

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

December 3, 2004

Committee
Report No.

04-206

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 November 9, 2004, makes reference to County Communication No. 04-229, from the Budget Director, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2005 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO THE ESTIMATED REVENUES, AND THE DEPARTMENT OF PUBLIC WORKS AND ENVIRONMENTAL MANAGEMENT, TOTAL OPERATING APPROPRIATIONS, AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)".

The purpose of the proposed bill is to amend the Fiscal Year (FY) 2005 Budget by increasing the Carryover/Savings Wastewater Fund by \$600,000 to: (1) meet a projected budget shortfall due to increases in electrical costs; (2) repair the Molokai sand filters; and (3) provide a major upgrade to the Kihei Wastewater Reclamation Facility (WWRF) Instrumentation Replacement system.

By correspondence dated September 27, 2004, the Chair of your Committee requested that the Budget Director submit a "Certification of Additional Revenues for Fiscal Year 2005" (Certification), pursuant to Section 9-9.1, Charter of the County of Maui (Charter), which states:

If during any fiscal year the mayor certifies that there are available for appropriation (a) revenues received from sources not anticipated in the budget for that year, or (b) revenues received from anticipated sources but in excess of the budget estimates therefor, or (c) estimated revenues to be reimbursed by federal or state agencies to the county, the county may by ordinance make supplemental appropriations for that year up to the amount of the additional revenues so certified.

By correspondence dated September 29, 2004, the Budget Director provided a Certification as required by the Charter.

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At its meeting, your Committee met with the Budget Director, the Director of Public Works and Environmental Management, the Wastewater Division Chief from the Department of Public Works and Environmental Management, and the Corporation Counsel.

There was no public testimony.

The Director of Public Works and Environmental Management provided an overview of the \$600,000 request. He informed your Committee that \$300,000 is for additional electrical costs at the Kahului, Lahaina, and Kihei WWRFs; \$100,000 is to replace sand filters that are out of service at the Molokai WWRF; and \$200,000 is to replace instruments that are used for critical control and monitoring of all major pumping and processing systems at the Kihei WWRF.

Your Committee noted that during the review of the proposed FY 2005 Budget, the Administration requested a \$1.2 million supplemental transfer from the General Fund to the Wastewater Fund. At that time, your Committee noted that the Wastewater Fund had been self-sufficient since FY 2001. Your Committee further noted that unused monies transferred from the General Fund to the Wastewater Fund cannot be returned to the General Fund. In addition, your Committee expressed concern that it would be unfair for residents who are not serviced by a sewer system to supplement the cost for users of the sewer system. This situation would occur if General Funds were transferred to the Wastewater Fund. The Council, therefore, reduced the Wastewater Division's operating budget, and suggested that the Division make a supplemental budget request if funding was insufficient.

Your Committee noted that it appears the Council was prudent in reducing the Wastewater Division's operating budget and not approving the transfer from the General Fund as the Wastewater Fund now has an additional \$600,000 in revenue.

Your Committee requested that the Budget Director identify the sources of the additional revenue in order to help prevent unnecessary transfers from the General Fund.

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The Wastewater Division Chief informed your Committee that the Kihei WWRF instrumentation system still has its original equipment. The hardware is failing and unreliable, and leak-detection alarms are not properly functioning.

Your Committee expressed concerns regarding the Wastewater Division Chief's statement and questioned why the maintenance issues at the Kihei WWRF had not been previously brought to the Council's attention.

Your Committee expressed concern that the Kihei WWRF upgrades appear to be capital improvements, although they are not described that way in the proposed bill.

The Corporation Counsel advised that the proposed bill should be revised to add "Kihei Wastewater Reclamation Facility Instrumentation Replacement Project" to the Capital Improvement Program. This would provide an accurate description and still enable the Wastewater Division to complete the project.

Your Committee voted to revise the proposed bill in accordance with the Corporation Counsel's advice, and voted to recommend passage of the revised proposed bill on first reading and filing of the communication.

Your Committee is in receipt of a revised proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2005 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO THE ESTIMATED REVENUES, AND THE DEPARTMENT OF PUBLIC WORKS AND ENVIRONMENTAL MANAGEMENT, CAPITAL IMPROVEMENT PROJECTS, TOTAL OPERATING APPROPRIATIONS, AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)", approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee's changes.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill No. _____ (2004), revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2005 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO THE ESTIMATED REVENUES, AND THE DEPARTMENT OF PUBLIC WORKS AND ENVIRONMENTAL

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MANAGEMENT, CAPITAL IMPROVEMENT PROJECTS, TOTAL
OPERATING APPROPRIATIONS, AND TOTAL APPROPRIATIONS
(OPERATING AND CAPITAL IMPROVEMENT PROJECTS)", be
PASSED ON FIRST READING and be ORDERED TO PRINT; and

2. That County Communication No. 04-229 be FILED.

Adoption of this report is respectfully requested.

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G. RIKI HOKAMA **Chair**

DANNY A. MATEO **Member**

WAYNE K. NISHIKI **Vice-Chair**

MICHAEL J. MOLINA **Member**

ROBERT CARROLL **Member**

JOSEPH PONTANILLA **Member**

JO ANNE JOHNSON **Member**

CHARMAINE TAVARES **Member**

DAIN P. KANE **Member**