committee notes that County Communication No. 02-180 was referred to the prior Council's Budget and Finance Committee at the Council meeting of September 24, 2002.

At its meeting of December 3, 2002, the Budget and Finance Committee recommended that County Communication No. 02-180 be referred to the Council Chair for the term beginning January 2, 2003, for a recommendation as to referral or other disposition.

At its meeting of January 2, 2003, the Council referred County Communication No. 02-180 to your Budget and Finance Committee (County Communication No. 03-7).

By correspondence dated February 28, 2003, your Committee Chair requested that the CDBG Coordinator provide the following: (1) a set of complete grant applications for the 2003 program year; (2) evaluation criteria and ranking explanation for proposed projects; (3) a status report on current programs; and (4) the current amount of funds available for reallocation to existing programs.

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By correspondence dated March 3, 2003, your Committee Chair transmitted a copy of a proposed resolution entitled "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" to the CDBG Program Year 2003 proposers, and requested their attendance at the March 11, 2003 Budget and Finance Committee meeting to present a brief project overview and to be available for questions. The purpose of the proposed resolution is to recommend funding for a grant from the U. S. Department of Housing and Urban Development (HUD) in the amount of \$2,304,000 to aid in the development of projects that have been recommended for funding in the Fiscal Year 2004 Budget.

By correspondence dated March 4, 2003, the Council Chair transmitted correspondence dated March 3, 2003, from the CDBG Coordinator, transmitting the following:

1. A proposed resolution entitled "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";
2. A revised "COUNTY OF MAUI 2003 CONSOLIDATED PLAN (CDBG) SUBMISSION SCHEDULE";
3. A summary list entitled "COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FOR PROGRAM YEAR 2003 GRANT APPLICATION'S RECEIVED"; and
4. A document entitled "CDBG BUDGET 2003 PROGRAM YEAR ADMINISTRATIVE ACCOUNT".

The purpose of the proposed resolution is as follows:

- A. To authorize the Mayor or his representative to execute and file an application on behalf of the County of Maui with the U. S. Department of Housing and Urban Development

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(HUD) for a grant of \$2,304,000 to aid in the development of the following projects:

1. \$155,000 The Maui Farm, Inc. - Renovation, minor rehabilitation to the residential structures and site drainage improvements in Makawao
2. \$130,000 Lokahi Pacific - Environmental assessment, planning and design to convert a 10 two-bedroom unit into a 20 one-bedroom unit complex in Wailuku
3. \$200,000 County of Maui, Department of Parks and Recreation - Continuation of Americans with Disabilities Act (ADA) accessibility improvements and access to various parks and facilities
4. \$330,000 County of Maui, Department of Housing and Human Concerns - Construction of a wellness center building at the Kaunoa Senior Center in Paia
5. \$281,000 Community Clinic of Maui, Inc. - Architectural and engineering planning design of a clinical facility project in Wailuku
6. \$186,000 Maui Youth and Family Services, Inc. - Installation of a grease trap for the commercial kitchen at the newly completed facility, and for design, planning and installation of a fire hydrant, stand pipe, and a fire lane with a 40 feet turnaround in Makawao

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7. \$170,000 Aloha House, Inc. - Environmental assessment, demolition and construction of a 1,020 square feet dormitory at Aloha House
  8. \$160,000 Malama Na Makua A Keiki, Inc. - Design, planning, renovation and related ADA improvements to the existing residential facility in Kahului
  9. \$215,000 Hale Makua - Installation of 20 additional parking stalls on the upper level and to repave the lower parking lot
  10. \$50,000 Hale Mahaolu Home Pumehana II, Inc. - To purchase and install permanent kitchen fixtures at the newly completed Home Pumehana Community Center Building
  11. \$222,000 County of Maui, Department of Fire Control - To purchase a 3,500 gallon water tanker for the Kaunakakai Fire Station on Molokai
  12. \$205,000 CDBG Program Administration
- B. To authorize the Mayor or his representative to: (a) receive and accept any grant award; (b) execute and file all understandings and assurances contained therein; (c) furnish information as requested by HUD in connection with the application which is authorized to be filed; (d) accept the grant upon its approval by HUD; and (e) execute all documents necessary for the acceptance and implementation of any grant award received pursuant to the application filed.

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- C. To authorize, since the grant amount may vary, that the grant 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 made to the budget ordinance.

By correspondence dated March 5, 2003, the CDBG Coordinator provided information regarding the evaluation criteria and ranking explanation used in the selection process for the CDBG projects, a summary status report for all open CDBG activities, and a listing of unused funds available for reallocation to existing programs. The CDBG Coordinator also submitted an application packet containing the "Project Selection System" process, which reflects the step-by-step procedures for applicant eligibility and national objectives, pursuant to HUD regulations.

By correspondence dated March 5, 2003, the Council Chair transmitted correspondence dated March 5, 2003 from the CDBG Coordinator, submitting copies of the 2003 CDBG Project Proposal Executive Summaries and applications.

