

COUNCIL OF THE COUNTY OF MAUI

# BUDGET AND FINANCE COMMITTEE

November 7, 2003

Committee  
Report No.

03-130

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 October 14, 2003, makes reference to Contract Nos. C2021-1 and C2021-2, between the County of Maui and EKO Systems, Inc., dba Maui EKO Systems (EKO), relating to operating a co-composting (biosolids or sewage sludge and greenwaste) facility at the Central Maui Landfill Phase III, and marketing the compost products.

Your Committee notes that the purposes of Contract Nos. C2021-1 and C2021-2 are: (1) to manage and operate the co-composting facility at the Central Maui Landfill; (2) to produce a "Class A" unrestricted use compost, as determined by the State of Hawaii Department of Health (DOH) and the United States Environmental Protection Agency (EPA); and (3) to maximize the diversion of organic components in the waste stream.

Your Committee further notes that biosolids or sewage sludge is solid residue from the wastewater treatment facilities. Greenwaste is generated from yard clippings and unpainted, untreated woodwaste such as pallets. In addition to biosolids and greenwaste, the co-composting facility receives fats, oil and grease (FOG) from restaurant grease traps as required by the County's grease trap interceptor ordinance. EKO, in partnership with Pacific Biodiesel, Inc., converts clean waste cooking oil into biodiesel, and grease-trap waste into bunker fuel.

Your Committee further notes that Contract No. C2021-1 is for \$260,000 and Contract No. C2021-2 is for \$230,000, which increases the total contract value to \$1,490,000.

Your Committee further notes that at the time Contract No. C2021 was negotiated, the contract value was \$1.4 million; however, only \$1 million was budgeted as requested by the Administration. The amount of FOG processed, the cost per ton, and the cost of processing biosolids from the County's wastewater treatment plants have significantly increased since then.

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By correspondence dated October 9, 2003, your Committee's Chair requested that the Director of Finance provide the following at your Committee's October 14, 2003 meeting: (1) an overview of the procedures followed when processing EKO invoices for payments; (2) copies of invoices for the last six months; and (3) the current status of the contract.

At its meeting, your Committee met with the Director of Finance, the Director of Public Works and Environmental Management, and a Deputy Corporation Counsel.

Your Committee noted that the contracts were referred to your Committee because of a concern that the contracts did not include the entire estimated cost at the time they were executed, the Administration had not acted in a timely manner in processing contract amendments, and Council members had received several complaints regarding delays in invoice payments.

The Director of Finance provided copies of a summary report listing the ten invoices relating to the contract amendments that were received and processed. He informed your Committee that the contracts were complete and the Department of Finance had processed all invoices submitted.

The Director of Public Works and Environmental Management stated that the contract amendments were necessary because the estimated quantity of sludge and FOG to be processed were less than the actual quantities, and the cost to process FOG increased to \$110 per ton for the one-year period for Contract No. C2021.

Your Committee requested that the Department of Public Works and Environmental Management make timelier adjustments to its budgetary figures when it becomes apparent that actual expenditures are increasing at a greater rate than estimated.

Your Committee voted to recommend filing the contracts.

Your Budget and Finance Committee RECOMMENDS that Contract Nos. C2021-1 and C2021-2 be FILED.

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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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