

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

March 11, 2005

Committee
Report No.

05-12

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 15, 2005 and February 22, 2005, makes reference to County Communication No. 05-67, from the Budget Director, transmitting the following:

1. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2005 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO CAPITAL IMPROVEMENT PROJECTS" (budget bill); and

The purpose of the proposed budget bill is to amend the Fiscal Year (FY) 2005 Budget, Capital Improvement Program projects in the West Maui Community Plan District by deleting the Keawe Street project and adding the Lahaina Watershed Flood Control project, with no change in the appropriation.

2. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. 3184, BILL NO. 30 (2004) RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI" (bond bill).

The purpose of the proposed bond bill is to amend Ordinance No. 3184 relating to the issuance of general obligation bonds for Capital Improvement Program projects in the West Maui Community Plan District by deleting the Keawe Street project and adding the Lahaina Watershed Flood Control project, with no change in the bond principal amount.

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By correspondence dated February 9, 2005, the Budget Director transmitted the following:

1. 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 ESTIMATED REVENUES, CAPITAL IMPROVEMENT PROJECTS, AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)" (revised budget bill).

The purpose of the revised budget bill is to amend the FY 2005 Budget, by increasing Bond/Lapsed Bond revenues by \$500,000, and amending the Capital Improvement Program projects in the West Maui Community Plan District by reducing the funding for the Keawe Street Road Improvements project by \$500,000, and adding the Lahaina Watershed Flood Control project in the amount of \$1,000,000.

2. A revised proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. 3184, BILL NO. 30 (2004), RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI" (revised bond bill).

The purpose of the revised bond bill is to amend Ordinance No. 3184 relating to the issuance of general obligation bonds for Capital Improvement Program projects in the West Maui Community Plan District by increasing the bond authorization by \$500,000, reducing the funding for the Keawe Street Road Improvements project by \$500,000, and adding the Lahaina Watershed Flood Control project in the amount of \$1,000,000.

Your Committee notes that the Lahaina Watershed Flood Control project is a joint project with the Natural Resources Conservation Service of the United States Department of Agriculture (NRCS), the West Maui Soil and Water Conservation Districts, and the County of Maui.

By correspondence dated February 10, 2005, the Chair of your Committee requested that the Director of Public Works and Environmental Management

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provide a project description worksheet, maps, and other relevant information regarding the Lahaina Watershed Flood Control project.

By correspondence dated February 15, 2005, the Director of Public Works and Environmental Management provided an "Executive Summary" and a map of the Lahaina Watershed Flood Control project.

At its meeting of February 15, 2005, your Committee received public testimony from the Executive Director of the West Maui Taxpayers Association in support of receiving the funds for the Lahaina Watershed Flood Control project.

Your Committee received a document entitled "COUNTY OF MAUI KEAWE STREET EXTENTION PROJECT APPROPRIATIONS/AUTHORIZATIONS CHANGES" from the Department of Finance.

Your Committee deferred the matter without discussion.

By correspondence dated February 16, 2005, David "Buddy" Nobriga, West Maui Soil and Water Conservation Districts Chairman, informed your Committee of a March 23, 2005 deadline to secure Federal funding, and asked for assistance and support to appropriate the County's share of the matching funds.

At its meeting of February 22, 2005, your Committee met with the Budget Director, the Director of Public Works and Environmental Management, a Civil Engineer from the Department of Public Works and Environmental Management, the Director of Finance, the Accounting System Administrator from the Department of Finance, and the First Deputy Corporation Counsel.

Your Committee received public testimony from the Executive Director of the West Maui Taxpayers Association in support of the Lahaina Watershed Flood Control project.

Your Committee received from the Department of Public Works and Environmental Management a copy of a letter dated September 23, 2004, to the Mayor from Keith Y. Harada, NRCS, transmitting a fully executed copy of the project agreement.

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Your Committee notes that County Communication No. 05-67 transmitted proposed bills to replace the Keawe Street project appropriation of \$1 million with the Lahaina Watershed Flood Control project of \$1 million. The Administration contends that this change was possible because the Keawe Street project received a \$1.5 million donation as a requirement of a Special Management Area permit by the Maui Planning Commission for a project in the West Maui Community Plan District. However, your Committee further notes that the Keawe Street project did not have the full \$1 million available for reappropriation to the Lahaina Watershed Flood Control project because of a contract charge in the amount of \$500,000.

Your Committee further notes that the Council had appropriated \$500,000 in FY 2004 and \$1 million in FY 2005 for the Keawe Street project.

The Director of Finance explained that the Department of Finance erroneously charged the \$500,000 design contract for the Keawe Street project to the FY 2005 appropriation when the contract should have been charged to the FY 2004 appropriation. He stated that, if the error was discovered prior to December 31st, when the FY 2004 capital improvement projects (CIP) lapsed, an administrative correction would have been possible.

Your Committee expressed concerns that the Administration had not considered all options before requesting an increase to the bond authorization.

The Director of Finance acknowledged that it would have been prudent if additional funds could be found elsewhere within the Administration's budget; however, the March 23, 2005 deadline to secure Federal funding created severe time constraints.

The Civil Engineer informed your Committee that in accordance with the NRCS agreement, the County of Maui should show a commitment of \$1 million toward the County's share of the Lahaina Watershed Flood Control project by March 23, 2005. He further noted that the Department had looked at reappropriating funds from other CIP for the Lahaina Watershed Flood Control Project, but the funding sources were from Special Funds.

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Your Committee notes that there are restrictions on the use of Special Funds.

Your Committee recommended that the revised budget bill be further revised to incorporate housekeeping changes because of pending budget amendments.

Your Committee voted to recommend passage of the revised budget and bond bills on first reading, and filing of the communication.

Your Committee is in receipt of a revised proposed budget bill, approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee's recommendations.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill No. _____ (2005), as 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 ESTIMATED REVENUES, CAPITAL IMPROVEMENT PROJECTS, AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)" be PASSED ON FIRST READING and be ORDERED TO PRINT;
2. That Bill No. _____ (2005), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. 3184, BILL NO. 30 (2004), RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI" be PASSED ON FIRST READING and be ORDERED TO PRINT; and
3. That County Communication No. 05-67 be FILED.

Adoption of this report is respectfully requested.

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DAIN P. KANE **Chair**

DANNY A. MATEO **Member**

G. RIKI HOKAMA **Vice-Chair**

MICHAEL J. MOLINA **Member**

MICHELLE ANDERSON **Member**

JOSEPH PONTANILLA **Member**

ROBERT CARROLL **Member**

CHARMAINE TAVARES **Member**

JO ANNE JOHNSON **Member**