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JOSIAH K. NISHITA
Deputy County Clerk

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OFFICE OF THE COUNTY CLERK
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/county/clerk

May 21, 2018

Honorable Riki Hokama, Chair
Budget and Finance Committee
Council of the County of Maui
Wailuku, Hawaii 96793

Dear Chair Hokama:

Please be advised that the Council of the County of Maui, at its meeting of May 18, 2018, recommitted a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.08, MAUI COUNTY CODE, BY ADDING A NEW SECTION RELATING TO COUNTY INVESTMENTS," which was attached to Committee Report 18-79, as amended.

Also attached is a copy of County Communication 18-178, from the Director of Finance, that was referred to your Committee.

Respectfully,

A handwritten signature in black ink, appearing to read "J. Nishita".

JOSIAH K. NISHITA
Deputy County Clerk

/lks

Enclosures

cc: Director of Council Services

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

May 18, 2018

Committee
Report No. 18-79
As Amended

NOTE: The recommendation contained in this committee report was amended by the Council at its meeting on May 18, 2018, by adding the underscored material. This committee report was then adopted as amended.

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 29, 2018, April 2, 2018, April 3, 2018, April 4, 2018, April 5, 2018, April 6, 2018, April 9, 2018 (site inspection and meeting), April 10, 2018, April 11, 2018, April 12, 2018, April 13, 2018, April 16, 2018 (site inspection and meeting), April 17, 2018, April 18, 2018, April 19, 2018, April 20, 2018, April 23, 2018, April 24, 2018, April 25, 2018, April 26, 2018, April 27, 2018, and April 30, 2018, makes reference to the following:

1. County Communication 18-11, from Councilmember Riki Hokama, relating to the matter of the proposed budget for Fiscal Year ("FY") 2019.
2. County Communication 18-124, from Mayor Alan M. Arakawa, relating to the proposed budget for FY 2019 for the County of Maui. Included in the Mayor's transmittal are the following:
 - a. A proposed bill entitled "A BILL FOR AN ORDINANCE RELATING TO THE OPERATING BUDGET FOR THE COUNTY OF MAUI FOR THE FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019" ("Budget bill").

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The purpose of the proposed bill is to appropriate estimated revenues for the operating and capital improvement budget. Incorporated within the proposed bill are Appendix A, which lists Grants and Restricted Use Revenues in Part I and Special Purpose Revenues in Part II; Appendix B, which is the Schedule of Fees, Rates, Assessments, and Taxes; Appendix B-1, which lists the County's concessions, leases, and licenses by department; and Appendix C, which provides descriptions of Capital Improvement Projects.

- b. A proposed bill entitled "A BILL FOR AN ORDINANCE RELATING TO THE CAPITAL PROGRAM FOR THE FISCAL YEAR ENDING JUNE 30, 2019" ("Capital Program bill").

The purpose of the proposed bill is to set forth the Capital Program for FY 2019 through 2024. Incorporated within the proposed bill are Appendix A-1, a report entitled "COUNTY OF MAUI, CAPITAL IMPROVEMENT PROJECTS REPORT, AS OF DECEMBER 31, 2017," which lists all pending capital improvement projects and appropriations, except for Water Fund projects, as of December 31, 2017; Appendix A-2, a report entitled "County of Maui, Capital Improvement Program by District Job and Index, Fiscal Year Ending 6/30/2018 - as of 12/31/2017," which includes pending Water Fund capital improvement projects and appropriations as of December 31, 2017; and Appendix B, which is the proposed Capital Program for FY 2019 through 2024.

- c. A proposed bill entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE ISSUANCE OF ONE HUNDRED TWENTY-SEVEN MILLION TWO HUNDRED THIRTY-FIVE THOUSAND DOLLARS (\$127,235,000) AGGREGATE PRINCIPAL AMOUNT OF GENERAL

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OBLIGATION BONDS OF THE COUNTY OF MAUI FOR THE PURPOSE OF PROVIDING FUNDS TO PAY ALL OR A PART OF THE COST OF APPROPRIATIONS FOR PUBLIC IMPROVEMENTS OF AND FOR THE COUNTY OF MAUI; FIXING THE FORM, DENOMINATIONS AND CERTAIN OTHER FEATURES OF SUCH BONDS AND PROVIDING FOR THEIR SALE; AUTHORIZING THE DIRECTOR OF FINANCE TO DETERMINE CERTAIN DETAILS OF THE BONDS; AUTHORIZING THE ISSUANCE AND SALE OF A LIKE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS; AND PROVIDING FOR OTHER ACTIONS RELATED TO THE ISSUANCE, SALE AND DELIVERY OF SAID BONDS” (“Bond Authorization bill”).

The purpose of the proposed bill is to authorize the issuance of \$127,235,000 in general obligation bonds for various capital improvement projects.

- d. A proposed bill entitled “A BILL FOR AN ORDINANCE DETERMINING THAT PART OF THE PROCEEDS OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI HERETOFORE ISSUED IS IN EXCESS OF THE AMOUNTS REQUIRED FOR THE PURPOSES FOR WHICH SUCH BONDS WERE INITIALLY ISSUED, OR MAY OR SHOULD NOT BE APPLIED TO THOSE PURPOSES, AND DIRECTING SUCH PROCEEDS TO OTHER PUBLIC IMPROVEMENTS OR AUTHORIZED PURPOSES OF THE COUNTY OF MAUI” (“Lapsed Bond bill”).

The purpose of the proposed bill is to reauthorize the use of \$2,195,000 in lapsed bond proceeds for the Wailuku Civic Hub project.

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- e. A proposed bill entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO INTERGOVERNMENTAL AGREEMENTS FOR LOANS FROM THE STATE OF HAWAII'S WATER POLLUTION CONTROL REVOLVING FUND FOR VARIOUS WASTEWATER PROJECTS, FISCAL YEAR 2019 BUDGET ORDINANCE" ("Water Pollution Control Loan bill").

