

COUNCIL OF THE COUNTY OF MAUI  
**ENERGY AND ECONOMIC  
DEVELOPMENT COMMITTEE**

December 15, 2003

**Committee  
Report No.**

03-156

Honorable Chair and Members  
of the County Council  
County of Maui  
Wailuku, Maui, Hawaii

Chair and Members:

Your Energy and Economic Development Committee, having met on November 17, 2003, makes reference to County Communication No. 03-207, from the Director of Finance, transmitting reports entitled "Maui Solar Roofs Initiative January 1, 2003 through March 31, 2003" and "Maui Solar Roofs Initiative April 1, 2003 through June 30, 2003".

Your Committee notes that the purpose of the Solar Water Heater Project (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 project involves grants in the amount of \$250,000 in Fiscal Year (FY) 2003 and \$100,000 in FY 2004 to Maui Electric Company, Limited (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 notes that Ordinance No. 3064, Bill No. 32 (Draft 1), (the FY 2003 Budget) included two provisions relating to this project. The provisions are:

1. Quarterly reports on the Solar Water Heater Project will be provided to the Council; and
2. Solar Water Heater Project loans 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 percent of median income or less; (b) months four through six, homeowners earning 100 percent of median income or less; (c) after month six, any homeowner.

By correspondence dated November 7, 2003, the Council Chair transmitted a copy of correspondence dated November 3, 2003, from the

COUNCIL OF THE COUNTY OF MAUI

# ENERGY AND ECONOMIC DEVELOPMENT COMMITTEE

December 15, 2003  
Page 2

Committee  
Report No. 03-156

Director of Finance, transmitting a report entitled "Maui Solar Roofs Initiative July 1, 2003 through September 30, 2003".

At its meeting, your Committee met with the Economic Development Coordinator; a Deputy Corporation Counsel; Joanne Ide, Supervisor of Integrated Resource Planning and Customer Efficiency Programs, MECO; and Brian Kealoha, Commercial Account Manager, MECO.

In a computer-generated slide show, Ms. Ide presented your Committee with a status report of the project through October 31, 2003. She reviewed various statistics on the applications received and the number of solar water heater installations. She explained that all of the \$250,000 grant for FY 2003 has been loaned and MECO is currently waiting for the \$100,000 grant for FY 2004.

Your Committee questioned why MECO has not received the additional \$100,000 grant for FY 2004. Ms. Ide stated that there has been a change in the method used to distribute grants to MECO in FY 2004. This change requires MECO to submit an approved application and a contractor's estimate to the Office of Economic Development before funds are released. The FY 2003 grant funds were provided upfront and MECO was required to provide quarterly reports to the Council. Ms. Ide noted that this change is causing a delay in the project.

Your Committee raised questions regarding the reason for changing the method in which grant funds are disbursed for this ongoing project.

The Economic Development Coordinator stated that the change is to conform with their office procedures and allow for more accountability. She explained that the delay is because the grant agreement had to be revised.

Your Committee noted that since the Council reviews the quarterly reports submitted by MECO, the change being implemented is a duplication of efforts and is causing an unnecessary delay in this project.

Your Committee requested that the Administration provide a written response addressing the justification for changing the method in which funds are disbursed for this project.

COUNCIL OF THE COUNTY OF MAUI  
**ENERGY AND ECONOMIC  
DEVELOPMENT COMMITTEE**

December 15, 2003  
Page 3

**Committee**  
**Report No.** 03-156

Your Committee expressed concerns regarding the amount of oversight that is required in administering these types of grants, and requested that the County of Maui's independent auditor provide recommendations.

Your Committee noted that MECO is continuing its efforts to include nonprofit organizations in this project, as well as owners who rent their units through the U. S. Department of Housing and Urban Development's Section 8 Rental Voucher Program.

Your Committee voted to recommend filing of the communication.

Your Energy and Economic Development Committee **RECOMMENDS** that County Communication No. 03-207 be FILED.

Adoption of this report is respectfully requested.

COUNCIL OF THE COUNTY OF MAUI  
**ENERGY AND ECONOMIC  
DEVELOPMENT COMMITTEE**

December 15, 2003  
Page 4

Committee  
Report No. 03-156

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