

**COUNCIL OF THE COUNTY OF MAUI**  
**BUDGET AND FINANCE COMMITTEE**

December 2, 2005

**Committee**

**Report No.**     05-166

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 15, 2005, makes reference to County Communication No. 05-346, from the Managing Director, transmitting 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".

The purpose of the proposed bill is to increase the general obligation bond authorization by \$2,200,000 to finance the following public improvements: (1) \$1,200,000 for Central Maui Land Acquisition, Wailuku-Kahului Community Plan District; and (2) \$1,000,000 for Environmental Protection Agency (EPA) Consent Decree Compliance, Countywide, for a total bond principal amount not to exceed \$17,165,000.

Your Committee notes that the Fiscal Year (FY) 2005 Budget included a \$1,200,000 appropriation in bond funds for Central Maui Land Acquisition, Wailuku-Kahului Community Plan District; and \$1,000,000 for EPA Consent Decree Compliance. Your Committee further notes that the bond authorization for these Capital Improvement Projects was withheld pending receipt of additional information.

At its meeting, your Committee met with the Budget Director, the Senior Executive Assistant to the Mayor, the Director of Finance, the Deputy Director of Parks and Recreation, the Deputy Director of Public Works and Environmental Management, the Acting Wastewater Reclamation Division Chief from the Department of Public Works and Environmental Management, and the First Deputy Corporation Counsel.

There was no public testimony.

The First Deputy Corporation Counsel submitted 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". The purpose of the revised proposed bill is to

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increase the general obligation bond authorization by \$1,500,000 to finance the following public improvements: (1) \$500,000 for Central Maui Land Acquisition, Wailuku-Kahului Community Plan District; and (2) \$1,000,000 for the EPA Consent Decree Compliance, Countywide, for a total bond principal amount not to exceed \$16,465,000.

Your Committee notes that the revised proposed bill also re-establishes the Central Maui Landfill, Phase IV-A project, Wailuku-Kahului Community Plan District, that was inadvertently omitted in Ordinance No. 3297, Bill No. 53 (2005).

The Budget Director submitted a schedule entitled "FY 05 EPA Consent Decree Compliance" that provides detailed information on various projects.

With regard to the \$500,000 bond authorization for Central Maui Land Acquisition, Wailuku-Kahului Community Plan District, the Budget Director noted that the Council previously approved the acquisition of the Waihee Ball Park at a purchase price of \$449,000 plus related closing costs.

The Senior Executive Assistant informed your Committee that the Administration opened an escrow account for the Waihee Ball Park purchase, but the transaction was postponed when they realized the bond had not been authorized. He stated that none of the other properties included in the \$1,200,000 appropriation can be acquired before the appropriation lapses on December 31, 2005.

The Acting Wastewater Reclamation Division Chief stated that the Department of Public Works and Environmental Management is in compliance with approximately 75 percent of the requirements of the EPA Consent Decree. He also stated that part of the Decree requires the evaluation of sewer lines to determine what repairs are needed, and this evaluation has not been completed.

The Deputy Director of Public Works and Environmental Management stated that the Department has identified existing projects with encumbrances of approximately \$816,000. He also stated that the remaining \$184,000 of the \$1,000,000 appropriation for EPA Consent Decree Compliance will be used to supplement other wastewater repair projects, such as the Kaunakakai Force Main project, since construction bids are higher than anticipated.

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Your Committee noted that the Kaunakakai Force Main project was identified as a priority project, and the Council appropriated funds for this project in the FY 2005 Budget. Your Committee was concerned that the project is not closer to completion.

Your Committee questioned why approximately \$816,000 were encumbered without bond authorization.

The First Deputy Corporation Counsel stated that it was not appropriate for departments to encumber funds without bond authorization. She also stated that after the Department of the Corporation Counsel was informed of this encumbrance, she consulted with the County's Bond Counsel, and was advised that bond authorization should be obtained as soon as possible.

Your Committee was concerned that the information required for bond authorization was provided just two months before the FY 2005 appropriation lapses. Your Committee noted that the Administration needs to be more timely in providing detailed information to the Council to ensure proper bond authorization.

Your Committee voted to recommend passage of the revised proposed bill on first reading and filing of the communication.

Your Budget and Finance Committee **RECOMMENDS** the following:

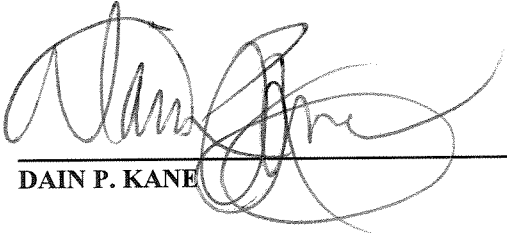
1. That Bill No. \_\_\_\_\_ (2005), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. 3184, BILL NO. 30 (2004), RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI", be PASSED ON FIRST READING and be ORDERED TO PRINT"; and
2. That County Communication No. 05-346 be FILED.

Adoption of this report is respectfully requested.