The purpose of the proposed bill is to authorize the Mayor to enter into intergovernmental agreements to finance the following Wastewater projects: (1) Kihei Wastewater Reclamation Facility Grit System Replacement project, with funds not to exceed \$6,500,000; (2) Napili No. 3 Force Main Replacement project, with funds not to exceed \$1,800,000; and (3) Napili No. 4 Force Main Replacement project, with funds not to exceed \$1,800,000.

- f. A proposed bill entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR A LOAN FROM THE STATE OF HAWAII'S DRINKING WATER TREATMENT REVOLVING LOAN FUND FOR WEST MAUI SOURCE DEVELOPMENT, FISCAL YEAR 2019 BUDGET ORDINANCE" ("Drinking Water Treatment Loan bill").

The purpose of the proposed bill is to authorize the Mayor to enter into an intergovernmental agreement to finance the West Maui Source Development project, with funds not to exceed \$4,250,000.

- g. A proposed bill entitled "A BILL FOR AN ORDINANCE ESTABLISHING A NEW CHAPTER 3.26, MAUI COUNTY CODE, RELATING TO THE EMPLOYEE PARKING FEES FUND" ("Parking Fund bill").

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The purpose of the proposed bill is to establish a fund to deposit revenues from fees paid by County employees for parking permits to provide funding for the maintenance, repair, security, safety, improvement, beautification, and other costs related to providing County employee parking services.

- h. Booklet entitled "FY 2019, MAYOR'S BUDGET PROPOSAL" ("Program Budget"), including the Mayor's Budget Message.
 - i. Document entitled "FY 2019, MAYOR'S BUDGET PROPOSAL SYNOPSIS" ("Synopsis").
3. County Communication 18-117, from the Prosecuting Attorney, transmitting a proposed resolution entitled "AUTHORIZING THE ACQUISITION OF REAL PROPERTY LOCATED AT 2103 WELLS STREET, WAILUKU, MAUI, HAWAII, AND APARTMENTS A, B AND C OF THE UEOKA BUILDING CONDOMINIUM."

The purpose of the proposed resolution is to authorize the acquisition of real property located at 2103 Wells Street, Wailuku, Maui, Hawaii, comprised of 10,718 square feet, known as the Ueoka Building Condominium, and including Apartments A, B, and C, for \$1,600,000, excluding closing costs and expenses.

Your Committee is in receipt of the following:

- 1. Correspondence dated March 28, 2018, from the Department of the Corporation Counsel, transmitting a proposed resolution entitled "ADOPTING THE FUEL TAX RATES FOR THE COUNTY OF MAUI, EFFECTIVE JULY 1, 2018." The purpose of the proposed resolution is to adopt the fuel tax rates for the County of Maui, effective July 1, 2018, for the

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following: (1) Gasoline & Diesel Oil, \$0.230 per gallon; (2) Biodiesel, \$0.230 per gallon; (3) Ethanol, \$0.115 per gallon; (4) Methanol, \$0.115 per gallon; and (5) Liquefied Petroleum Gas, \$0.115 per gallon.

2. Correspondence dated April 9, 2018, from Mayor Alan M. Arakawa, transmitting a proposed resolution entitled "APPROVING COST ITEMS FOR BARGAINING UNIT 14, INCLUDED EMPLOYEES." The purpose of the proposed resolution is to approve the cost items for Ocean Safety Officers included within Bargaining Unit 14, for FY 2018 and 2019.
3. Correspondence dated April 10, 2018, from the Department of the Corporation Counsel, transmitting a proposed resolution entitled "AUTHORIZING THE COUNCIL CHAIR TO CONTRACT FOR A PERFORMANCE AND FISCAL AUDIT OF THE DEPARTMENT OF FINANCE." The purpose of the proposed resolution is to authorize the Council Chair to contract for a performance and fiscal audit of the Department of Finance to ensure programs within the Department are complying with current policies and that proper procedures are being followed. Specifically, the audit will focus on the Purchasing Program, Treasury Program, and Accounts Program.
4. Correspondence dated April 17, 2018, from the Department of the Corporation Counsel, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE RELATING TO SALARIES OF EMPLOYEES OF THE LEGISLATIVE BRANCH." The purpose of the proposed bill is to amend Section 2.08.060, Maui County Code ("MCC"), to adjust the pay ranges for employees of the legislative branch, effective July 1, 2018.
5. Correspondence dated April 17, 2018, from the Department of the Corporation Counsel, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE ESTABLISHING A NEW

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CHAPTER 3.39, MAUI COUNTY CODE, RELATING TO THE MAUI INTERSCHOLASTIC LEAGUE FEES FUND.” The purpose of the proposed bill is to establish a fund for the purpose of providing grants to County high schools participating in the Maui Interscholastic League for sports-related travel expenses and sporting events.

6. Correspondence dated April 19, 2018, from the Department of the Corporation Counsel, transmitting a proposed bill entitled “A BILL FOR AN ORDINANCE REPEALING CHAPTER 3.81, MAUI COUNTY CODE, RELATING TO THE ECONOMIC DEVELOPMENT REVOLVING FUND.” The purpose of the proposed bill is to repeal the Economic Development Revolving Fund and transfer any balance remaining in the Economic Development Revolving Fund to the General Fund.
7. Correspondence dated April 20, 2018, from the Chair of your Committee, transmitting a proposed bill entitled “A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.08, MAUI COUNTY CODE, BY ADDING A NEW SECTION RELATING TO COUNTY INVESTMENTS.” The purpose of the proposed bill is to require the County to establish an investment policy regarding the investment of County moneys and an investment committee, and procure the services of a third-party investment contractor.

