

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

July 9, 2004

**Committee
Report No.**

04-93

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 15, 2004, makes reference to Contract No. G1763, between the County of Maui and Maui Economic Opportunity, Inc. (MEO), relating to transportation services.

Your Committee notes that Contract No. G1763 is a grant for (1) the acquisition of vehicles to provide transportation services for youth, the disabled, the economically disadvantaged, and the elderly in Maui County; and (2) the purchase of computer hardware and software, and related information-technology equipment.

Your Committee further notes that the grant is for \$672,771. Of the total grant amount, \$322,651 is from the General Fund and \$350,120 is from the Highway Fund. The grant's period of performance is July 1, 2003 to June 30, 2004.

At its meeting, your Committee met with the Purchasing Agent from the Department of Finance, the Deputy Director of Transportation, and the Corporation Counsel.

There was no public testimony.

Your Committee notes that the Fiscal Year 2004 Budget Ordinance describes the relevant appropriations for this contract, from the General Fund and the Highway Fund, as "Grants and disbursements for Maui Economic Opportunity Bus Replacement".

The Corporation Counsel advised that the relevant appropriations in the Fiscal Year 2004 Budget Ordinance appear to be for the specific and limited purpose of bus replacement. Therefore, without an ordinance amending the budget, it did not appear appropriate to use the appropriations for other purposes.

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The Deputy Director of Transportation stated that the computer hardware and software purchases were included within the contract's scope at MEO's request. The request was then forwarded to the Budget Director for incorporation into the grant agreement. According to the Deputy Director, County funding for the contract will be used to match Federal funds from the Federal Transportation Administration's (FTA) "5309" program. Federal guidelines allow for the purchase of computer hardware and software, bus equipment, bus stop shelters and bus stop signs.

The Corporation Counsel stated that the parties involved in the grant agreement focused on the fact that Federal provisions allowed for the purchase of the additional items identified in the grant agreement. However, he cautioned the Administration and the grantee that the Budget Ordinance is an additional level of regulation. Both the Federal rules and the Budget Ordinance must be considered. As a corrective measure, the Corporation Counsel said he would initiate a meeting with his deputies, the Budget Director, the Director of Finance, and other Administration officials to review the responsibilities of each department when administering appropriations.

Your Committee requested that the Budget Director be asked to scrutinize budget-related requests more carefully (i.e., grant agreements, contracts, etc.) for compliance with the Budget Ordinance. If a budget-related request does not comply with the Budget Ordinance, but is deemed justified, the Administration is encouraged to initiate a budget amendment. The budget amendment must be approved by the Council prior to the Administration's execution of the budget-related documents.

Your Committee voted to recommend filing the contract.

Your Budget and Finance Committee RECOMMENDS that Contract No. G1763 be FILED.

Adoption of this report is respectfully requested.

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