

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

February 21, 2003

Committee
Report No.

03-11

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 February 4, 2003, makes reference to Contract No. C2033, between the County of Maui and Maui Electric Company, Limited (MECO), for solar water heating initiatives.

Your Committee notes that the purpose of this project is to increase the use of renewable energy in Maui County by increasing the number of solar water heating systems installed in Maui County residences. The contract, which is a memorandum of agreement, provides a grant in the amount of \$250,000 to MECO to establish a revolving fund to provide qualified homeowners with zero-interest loans to help finance the installation of solar water heating systems.

Your Committee further notes that Contract No. C2033 was referred to the prior Council's Budget and Finance Committee at the Council meeting of November 15, 2002.

At its meeting of December 3, 2002, the Budget and Finance Committee recommended that Contract No. C2033 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 10, 2003, the Council referred Contract No. C2033 to your Budget and Finance Committee (County Communication No. 03-7).

Your Committee notes that the Fiscal Year 2003 Budget Ordinance No. 3064, Bill No. 32 (Draft 1), included two provisions relating to this Solar Water Heater Project. The provisions are:

1. Quarterly reports on the Solar Water Heater Project will be provided to the Council; and

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2. The Solar Water Heater Project will only be offered to homeowners in accordance with the following time and income requirements: (a) the first three months will be for homeowners earning 80% of median income or less; (b) months four through six, homeowners earning 100% of median income or less; (c) after month six, any homeowner.

At its meeting, your Committee met with the Director of Finance; the County Energy Coordinator from the Department of Management; a Deputy Corporation Counsel; and James Loux, Maui Electric Company, Ltd.

Your Committee expressed concern that the first two quarterly reports required by the Fiscal Year 2003 Budget Ordinance had not been submitted to the Council.

The Director of Finance provided your Committee with copies of two quarterly reports entitled "Maui Solar Roofs Initiative" for the periods of July 1, 2002 through September 30, 2002 and October 1, 2002 through December 31, 2002. The Director of Finance stated that he would make a formal transmittal to the Council as required by the Budget Ordinance.

Mr. Loux noted that the first three months of low income eligibility (80% of median income) ended on December 31, 2002. The next three months of restricted eligibility (100% of median income) will end in March 2003. He stated that MECO is working with Maui Economic Opportunity, Inc. and the County's Department of Housing and Human Concerns (HUD Section 8 Program) to explore ways to reach out to lower income residents.

Mr. Loux stated that the first applications were received during the second quarter with 32 of 48 applications approved, and that 6 installations were completed. He further stated that the next quarterly report will show greater activity.

During the discussion, your Committee made suggestions on various aspects of the program, including reviewing the policies on delinquent accounts.

Your Committee voted to recommend filing the contract.

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Your Budget and Finance Committee RECOMMENDS that Contract
No. C2033 be FILED.

Adoption of this report is respectfully requested.

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