Your Committee notes seven public meetings were held throughout the County to receive public testimony on the Mayor’s proposed FY 2019 Budget. The public meetings were held as follows: (1) March 29, 2018, South Maui; (2) April 2, 2018, West Maui; (3) April 4, 2018, Upcountry; (4) April 9, 2018, Lanai; (5) April 11, 2018, Makawao-Haiku-Paia; (6) April 12, 2018, East Maui; and (7) April 16, 2018, Molokai.

Your Committee scheduled a site inspection on Lanai on April 9, 2018, to view the Lanai Affordable Housing Project site, the Lanai Youth Center, and Dole Park, all located in Lanai City. However, due to inclement weather, your Committee was unable to convene at the outdoor sites, and instead accepted testimony at the Lanai Community Center.

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Your Committee conducted a site inspection on Molokai on April 16, 2018, to visit the Molokai Youth Center in Kaunakakai and the Pukoo Fire Station.

Your Committee further notes the Council held a public hearing in Wailuku on the Mayor's proposed FY 2019 Budget, pursuant to Section 9-4, Revised Charter of the County of Maui (1983), as amended ("Charter"), on April 18, 2018.

Your Committee further notes the Council held a public hearing on real property tax rates, pursuant to Section 3.48.565, MCC, on April 25, 2018, and reconvened on May 11, 2018, to adopt a resolution fixing the real property tax rates for FY 2019.

Your Committee notes the Council held a public hearing on motor vehicle weight tax rates, pursuant to Section 249-13, Hawaii Revised Statutes ("HRS"), and Section 3.24.030, MCC, on May 11, 2018.

Your Committee further notes the Council held a public hearing on fuel tax rates, pursuant to Section 243-5, HRS, and Section 3.20.010, MCC, on May 11, 2018.

Your Committee conducted a community survey, which yielded the following top three spending priorities: (1) Roads, Bridges and Drainage; (2) Water Resources; and (3) Homelessness and Other Social Services, and Affordable Housing.

Your Committee extensively reviewed the proposed FY 2019 Budget with the Administration from March 29, 2018 to April 20, 2018. Decision-making on the proposed FY 2019 Budget began on April 23, 2018, and was completed on April 30, 2018.

GENERAL

The Mayor's proposed budget estimated revenues of \$819,962,082 for FY 2019. Of that amount, \$605,040,082 was appropriated for

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operations, and \$214,922,000 was appropriated for capital improvement projects.

Your Committee's recommendation for the FY 2019 Budget decreased the Mayor's proposed budget by \$67,172,254, or approximately 8.19 percent, to \$752,789,828. Your Committee decreased operating appropriations by \$5,942,046, to \$599,098,036, and decreased capital improvement project appropriations by \$61,230,208, to \$153,691,792.

Your Committee decreased "Other Intergovernmental" revenue by \$1,900,000, from \$14,425,000 to \$12,525,000. Your Committee recommended authorizing the Mayor to enter into a State loan agreement for the Kihei Wastewater Reclamation Facility Grit System Replacement project, but reduced the proposed loan amount by \$5,900,000, from \$6,500,000 to \$600,000. Your Committee recommended requiring that the project be reviewed by the appropriate standing committee and approved by Council resolution before any funds are encumbered for the project. Your Committee also recommended authorizing \$4,250,000 for the West Maui Source Development project, \$4,000,000 for development of Pookela Well B, and \$3,600,000 for the force main replacement projects at two Napili wells.

The Mayor's proposed budget anticipated receiving \$62,613,647 in grant revenue from Federal, State, and private sources. Your Committee recognized an additional \$9,500,000 for the expansion of Kula Agricultural Park, the Central Maui transit hub, and a Keanae road project.

Your Committee notes the General Budget Provisions contained in the Budget bill provide binding policy statements and principles to implement the FY 2019 Budget. Your Committee maintained the practice of restricting disbursements by category of use, as noted in Section 7 of the General Budget Provisions, with allocations specified for: (a) salaries, premium pay, or reallocation pay ("A" category); (b) operations or services ("B" category); and (c) equipment ("C" category). These restrictions have proven useful in increasing accountability across departments.

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Your Committee also continued the practice of binding the Administration to appropriate descriptions for capital improvement projects through Appendix C and Section 10 of the General Budget Provisions, finding this approach to have been effective the past two years. Your Committee maintained refinements made in the FY 2018 Budget by specifying project phases in the project descriptions.

Your Committee's revisions to the Mayor's proposed FY 2019 Budget appropriations are identified in a worksheet attached hereto and incorporated in this report as Exhibit "1."

The following is a summary of your Committee's recommendations as they relate to revenues and expenditures.

REVENUES

To protect the investment of County funds, your Committee supported a proposed bill transmitted by the Chair of your Committee to require an investment policy, investment committee, and the procurement of a third-party investment consultant. Through these safeguards, the County can be assured of continuity in investment strategies and expertise.

On April 19, 2018, the County Clerk received the certification by the Director of Finance of the net taxable real property within the County of Maui, pursuant to Sections 3.48.135 and 3.48.580, MCC. The certification was distributed to your Committee on April 20, 2018. The Director of Finance certified that for FY 2019, the net taxable real property valuation is \$48,848,591,900, and is expected to generate revenues of \$332,530,278. The certification takes into account the circuit breaker tax credit and the Mayor's proposed minimum tax, and assumes the tax rates proposed by the Mayor are adopted by the Council. The certified net real property tax revenues exceeded the Mayor's proposed FY 2019 Budget estimates by \$961,079.

Your Committee notes the Mayor proposed tiered real property tax rates for the Residential, Apartment, Agricultural, and Conservation

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classifications. For each of these classifications, the Mayor proposed three tiers, based on property valuation, of less than \$500,000, \$500,000 to \$1,500,000, and more than \$1,500,000. The lowest tier would receive the lowest tax rate, and tax rates would increase with higher tiers. Your Committee considered, but rejected, this approach, noting there is insufficient time to implement a tiered structure this fiscal year. Your Committee recommended the matter of tiered real property tax rates be referred to the appropriate standing committee for consideration for FY 2020.