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DANNY A. MATEO Member

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G. RIKI HOKAMA Vice-Chair

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CHARMAINE TAVARES Member

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JO ANNE JOHNSON Member

ORDINANCE NO. \_\_\_\_\_

BILL NO. \_\_\_\_\_ (2005)

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 IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Ordinance No. 3184, Bill No. 30 (2004) is amended  
by amending Section 1 to read as follows:

"SECTION 1. Authorization of General Obligation Bonds.  
Pursuant to Chapter 47, Hawaii Revised Statutes, as amended, and  
particularly Part I thereof, there are hereby authorized to be  
issued and sold from time to time general obligation bonds of the  
County of Maui, State of Hawaii (the "County") in an aggregate  
principal amount not to exceed [\$14,965,000] \$16,465,000 (the  
"Bonds"), the proceeds derived from the sale of which shall be used  
to pay all or part of the cost of appropriations for the public  
improvements of the County described in Section 2 hereof."

SECTION 2. Ordinance No. 3184, Bill No. 30 (2004), is amended  
by amending Section 2 to read as follows:

"SECTION 2. Disposition of Bond Proceeds. All or any portion  
of the proceeds derived from the sale of the Bonds or any notes  
issued in anticipation of the Bonds shall be used to pay all or  
part of the cost of any of the public improvements listed below in  
accordance with appropriations contained in the Operating Budget  
and Capital Improvements Program Ordinance, including amendments  
and supplements thereto, duly adopted by the Council of the County  
for the fiscal year ending June 30, 2004; provided, however, that  
pursuant to Section 47-5, Hawaii Revised Statutes, the part of such  
proceeds which are in excess of the amounts required for the  
purposes for which the Bonds are initially issued from time to  
time, or which may not be applied to such purposes, or which this  
Council deems should not be applied to such purposes, may be  
applied to finance such other public improvements of the County as  
the Council of the County shall, by ordinance approved by an  
affirmative vote of two-thirds of all of its members, determine;

and provided further that the actual use and application of the proceeds of Bonds issued pursuant to this ordinance shall not in any way affect the validity or legality of such Bonds. No proceeds of the Bonds shall be applied to any public improvement listed in this section unless and until there shall be a valid appropriation of general obligation bond proceeds in effect for such public improvement. The public improvements provided for or to be provided for in the Operating Budget and Capital Improvements Program Ordinance, to be financed with proceeds from the sale of the Bonds, are as follows:

Public Improvements:

Estimated Project Cost

1.	Makawao-Pukalani-Kula Community Plan District	
	a. Government Facilities	\$ 400,000
	(1) Maui Agriculture Processing and Marketing Center (Vacuum Cooling Plant)	
2.	Wailuku-Kahului Community Plan District	
	a. Road Improvements	\$1,450,000
	(1) Market Street Improvements	
	b. Sanitation	\$5,000,000
	(1) Central Maui Landfill, Phase I and II Closure	
	(2) Central Maui Landfill, Phase IV-A	
	<u>c. Other</u>	<u>\$ 500,000</u>
	<u>(1) Central Maui Land Acquisition</u>	
3.	West Maui Community Plan District	
	a. Road Improvements	\$ 500,000
	(1) Keawe Street	
	b. Sewer	\$ 50,000
	(1) Lahaina Wastewater Reclamation Facility Modifications, Stage IA	
	c. Drainage	\$ 1,000,000
	(1) Lahaina Watershed Flood Control	
4.	Molokai Community Plan District	
	a. Government Facilities	\$ 300,000
	(1) New Kaunakakai Fire Station	
	b. Sewer	\$1,000,000
	(1) Kaunakakai Sewer Line	

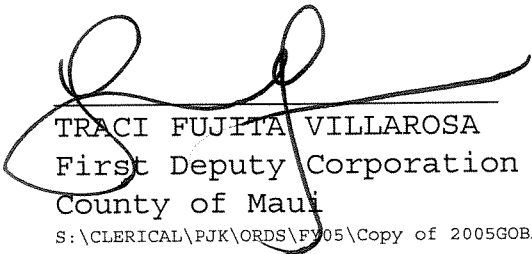
5. Countywide	
a. Government Facilities	\$ 400,000
(1) Kalana O Maui Building Improvements	
b. Park and Recreation	\$1,200,000
(1) Underground Injection Control Program	
c. Other	
(1) Countywide Equipment	\$3,665,000
(i) Office of the Mayor - Human Resources/Payroll Time and Attendance System	
(ii) Department of Police - Information Technology System Phase III	
(iii) Department of Fire & Public Safety - Mini Brush Truck	
(iv) Department of Public Works & Environmental Management, Solid Waste Division - 826 Compactor	
(v) Department of Parks and Recreation - 4 Tractor Mowers	
(vi) Department of Public Works & Environmental Management, Highways Division - Vacuum Assisted Tanker Truck	
<u>d. Sewer</u>	<u>\$1,000,000</u>
(1) <u>EPA Consent Decree Compliance</u>	

The cost of issuance of the Bonds or any series thereof, including without limitation, the initial fee of paying agents and registrars, the fees of financial consultants and bond counsel, the cost of preparation of any Official Statement relating to the Bonds, any notices of sale and forms of bid and the definitive Bonds, and the costs of publication of any notices of sale, may be paid from the proceeds of the Bonds or any series thereof and such costs shall be allocated pro rata to each of the foregoing projects financed from such proceeds."

SECTION 3. Material to be repealed is bracketed. New material is underscored. In printing this ordinance, the County Clerk need not include the brackets, the bracketed material or the underscoring.

SECTION 4. This ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:



TRACI FUJITA VILLAROSA  
First Deputy Corporation Counsel  
County of Maui

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