At its meeting of March 11, 2003 your Committee met with the CDBG Coordinator, a Specialist in the CDBG Office, an Executive Assistant to the Mayor, and a Deputy Corporation Counsel.

Your Committee received testimony from four members of the public expressing support for their respective funding requests. One testifier expressed support for the Community Clinic of Maui, Inc., three testifiers expressed support for Ka Hale Pomaikai, Inc., and one testifier supported The Maui Farm, Inc.

The CDBG Coordinator provided a brief overview on the matter. He reported that, on an annual basis, the County applies for grants from 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. The Coordinator further reported that the County's allotment for the 2003 CDBG program year is \$2,304,000.

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The CDBG Coordinator explained that the applications for CDBG funds were evaluated based on HUD's national objectives and several factors, including self sufficiency, sources of funds, and review of the individual applications.

Your Committee received the following documents:

1. A chart entitled "CDBG PROJECTS FOR 2003 PROGRAM (FY 2004 BUDGET)" from your Committee Chair;
2. A copy of correspondence dated February 20, 2003, to the Mayor from Mark A. Chandler, Director of the Office of Community Planning and Development, HUD, Hawaii State Office, stating that any changes made to the proposed recommendations would require an additional 30-day time period for public comment;
3. An itemized list of kitchen equipment from Diane Kennedy, Controller of Hale Mahaolu, Home Pumehana Senior Center;
4. Written testimony dated March 10, 2003, from Tony Krieg, Chief Executive Officer of Hale Makua;
5. Written testimony dated March 10, 2003, from Varna Nakihei of Ka Hale Pomaikai;
6. Written testimony dated March 11, 2003, and information from David Grooms, Chairperson of the Board of Directors, The Maui Farm, Inc.; and
7. Various pamphlets, Annual Report dated July 2001 to June 2002, and a copy of a news article from *The Maui News* entitled "Voyage of Discovery" submitted by Gail Gnazzo, Chief Executive Officer of Maui Youth and Family Services, Inc.

Your Committee received project overviews from all of the applicants.

Your Committee notes that pursuant to Federal requirements, there are certain limitations to the County's allocation for CDBG funds that must be

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considered when reviewing the individual projects. Twenty percent or less of the County's allocation for this year (\$460,800) can be used for administrative projects. In addition, a maximum of 15 percent of the CDBG funds (\$345,600) may be used for public service activities, and at least 70 percent of the CDBG funds (\$1,612,800) must be used for activities that will benefit low- and moderate-income persons or families.

Your Committee further notes that all of the projects qualify under the HUD specification that at least 70 percent of the grant funds must be used for activities that will benefit low- and moderate-income persons or families. One project, Hale Mahaolu Home Pumehana II, Inc., is receiving less than the 15 percent of the grant funds allowed for public service activities. In addition, the proposed CDBG Program Administration costs are well below the 20 percent HUD restriction.

Your Committee further notes that approximately \$294,000 is available for reprogramming to existing projects. The reprogrammed funds result from projects that cost less than originally estimated or from projects that were cancelled in prior fiscal years.

Your Committee deferred the matter pending further discussion.

By correspondence dated March 12, 2003, your Committee Chair requested that the CDBG Coordinator provide further information relating to the applications and funding recommendations.

Your Committee notes that it received correspondence dated March 13 through March 18, 2003, from 74 members of the public expressing support for the Ka Hale Pomaikai, Inc. program.

By correspondence dated March 14, 2003, Maile Sombelon, Operations Manager of Lokahi Pacific, provided supplemental information regarding the Hale O Manao Lana Hou Renovation.

By two correspondence dated March 17, 2003, the CDBG Coordinator provided further information relating to the applications and funding recommendations.

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By correspondence dated March 18, 2003, the Council Chair transmitted correspondence dated March 17, 2003, from the CDBG Coordinator, reflecting additions and deletions of items on each project submitted for funding consideration.

At its meeting of March 18, 2003, your Committee met with an Executive Assistant to the Mayor and a Deputy Corporation Counsel.

Your Committee received testimony from 13 members of the public expressing support for their respective funding requests. Twelve testifiers expressed support for Ka Hale Pomaikai, Inc., and one testifier clarified concerns regarding the Community Clinic of Maui, Inc. project.

The Executive Assistant to the Mayor informed your Committee that the Mayor requested that your Committee consider two revisions to the proposed resolution. The Mayor has requested deleting the Kaunoa Wellness Center in the amount of \$330,000 and adding Ka Hale Pomaikai, Inc. in the amount of \$300,000. He stated that the revisions were requested in order to address the need for the Ka Hale Pomaikai, Inc. project on Molokai that the public had supported through testimony.

Your Committee notes that an unappropriated balance of \$30,000 remained after the revisions requested by the Mayor were made.

Your Committee requested that the Department of the Corporation Counsel review the County real property leases with Maui Youth and Family Services, Inc., and The Maui Farm, Inc., to determine responsibility for site drainage improvements.