Your Committee also notes the Short-Term Rental classification is a new classification established by Ordinance 4790 (2017). The Short-Term Rental classification applies, for tax valuation purposes, to lodging and dwelling units occupied by transient tenants for periods of less than six consecutive months. This classification would include properties granted a Short-Term Rental Home permit, Transient Vacation Rental permit, or Conditional Permit allowing transient vacation rental use, unless classified as "Time Share," "Hotel and Resort," or "Commercialized Residential." The ordinance applies for tax years beginning January 1, 2018. The Mayor proposed a tax rate of \$9.28 for the new classification. Your Committee agreed with the Mayor's proposed tax rate of \$9.28 for the Short-Term Rental classification.

The Mayor did not propose any changes to the real property tax rates for the remaining classifications of Commercial, Industrial, Hotel and Resort, Time Share, Homeowner, and Commercialized Residential.

Your Committee recommended the FY 2018 real property tax rates, expressed as rates per \$1,000 of net taxable valuation, be lowered across all classifications except Hotel and Resort, as follows: Residential, from \$5.54 to \$5.52; Apartment, from \$6.32 to \$6.31; Commercial, from \$7.28 to \$7.25; Industrial, from \$7.49 to \$7.45; Agricultural, from \$6.01 to \$6.00; Conservation, from \$6.37 to \$6.35; Time Share, from \$15.43 to \$15.41; Homeowner, from \$2.86 to \$2.85; and Commercialized Residential, from \$4.56 to \$4.55. Your Committee recommended the Hotel and Resort rate remain the same as the FY 2018 rate, at \$9.37.

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Your Committee notes the Mayor's proposed budget anticipated receipt of \$23,484,000 in transient accommodations taxes ("TAT"). That amount is equal to 22.8 percent, or Maui's share, of \$103,000,000 in TAT allocated to the counties. Measures at the State Legislature to increase the allocation were unsuccessful, and the TAT revenues remained unchanged.

Your Committee notes Ordinance 4820 (2018), effective July 1, 2018, established an Environmental Protection and Sustainability Fund. The purpose of the new Fund is to finance efforts by the Environmental Protection and Sustainability Division of the Department of Environmental Management, including energy security or sustainability, landfill diversion, recycling programs, abandoned vehicles and metals programs, and other enumerated uses. The ordinance authorized the transfer of monies related to sewage sludge and fees as set forth in the annual budget ordinance. It also amended Chapter 3.54, MCC, relating to the Solid Waste Management Fund, accordingly.

In accordance with Ordinance 4820 (2018), the Mayor proposed shifting various refuse disposal fees relating to uncontaminated green waste, grease trap waste, and biosolids and sewage sludge from the Solid Waste Management Fund to the new Environmental Protection and Sustainability Fund. In addition, a recycling tipping fee surcharge and abandoned vehicle administrative fee were proposed for deposit into the Fund. Your Committee concurred with these fees and also established a \$25 fee per vehicle per year for disposal of vehicles, to be applied to all vehicle owners.

Your Committee supported the Mayor's proposed increases to fees relating to the Sewer Fund, including pretreatment permit fees, residential and non-residential sewer rates, private septic disposals (haulers) and reclaimed water service rates, reclaimed water usage rates, a new monthly service charge of \$10 for reclaimed water, and a new fee of \$20,200 for four-inch reclaimed water meters.

Your Committee found reasonable the Mayor's proposed increases of \$5 per month on Maui and Molokai, and \$2 per month on Lanai, for

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residential trash pick-up. In response to public testimony from residents of subdivisions with non-dedicated County roads, who urged the County to provide trash collection services for their homes, your Committee recommended the service be established at a fee of \$42 per collection unit per month.

The Mayor recommended an increase of \$7 per ton for commercial landfill fees, and appropriate adjustments at County landfills without scales. The Mayor also proposed a \$1 increase per account per month for the curbside recycling pilot project, known as the "3-Can Plan," implemented in a segment of South Maui. Your Committee concurred.

Your Committee notes the Mayor proposed a biodiesel tax of 23 cents per gallon, where currently there is none, to offset the increasing costs of road maintenance and improvements. Your Committee debated whether to impose a tax on biodiesel, reasoning all drivers, including those using biodiesel, should share in the cost of maintaining the roads. Your Committee declined to recommend any biodiesel tax be imposed at this time, noting the need to continue its support of renewable energy. To generate additional revenue for road maintenance, your Committee instead recommended a half-cent increase in the tax on gasoline and diesel oil, bringing the per-gallon tax to 23.5 cents.

Your Committee deferred a recommendation on the proposed fuel tax resolution, pending the public hearing scheduled for May 11, 2018.

As another means of offsetting the costs of road maintenance and improvements, your Committee discussed a new highway improvement fee that would apply to electric and hybrid electric vehicles. Although the initial proposal was to fix the fee at \$250 per year for both electric and hybrid electric vehicles, your Committee reasoned that hybrid vehicles pay some share of fuel tax while electric vehicles pay none. Therefore, your Committee recommended a highway improvement fee of \$100 per year for electric vehicles and \$50 per year for hybrid electric vehicles. Your Committee discussed, and deferred, a proposed bill to establish the highway improvement fee in the MCC.

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Your Committee concurred with the Mayor's proposed increases to the hourly inspection fees for permits and plans by the Department of Fire and Public Safety, and a new permit fee of \$100 relating to spraying or dipping operations using flammable or combustible liquids or powder coating.

Your Committee increased the Animal Shelter service charges for collecting a dog or cat from \$25 to \$35, and changed the fee structure for cat and dog trap security deposits, rentals, and late fees.

