

Presented in these documents are the Adopted Fiscal Year (FY) 2017 Operating and Capital Budgets for the County of Maui, as approved by County Council on June 3, 2016. The combined operating and capital budgets for the fiscal year beginning July 1, 2016 total \$659,491,557.¹

The Budget Message for the FY 2017 Operating and Capital Budget Proposal immediately preceding this letter was presented on March 24, 2016 and does not reflect adjustments made by the County Council in its adoption of the budget. The total adopted budget of \$659.5 million is a \$52.0 million or 7.9% reduction from the Mayor's proposal. Outlined below are the significant changes between the adopted and proposed Operating and Capital Budgets.

EXECUTIVE SUMMARY

The most significant change between the Council adopted and Mayor's estimated revenues relates to the transient accommodation tax. The County Council's estimated revenues derived from this tax decreased by \$13.5 million from the Mayor's estimated revenues. This decrease is attributed to the unsuccessful proposed legislation to remove the cap distributed to the counties and increase the revenue from 22.8% to 45.0%.

OPERATIONS BUDGET

The operating budget as adopted for Fiscal Year 2017 totals \$545.6 million. This represents a decrease of \$17.9 million or 3.2% compared with the operating budget proposal of \$563.6 million, due primarily to the following changes:

- *Corporation Counsel:* Reduction in the total departmental budget by \$152,606 or 4.3%;
- *Environmental Management:* Reduction in the Solid Waste Operations Program in the amount of \$524,082, mainly due to reductions in premium pay and operations costs related to the closure of the construction and demolition landfill in Maalaea. Reduction in the Environmental Protection and Sustainability Program (EP&S) in the amount of \$803,795, mainly due to the deletion of a vacant position and a reduction in operations for contractual services of \$696,000; offset by an increase in the Wastewater Administration Program in the amount of \$809,864 for the Sewer Capital Improvements Reserve Fund;
- *Finance:* Reduction of \$379,592, mainly due to decreases in premium pay and operations and the deletion of two expansion positions; offset by the transfer of one position from the Department of Management;
- *Finance, Countywide Costs:* Reduction in Countywide Costs by \$3.9 million, mainly due to adjustments in Fringe Benefits of \$1.7 million and the Supplemental Transfer to the Solid Waste Management Fund of \$2.1 million;
- *Fire and Public Safety:* Reduction in the total departmental budget by \$4.4 million or 10.7%, mainly due to the deletion of 17 proposed expansion positions, premium pay, and reductions in operations;

¹ Total does not include operating and capital budgets funding through non-County sources such as Grant Revenue and Revolving funds.

- *Housing and Human Concerns:* Reduction in the total departmental budget by \$2.6 million or 11.6%, mainly due to the deletion of proposed line-item grants for the J. Walter Cameron Center, Mental Health Kokua, and Maui Youth and Family Services along with reductions in grants for the following programs: Food, Shelter and Safety, Early Childhood, Homeless and Animal Sheltering;
- *Office of the Mayor:* Reduction in the total departmental budget by \$308,335, mainly due to the decrease in the funding for Environmental Protection Grants and a line-item grant deletion for the Food Innovation Center; offset by the addition of the Coqui Frog Eradication Grant;
- *Management:* Reduction in the total departmental budget by \$618,326 or 5.1%, mainly due to reduction in appropriations for computer software and equipment under the Information Technology Services (ITS) Program, the deletion of two vacant positions under the Management Program and the deletion of one expansion position each in the Management and ITS Programs;
- *Parks and Recreation:* Reduction in total departmental budget by \$351,998, mainly due to reductions in operations and equipment; offset by the addition of a line-item grant to the Lahaina Restoration Foundation;
- *Planning:* Reduction in total departmental budget by \$570,000 or 9.5%, mainly due to the reduction in the amount appropriated for professional services and the deletion of one proposed expansion position;
- *Police:* Reduction in total departmental budget by \$1.5 million or 2.7%, mainly due to the reduction in the amounts appropriated for premium pay and equipment;
- *Prosecuting Attorney:* Reduction in total departmental budget by \$114,295, mainly due to the deletion of funding for one proposed expansion position.
- *Public Works:* Reduction in total departmental budget by \$182,973, mainly due to a reduction in operations; offset by the transfer of bond funded equipment to the Road, Bridge, and Drainage Program – Highway Fund;
- *Transportation:* Reduction in the total departmental budget by \$2.3 million or 10.7%, mainly due to the deletion of \$1.5 million for the Maui Economic Opportunity, Inc. Transit Center and reduction to the Public Transit Program.