In addition, your Committee requested that a letter be sent to the Department of Water Supply regarding the status of any water credits that the County may have with the Department, and any restrictions regarding the use of these credits.

Your Committee deliberated on the allocation of funding for the various projects.



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Your Committee recommended that \$15,000 be added to the Department of Fire Control for the Kaunakakai water tanker for a new total of \$237,000. In addition, your Committee requested that the CDBG office consider using \$63,000 of reprogrammed funds for the water tanker in order to provide full funding in the amount of \$300,000 for the project.

Your Committee recommended adding \$45,000 for the Boys and Girls Club of Maui, Inc., for preliminary drawings for a site in West Maui. Your Committee recognized that the project met HUD's national objectives "of principally benefiting low- and moderate-income families or persons", addresses community development needs, and is self-sufficient. In addition, your Committee wanted to address the needs of youth in the West Maui district.

Your Committee recommended that \$270,000 be allocated to Ka Hale Pomaikai, Inc., to purchase property on Molokai for a sober living project. The additional \$20,000 above the original request is for an environmental review. In addition, your Committee requested that the grant agreement include a provision that if the organization fails to continue the sober living program, the organization shall follow Federal guidelines regarding real property purchased with grant funds, and provide the County the opportunity to accept the donation of the real property. Your Committee notes that the project met HUD's national objectives "of principally benefiting low- and moderate-income families or persons", an "activity designed to meet other community development needs having a particular urgency", and addresses community development and housing needs.

Your Committee made no changes to the remaining recommendations submitted by the Administration.

Your Committee voted to recommend adoption of the revised proposed resolution.

Your Committee noted that the revisions to the proposed resolution requires the County's CDBG Office to reopen the 30-day time period for public comment on the County's 2003 Consolidated Plan, as required by HUD regulations. Your Committee emphasized the need for the CDBG Office to be consistent with the opening of the 30-day notification period in order to maintain stability in the process.

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Your Committee is in receipt of a revised proposed resolution entitled "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". The purpose of the proposed resolution is to recommend funding for a HUD grant of \$2,304,000 to aid in the development of the following projects in the amounts noted:

1.     \$155,000     The Maui Farm, Inc. - Renovation, minor rehabilitation to the residential structures and site drainage improvements in Makawao
  
2.     \$130,000     Lokahi Pacific - Environmental assessment, planning and design to convert a 10 two-bedroom unit into a 20 one-bedroom unit complex in Wailuku
  
3.     \$200,000     County of Maui, Department of Parks and Recreation - Continuation of ADA accessibility improvements and access to various parks and facilities
  
4.     \$270,000     Ka Hale Pomaikai, Inc. - Environmental review and purchase of nine acres of real property for a sober living facility on Molokai, provided that the grant agreement include language that if the organization fails to continue with the sober living program, the organization shall follow Federal guidelines regarding real property purchased with grant funds and provide the County the opportunity to accept the donation of the real property
  
5.     \$281,000     Community Clinic of Maui, Inc. - Architectural and engineering planning and design of a clinical facility project in Wailuku
  
6.     \$186,000     Maui Youth and Family Services, Inc. - Installation of a grease trap for the commercial kitchen at the newly completed facility, and for design, planning and

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- installation of a fire hydrant, stand pipe, and a fire lane with a 40 feet turnaround in Makawao
- |     |           |   |
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| 7.  | \$170,000 | Aloha House, Inc. - Environmental assessment, demolition and construction of a 1,020 square feet dormitory at Aloha House                 |
| 8.  | \$160,000 | Malama Na Makua A Keiki, Inc. - Design, planning, renovation and related ADA improvements to the existing residential facility in Kahului |
| 9.  | \$215,000 | Hale Makua - Installation of 20 additional parking stalls on the upper level and to repave the lower parking lot for facility in Kahului  |
| 10. | \$50,000  | Hale Mahaolu Home Pumehana II, Inc. - To purchase and install permanent kitchen fixtures  |
| 11. | \$237,000 | County of Maui, Department of Fire Control - To purchase a 3,500 gallon water tanker for the Kaunakakai Fire Station on Molokai           |
| 12. | \$45,000  | Boys and Girls Club of Maui, Inc. - Preliminary drawings for a new youth facility in West Maui  |
| 13. | \$205,000 | CDBG Program Administration   |

Your Budget and Finance Committee RECOMMENDS that Resolution No. \_\_\_\_\_, as revised herein and attached hereto, entitled "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" be ADOPTED.

Adoption of this report is respectfully requested.

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**G. RIKI HOKAMA** Chair

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**DANNY A. MATEO** Member

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**WAYNE K. NISHIKI** Vice-Chair

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**MICHAEL J. MOLINA** Member

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**ROBERT CARROLL** Member

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**JOSEPH PONTANILLA** Member

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**JO ANNE JOHNSON** Member

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**CHARMAINE TAVARES** Member

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**DAIN P. KANE** Member