Your Committee recommended the permit fees for rental of County parks facilities and equipment be increased by \$20, except for Government permits. Your Committee also reinstated the discounted fees for the Play and Learn Sessions ("PALS") program for eligible participants who qualify for the State free or reduced school lunch program.

Your Committee discussed removing the monthly and daily pass options for paratransit routes. Your Committee noted the new contract for paratransit services will cost the County \$76 per hour. By contrast, in FY 2018, paratransit services cost the County \$55 per hour. Your Committee further notes for FY 2018, the Council appropriated \$2,060,515 for the paratransit contract, while this year, the appropriation increased by \$1,021,485, to \$3,082,000. The County continues to subsidize approximately 97 percent of paratransit program costs.

Your Committee opted to maintain the monthly pass for paratransit routes for students with a valid ID, remove the monthly pass for paratransit routes for passengers 55 years and older, and limit the general boarding monthly pass to fixed and commuter routes, as recommended in the transportation audit. Your Committee maintained the daily pass for paratransit routes.

Your Committee supported the Mayor's proposed adjustments to minimum charges for Department of Water Supply meter upgrades, reinstallations, and relocations, and hourly labor and inspection fees, and an update to materials costs. No changes to water rates or water system development fees were proposed or recommended.

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Your Committee concurred with the Mayor's proposal to establish a new Employee Parking Fees Fund, with all fees paid by County employees for parking permits to be deposited into the fund. The purpose of the fund, to be established in Chapter 3.26, MCC, is to provide for the maintenance, repair, security, safety, improvement, beautification, and other costs related to County employee parking services. Your Committee recommended expansion of employee parking be added into the list of authorized uses of the fund, and revised the proposed bill accordingly.

Your Committee also supported a proposed bill to establish a new Maui Interscholastic League Fees Fund. All fees paid to the Department of Parks and Recreation for Hawaii high school athletic events would be deposited into the fund. The purpose of the fund, to be established in Chapter 3.39, MCC, is to support the County's young athletes by providing grants to County high schools participating in the Maui Interscholastic League. The grants would help to defray sports-related travel expenses.

Your Committee considered a proposed bill to repeal the Economic Development Fund, which shows a \$20,127 balance. Your Committee deferred a recommendation on the repeal of the fund until the final project is completed. Your Committee recommended the matter, along with the proposed bill, be referred to the appropriate standing committee for consideration.

Your Committee recommended that Appendix A, Part II, the Schedule of Revolving and Special Funds for FY 2019, and Appendix B, the Schedule of Revenues - Fees, Rates, Assessments and Taxes, be revised to incorporate your Committee's suggested changes.

EXPENDITURES

Over the course of your Committee's meetings, your Committee heard testimony from the community expressing priorities for spending taxpayer dollars.

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Your Committee remained concerned about the rising costs of the County's workforce. However, in light of collective bargaining agreements, your Committee continued to fund salary increases for collective bargaining contracts for United Public Workers, Hawaii Government Employees Association, State of Hawaii Organization of Police Officers, and Hawaii Fire Fighters Association. Your Committee recommended adoption of a proposed resolution to approve cost items totaling \$386,570 for FY 2019 for Ocean Safety Officers included within Bargaining Unit 14, pursuant to an arbitration decision and award dated April 6, 2018.

Because only six months will remain of the current Mayor's term after the FY 2019 Budget bill is enacted, your Committee discussed provisos to limit spending under the Office of the Mayor through noon on January 2, 2019. Your Committee recommended spending for salaries and premium pay under the Office of the Mayor be limited to one half of FY 2019 appropriations. The provisos would also prohibit use of the appropriations for any salary increases over the amounts established in the FY 2019 Budget for that period. For the Administration Program only, your Committee similarly restricted spending under Category B (Operations). In this manner, your Committee sought to ensure adequate funds remain for a smooth transition for the incoming Mayor to run the Office of the Mayor on January 2, 2019.

The Mayor proposed transferring three positions for energy and economic development from the Office of Economic Development to the Department of Environmental Management, Environmental Protection and Sustainability Program, along with \$4,017,000 in grants related to agriculture, environmental protection, and renewable energy, including \$500,000 in new agriculture opportunity grants, \$10,000 for the Molokai Livestock Cooperative to sustain the only slaughterhouse on the island, \$75,000 for environmental protection, and \$135,000 in matching grants to save the JUMPSmartMaui fast-charging network.

Your Committee declined to transfer the positions and grants, noting the Economic Development Director had not been consulted about the transfer and opposed it. Your Committee found the transfer ill-advised given the upcoming change in Administration. Your Committee also

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reduced the grants administered by the Office of Economic Development, including grants to the Maui County Visitor Association by \$200,000, Maui Economic Development Board, Inc. by \$65,000, and small business promotion by \$50,000. Your Committee deleted the proposed \$80,000 grant for culture and arts and the \$475,000 grant to Kaupo Community Association, Inc.

Several departments requested electric vehicles, citing a directive from the Mayor that the fleet be converted to electric vehicles. The Energy Commissioner said the County does not yet have adequate charging stations to accommodate electric vehicles and the network would need to be expanded. Your Committee questioned whether County mechanics are trained to repair electric vehicles. Because the County is not prepared to convert its fleet, your Committee reduced the appropriation for all electric vehicles and instead appropriated funds for non-electric vehicles, where appropriate.

The Director of Transportation advised your Committee the Department would no longer be allowed to use the Queen Kaahumanu Shopping Center as its transit center hub, effective 2020. The Mayor proposed locating a new Central Maui Transit Hub near Kane and Vevau Streets in Kahului. The State appropriated, through the Hawaii Housing Finance and Development Corporation, \$2,500,000 for a Kahului Civic Center mixed-use project, which will include the transit hub. Your Committee supported \$650,000 toward the transit center hub, noting the number of Maui Bus passenger boardings in FY 2019 is estimated to be over two million.