CAPITAL IMPROVEMENT PROGRAM

The capital budget adopted by the County Council totals \$113.9 million, a decrease of \$34.1 million or 23.0% from the proposed budget. The following is a list of significant difference between the adopted and proposed capital budgets:

- *Environmental Management:* Deletion of appropriation for the South Maui Recycled Water System Expansion in the amount of \$6.5 million and a reduction of \$250,000 to the Environmental Compliance System Design and Construction project;
- *Finance:* Reduction of bond funded Countywide Equipment in the amount of \$3.1 million; offset by the addition of the Launiupoko Land Acquisition for \$2.3 million;
- *Management:* Deletion of appropriations for the Wailuku Town Surface and Satellite Parking in the amount of \$1.5 million, Waikapu Baseyards in the amount of \$800,000, New County Service Center in the amount of \$200,000 and a \$1.2 million reduction for the Public Safety Radio System Replacement project;
- *Parks and Recreation:* Deletion of appropriations for the War Memorial Civic Complex in the amount of \$4.0 million. Reductions to appropriations for the War Memorial Complex Paving Improvements in the amount of \$2.6 million, various Parks Systems for all districts in the amount of \$1.6 million, \$1.3 million for the South Maui Building Maintenance Repairer Baseyard, \$500,000 for the both the Waiehu Golf Course Starter Booth and Restaurant and the Waikapu Community Center Expansion Project, \$450,000 for the Helene Hall Improvements, \$435,000 for the Countywide Park Playground Improvements, \$310,000 for the Countywide Toilet Trailers and \$250,000 each for the Waipuilani Park Irrigation System and Waiehu Golf Course Wastewater Improvement;
- *Police:* Reduction of appropriations for Countywide Police Facilities in the amount of \$170,000 and Kaunakakai Police Station by \$980,000;
- *Public Works:* Reductions or deletions of appropriations for the Lahaina Watershed Flood Control in the amount of \$2.0 million, the Kalana O Maui Building Electrical Upgrades in the amount of \$1.7 million, the West Maui Greenway Pilot Project in the amount of \$1.2 million, the Imi Kala Extension and the Waikapu Baseyards in the amount of \$1.0 million each, the North South Collector Road in the amount of \$700,000, the Kahakuloa Stream Bridge in the amount of \$350,000, the Kanaloa Avenue and Mahalani Street Resurfacing in the amount of \$300,000, the Hiolani Street Drainage Improvements in the amount of \$250,000 and \$200,000 for the Piikea Avenue Resurfacing; offset by the addition of the Molokai Baseyard in the amount of \$5.0 million.
- *Transportation:* Reduction of \$500,000 in the amount appropriated for Bus Stops and Shelters;
- *Water Supply:* Deletion of appropriations for the Mahinahina Well #1 Development Project in the amount of \$3.0 million.

The following table identifies projected revenue by source, as adopted by the County Council:

Figure 1b

REVENUE SOURCE	FY 2016 ADOPTED	FY 2017 ADOPTED	CHANGE AMOUNT	CHANGE PERCENT
Real Property Taxes	\$255,944,996	\$273,887,388	\$17,942,392	7.0%
Circuit Breaker Tax Credit	-\$360,846	-\$398,235	-\$37,389	10.4%
Charges for Current Services	\$126,381,439	\$135,887,152	\$9,505,713	7.5%
Transient Accommodation Tax	\$23,280,000	\$23,484,000	\$204,000	0.9%
Public Service Company Tax	\$9,061,812	\$9,100,000	\$38,188	0.4%
Licenses and Permits	\$27,763,977	\$29,275,022	\$1,511,045	5.4%
Fuel	\$11,830,000	\$14,906,500	\$3,076,500	26.0%
Franchise Taxes	\$10,600,000	\$8,700,000	-\$1,900,000	-17.9%
Special Assessments	\$480,000	\$5,975,000	\$5,495,000	1144.8%
Other Intergovernmental	\$34,205,000	\$32,775,000	-\$1,430,000	-4.2%
Fines, Forfeitures, Penalties	\$1,800,000	\$1,900,000	\$100,000	5.6%
Use of Money & Property	\$1,202,412	\$2,552,412	\$1,350,000	112.3%
Miscellaneous	\$863,000	\$1,442,720	\$579,720	67.2%
Bonds	\$24,782,372	\$32,026,000	\$7,243,628	29.2%
Lapsed Bond Proceeds	\$1,000,000	\$6,103,000	\$5,103,000	510.3%
Carryover Savings	\$45,415,951	\$35,389,131	-\$10,026,820	-22.1%
Grant Revenue	\$71,591,613	\$62,834,485	-\$8,757,128	-12.2%
Sub-Total	\$645,841,726	\$675,839,575	\$29,997,849	4.6%
Interfund Transfers	\$46,473,347	\$46,486,467	\$13,120	0.0%
Total Estimated Gross Revenues	\$692,315,073	\$722,326,042	\$30,010,969	4.3%