

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

April 1, 2005

Committee
Report No.

_____ 05-54 _____

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 March 1, 2005 and March 15, 2005, makes reference to County Communication No. 05-84, 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 ESTIMATED REVENUES, CAPITAL IMPROVEMENT PROJECTS, AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)".

The purpose of the proposed bill is to amend the Fiscal Year (FY) 2005 Budget to recognize additional revenues and increase funding for the Special Maintenance Program in the Department of Public Works and Environmental Management by \$449,000.

Your Committee notes that the \$449,000 request is for (1) gasoline costs in the amount of \$279,000; and (2) electrical costs in the amount of \$170,000.

By correspondence dated February 18, 2005, the Chair of your Committee requested that the Budget Director provide a "Certification of Additional Revenues for Fiscal Year 2005" (Certification), and a revised proposed bill to correct its title.

By correspondence dated February 22, 2005, the Budget Director provided 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, AND THE DEPARTMENT OF PUBLIC WORKS AND ENVIRONMENTAL MANAGEMENT, TOTAL OPERATING APPROPRIATIONS, AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)", and the Certification in accordance with your Committee Chair's request.

At its meeting of March 1, 2005, your Committee met with the Budget Director, the Director of Public Works and Environmental Management, the Highways Division Chief from the Department of Public Works and Environmental Management, the Director of Finance, and the First Deputy Corporation Counsel.

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There was no public testimony.

The Director of Public Works and Environmental Management stated that since January 2004, when the estimate for the gasoline accounts (gas, diesel, and oil) for FY 2005 was calculated, the wholesale cost of gasoline increased by 26 percent. The Director informed your Committee that, after further review of the gasoline accounts, he is revising his request for gasoline costs from \$279,000 to \$160,000. He explained that the revision is the result of working with the Department of Finance to reduce the amount of time that it takes other County departments to reimburse the Special Maintenance Program.

Your Committee expressed concern regarding the credibility of the Department's estimates. In less than two months since the Department submitted its request, the estimate has decreased by approximately 40 percent. Furthermore, the "lag" or time between the reimbursement for gasoline to the Special Maintenance Program and the actual use of gasoline by the County departments is not a new occurrence, and should have been considered when the original request was submitted.

The Highways Division Chief stated that the only reimbursements to the Special Maintenance Program are from the Department of Fire and Public Safety, Department of Water Supply, and Department of Police because of their high gasoline usage.

The Highways Division Chief noted that the Department of Public Works and Environmental Management is considering fuel-efficient vehicles, such as hybrids, when purchasing new vehicles. When appropriate, the Department uses B20, an alternative fuel, which is a blend of 20 percent biodiesel and 80 percent diesel, in its current fleet.

The Director of Public Works and Environmental Management stated that electricity costs and usage in the Kalana O Maui County Building have increased. He noted that the FY 2005 budget appropriation was the same as the previous year.

Your Committee received an excerpt of Countywide Expenditures from the FY 2005 Budget Details, from Councilmember Pontanilla. The excerpt shows an appropriation of \$150,000 for "Electricity" under "Rentals & Facilities".

The Budget Director explained that the \$150,000 appropriation is for electricity at the Service Center at the Maui Mall.

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Your Committee considered whether to appropriate the remaining \$119,000 in certified funds to another program.

Your Committee deferred the matter pending further discussion.

At its meeting of March 15, 2005, your Committee met with the Budget Director, the Director of Public Works and Environmental Management, the Director of Finance, the Accounting Systems Administrator from the Department of Finance, and the First Deputy Corporation Counsel.

There was no public testimony.

Your Committee noted that the Administration will be unable to expend the remaining \$119,000 in certified funds unless a proposed bill requesting an appropriation of those funds is submitted. Without the appropriate legislation, the \$119,000 would be included in Carryover/Savings at the end of FY 2005.

Your Committee further noted that Carryover/Savings is unappropriated revenue and unencumbered balances of any appropriation in a fund at the end of a fiscal year. Unencumbered balances are not committed by a purchase order, contract, or other funding commitment. The Carryover/Savings is the beginning balance at the start of a new fiscal year.

Your Committee requested that the revised proposed bill be further revised to reduce the recognition of additional Carryover/Savings and the appropriation to the Special Maintenance Program by \$119,000 (from \$449,000 to \$330,000), and incorporate housekeeping changes because of pending budget amendments.

Your Committee 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, approved as to form and legality by the Department of the Corporation Counsel, in accordance with your Committee's recommendations.

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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 AS IT PERTAINS TO ESTIMATED REVENUES, DEPARTMENT OF PUBLIC WORKS AND ENVIRONMENTAL MANAGEMENT, 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. 05-84 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**

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