The Mayor proposed establishing a Maui Redevelopment Program under the Department of Finance to support the Wailuku Civic Complex project. Your Committee agreed the program should be established, but transferred the program to the Department of Management, given the need for project management expertise and centralized coordination. Your Committee transferred a Planner from the Department of Planning and a Civil Engineer from the Department of Management, Administration Program, to staff the Maui Redevelopment Program. Your Committee also added 1.0 Limited Term Appointment for an Office Operations Assistant

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and 1.0 equivalent personnel for a Civil Engineer, with a budget of \$1,336,763.

Your Committee recommended that 6.0 pavement preservation employees from the Road, Bridge, and Drainage Maintenance Program be transferred from the Highway Fund to the General Fund to allow flexibility in their duties. Through this transfer, the employees will no longer be restricted to roadwork, but can also be tasked with other paving projects, potentially saving the County money.

Noting the importance of protecting County employees and the public, your Committee concurred with the Corporation Counsel's \$345,000 proposal to install and implement security improvements at the Kalana O Maui building and County facilities where cash transactions take place. The improvements would include cameras, door-locking devices, a metal detector and X-ray machine, and a security person at the Kalana O Maui building.

Your Committee declined to support the Department of Fire and Public Safety's proposal to provide 4.0 equivalent personnel, operations, and equipment at an approximate cost of \$209,178 for lifeguard support at Kaanapali Beach (Pu`u Keka`a). Your Committee could not justify the expenditure without a clear plan or written agreement between all parties involved concerning how lifeguard services would be implemented.

Your Committee supported information technology through continued appropriations for the implementation of the Human Resources and Payroll System to WorkDay and the cashiering system to iNovah; public safety radio system replacements; and enhanced cybersecurity to protect confidential and critical County information. Your Committee continued to invest in the Maui Automated Planning and Permitting System, or MAPPS project, but questioned delays in implementation, the lack of progress reports, and mounting costs associated with maintaining the technology. Your Committee declined to support some of the proposed staff increases related to these technologies, reasoning it would be premature to increase staffing when impacts of the new systems are unknown.

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Your Committee increased the Mayor's proposed \$125,000 appropriation for Pictometry by \$75,000, for a total of \$200,000, to enhance the County's ability to verify land uses through aerial mapping technology. The Department of Finance will implement the technology to update and promote fairness in property assessments.

As a result of recently completed audits of the Department of Fire and Public Safety, and the Department of Transportation, your Committee appropriated \$250,000 and \$30,000, respectively, to each Department to review audit findings and implement recommendations.

Your Committee noted the March 6, 2018 audit report of the former Director of Finance's accounts cited various instances of transactions in violation of County policies. As a result, your Committee recommended a proposed resolution be adopted to authorize the Council Chair to conduct a performance and fiscal audit of the Department of Finance, focusing on the Purchasing Program, Treasury Program, and Accounts Program. Your Committee recommended provisos be inserted restricting funds relating to two positions in the Department of Finance from being expended pending completion of the audit and a review of audit findings.

In considering capital infrastructure improvements, your Committee declined to recommend the level of debt proposed by the Mayor through the issuance of general obligation bonds and State revolving loan funds.

Your Committee appropriated \$44,195,000 for the proposed Wailuku Civic Complex, reduced from the \$81,195,000 proposed by the Mayor. Your Committee believed it would be fiscally prudent to fund the project in phases because the project cannot be completed in a single fiscal year. Your Committee noted, since FY 2016, \$15,640,751 has been appropriated for the project for planning, design, and land acquisition.

The Wailuku Civic Complex is a mixed-use project that will accommodate dining opportunities, made-on and grown-on Maui product sales, County office space and public conference capabilities, community reception space with an outdoor event deck, a plaza, parking structure, infrastructure upgrades in the town's core, and pedestrian connectivity. It

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is intended to serve as a catalyst to revitalize the Wailuku Redevelopment Area, and is anticipated to generate an estimated \$700,000,000 in private investment over the life of the general obligation bond. New building investments alone in the next 12 to 18 months are estimated at \$60,000,000.

Acknowledging the need for affordable housing, your Committee increased the Mayor's proposed appropriation for the First-Time Homebuyers Program from \$1,000,000 to \$2,000,000. Your Committee required the Department of Housing and Human Concerns to develop rules governing the First-Time Homebuyers Program before funds for the program can be expended. Your Committee requested the Department consider implementing a sliding scale based on the price of the home, an applicant's income level, and other housing subsidies the applicant receives. Your Committee also requested the Department place a ceiling on the amount of the subsidy an applicant may receive.

Your Committee also appropriated \$1,000,000 for the County to exercise its right to buy back residential workforce housing units as they become available. Your Committee recommended appropriating \$1,000,000 for the Na Hale O Maui Kahoma Homes project for the construction of 12 affordable homes in West Maui. Your Committee further supported affordable housing and homeless programs through the following: \$1,600,000 for homeless programs, \$1,000,000 for affordable rental housing programs, and an \$80,000 grant to Hale Mahaolu for the homeowners and housing counseling program.

The Mayor proposed \$9,000,000 toward the acquisition of land for homeless sheltering and affordable housing. However, a comprehensive plan for use of the funds was lacking, and your Committee instead recommended the matter be referred to the appropriate standing committee.

The County continues to lead the State in funding for social services programs, and this year, your Committee recommended the following: \$1,078,255 to the Boys & Girls Clubs of Maui; \$500,000 to the Maui County Council of the Boy Scouts of America to renovate the dining hall

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at Camp Maluhia; \$888,637 for food, shelter, and safety grants; \$667,332 for substance abuse programs; \$861,739 for services to the frail and elderly; \$500,000 to Ka Lima O Maui; \$400,000 for the Maui Food Bank, Inc.; \$358,440 for Maui Adult Day Care; \$125,000 to Mental Health Kokua; and \$1,300,000 to Kupuna Care Program.

Your Committee supported \$200,000 for an assistance program for displaced Mycogen Seeds' employees on Molokai. The funds will be used to provide financial assistance for rent and basic needs, and to prevent foreclosures.

Your Committee provided \$8,535,000 in funding for cultural and economic development programs, including \$100,000 for the Festivals of Aloha; \$1,342,360 for the Maui Arts and Cultural Center to promote culture and arts programs in the community and schools, and continue their capital improvement program; \$4,000,000 for the Maui County Visitors Association to continue to cultivate Maui as a vacation destination, strengthen tangible benefits of visitor spending, and incorporate hula halau as ambassadors of aloha; and \$1,250,000 for economic development across the County, with \$130,000 to Lanai and \$140,000 to each of the other eight districts.

Your Committee supported environmental protection through \$1,810,000 in appropriations for watershed management; \$500,000 for miconia and other invasive plants containment; \$1,516,000 in environmental protection grants, including invasive species eradication and seabird recovery; and \$750,000 for coqui frog eradication. Your Committee also appropriated \$200,000 for visitor-related costs, to educate visitors on the impacts of illegal transient vacation rentals, invasive species mitigation in and around visitor accommodations and beaches, and coral reef protection.

Your Committee emphasized the importance of completing projects before starting new ones. Your Committee supported funding for the completion of a number of capital improvement projects, including the Hana Landfill makai berm waste removal project, the South Maui Community Park recreation center, the Kenolio Recreational Complex

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open building repair project, the Waiakoa Gym Improvements project, the Upcountry Skate Park fencing, the Kaunakakai System B drainage project, the Molokai Baseyard project, and the North South Collector Road in Kihei.

Your Committee discussed a proposed appropriation of \$3,475,000 to address traffic delays at the intersection of Kamehameha Avenue and Maui Lani Parkway in Kahului through the construction of a roundabout. Your Committee notes Ordinance 3365 (2006) requires Maui Lani 100 LLC to provide a pro-rata share of the signalization of the intersection when warranted. Eight years later, a 2014 traffic study conducted for the Central Maui Sports Complex recommended a traffic signal be installed at the intersection. Today, the intersection is still served by a four-way stop. Your Committee agreed to support traffic mitigation at the intersection, but withheld the bond authorization and referred the matter to the appropriate standing committee.

Significant funding for equipment to provide more reliable service to the community includes: \$2,120,000 for four automated refuse trucks, one for Central Maui, one for West Maui, and two for Makawao; \$1,700,000 for two pumper trucks for the Kihei and Napili fire stations; \$500,000 for a wheel loader for the Central Maui Landfill; two wildland fire apparatus vehicles, one each for Kahului and West Maui; and three 300- to 500-gallon potable water tanker trailers, at \$30,000 each.

Your Committee supported the following major capital improvement projects: \$1,000,000 for a fully equipped and licensed commercial kitchen at the Lanai Community Center; \$635,000 for the Molokai parks system; \$6,600,000 for Countywide road resurfacing and pavement preservation projects; \$12,500,000 for Upcountry reliable capacity projects to support source, transmission, and storage expansion for the Upcountry water system; \$500,000 for the Launiupoko master plan under the Department of Parks and Recreation; \$1,500,000 for the North Kihei Mauka Transmission System project; \$1,500,000 for the Alfred "Flako" Boteilho, Sr. Gym improvements in Paia; and \$1,450,000 for road resurfacing, bridge replacement, revetment and seawall repairs, and rockfall repairs in East Maui.

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Your Committee also supported appropriations of \$400,000 for the new Kahului Community Center and \$500,000 for the West Maui Recycled Water System Expansion, but withheld the bond authorization for those projects.

As authorized in the FY 2018 Budget, the Prosecuting Attorney presented a proposed resolution to acquire 2103 Wells Street in Wailuku, also known as the Ueoka Building, for \$1,600,000, equating to \$108,000 annually for debt service. The Department currently rents the top floor of the property for \$154,000 per year and proposed expanding the existing facility to a new Family Justice Center last year. Although your Committee expressed support for the project, concerns with the title report led to a recommendation that the communication transmitting the proposed resolution be referred to the appropriate standing committee for further review.

Your Committee voted 9-0 to recommend adoption of the proposed resolution to approve cost items for Bargaining Unit 14 included employees, and the proposed resolution to authorize the Council Chair to contract for a performance and fiscal audit of the Department of Finance. Your Committee also voted 9-0 to recommend passage on first reading of the revised proposed Parking Fund bill and the proposed bill relating to County investments. Committee Chair Hokama, Vice-Chair White, and members Atay, Carroll, Cochran, Crivello, Guzman, King, and Sugimura voted "aye."

Your Committee voted 8-1 to recommend passage on first reading of the proposed bill to establish a Maui Interscholastic League Fees Fund. Committee Chair Hokama, Vice-Chair White, and members Atay, Carroll, Crivello, Guzman, King, and Sugimura voted "aye." Committee member Cochran voted "no."

Your Committee voted 8-0 to recommend passage on first reading of the revised proposed bill relating to salaries of employees of the Legislative Branch. Committee Chair Hokama, Vice-Chair White, and members Atay, Carroll, Cochran, Crivello, Guzman, and King voted "aye." Committee member Sugimura was excused.

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Your Committee voted 8-0 to recommend referral of County Communication 18-117, from the Prosecuting Attorney, transmitting a proposed resolution, entitled "AUTHORIZING THE ACQUISITION OF REAL PROPERTY LOCATED AT 2103 WELLS STREET, WAILUKU, MAUI, HAWAII, AND APARTMENTS A, B AND C OF THE UEOKA BUILDING CONDOMINIUM," to your Policy, Economic Development, and Agriculture Committee. Your Committee also voted 8-0 to recommend referral of various matters to your standing committees as noted in this report's recommendations paragraph. Committee Chair Hokama, Vice-Chair White, and members Atay, Cochran, Crivello, Guzman, King, and Sugimura voted "aye." Committee member Carroll was excused.

Your Committee voted 7-1 to recommend passage on first reading of the revised proposed Water Pollution Control Loan bill. Committee Chair Hokama, Vice-Chair White, and members Cochran, Crivello, Guzman, King, and Sugimura voted "aye." Committee member Atay voted "no." Committee member Carroll was excused.

Your Committee voted 8-0 to recommend passage on first reading of the revised proposed Drinking Water Treatment Loan bill, the revised proposed Bond Authorization bill, the revised proposed Lapsed Bond bill, the revised proposed Capital Program bill, and the revised proposed Budget bill; and filing of County Communications 18-11 and 18-124. Committee Chair Hokama, Vice-Chair White, and members Atay, Cochran, Crivello, Guzman, King, and Sugimura voted "aye." Committee member Carroll was excused.

Your Committee is in receipt of a revised proposed Budget bill, a revised proposed Capital Program bill, a revised proposed Bond Authorization bill, a revised proposed Lapsed Bond bill, a revised proposed Water Pollution Control Loan bill, a revised proposed Drinking Water Treatment Loan bill, and a revised proposed Parking Fund bill, approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee's recommended revisions as well as nonsubstantive revisions.

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Your Committee notes that, pursuant to Section 47-5, HRS, an affirmative vote of two-thirds of the Council's membership is required to approve the alternate uses of the lapsed bond proceeds set forth in the Lapsed Bond bill.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill 49 (2018), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE ESTABLISHING A NEW CHAPTER 3.26, MAUI COUNTY CODE, RELATING TO THE EMPLOYEE PARKING FEES FUND," be PASSED ON FIRST READING and be ORDERED TO PRINT;
2. That Bill 50 (2018), attached hereto, entitled "A BILL FOR AN ORDINANCE ESTABLISHING A NEW CHAPTER 3.39, MAUI COUNTY CODE, RELATING TO THE MAUI INTERSCHOLASTIC LEAGUE FEES FUND," be PASSED ON FIRST READING and be ORDERED TO PRINT;
3. That Bill _____ (2018), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.08, MAUI COUNTY CODE, BY ADDING A NEW SECTION RELATING TO COUNTY INVESTMENTS," be PASSED ON FIRST READING and be ORDERED TO PRINT;
4. That Bill 51 (2018), attached hereto, entitled "A BILL FOR AN ORDINANCE RELATING TO SALARIES OF EMPLOYEES OF THE LEGISLATIVE BRANCH," be PASSED ON FIRST READING and be ORDERED TO PRINT;
5. That Bill 52 (2018), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO INTERGOVERNMENTAL AGREEMENTS FOR LOANS FROM THE STATE OF HAWAII'S WATER POLLUTION CONTROL REVOLVING FUND FOR VARIOUS WASTEWATER

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PROJECTS, FISCAL YEAR 2019 BUDGET ORDINANCE,” be PASSED ON FIRST READING and be ORDERED TO PRINT;

6. That Bill 53 (2018), as revised herein and attached hereto, entitled “A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR A LOAN FROM THE STATE OF HAWAII’S DRINKING WATER TREATMENT REVOLVING LOAN FUND, FISCAL YEAR 2019 BUDGET ORDINANCE,” be PASSED ON FIRST READING and be ORDERED TO PRINT;

7. That Bill 54 (2018), as revised herein and attached hereto, entitled “A BILL FOR AN ORDINANCE AUTHORIZING THE ISSUANCE OF SIXTY-FIVE MILLION SEVEN HUNDRED NINETY-FIVE THOUSAND DOLLARS (\$65,795,000) AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI FOR THE PURPOSE OF PROVIDING FUNDS TO PAY ALL OR A PART OF THE COST OF APPROPRIATIONS FOR PUBLIC IMPROVEMENTS OF AND FOR THE COUNTY OF MAUI; FIXING THE FORM, DENOMINATIONS AND CERTAIN OTHER FEATURES OF SUCH BONDS AND PROVIDING FOR THEIR SALE; AUTHORIZING THE DIRECTOR OF FINANCE TO DETERMINE CERTAIN DETAILS OF THE BONDS; AUTHORIZING THE ISSUANCE AND SALE OF A LIKE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS; AND PROVIDING FOR OTHER ACTIONS RELATED TO THE ISSUANCE, SALE AND DELIVERY OF SAID BONDS,” be PASSED ON FIRST READING and be ORDERED TO PRINT;

8. That Bill 55 (2018), as revised herein and attached hereto, entitled “A BILL FOR AN ORDINANCE DETERMINING THAT PART OF THE PROCEEDS OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI HERETOFORE ISSUED

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IS IN EXCESS OF THE AMOUNTS REQUIRED FOR THE PURPOSES FOR WHICH SUCH BONDS WERE INITIALLY ISSUED, OR MAY OR SHOULD NOT BE APPLIED TO THOSE PURPOSES, AND DIRECTING SUCH PROCEEDS TO OTHER PUBLIC IMPROVEMENTS OR AUTHORIZED PURPOSES OF THE COUNTY OF MAUI," be PASSED ON FIRST READING and be ORDERED TO PRINT;

9. That Bill 56 (2018), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE RELATING TO THE CAPITAL PROGRAM FOR THE FISCAL YEAR ENDING JUNE 30, 2019," be PASSED ON FIRST READING and be ORDERED TO PRINT;
10. That Bill 57 (2018), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE RELATING TO THE OPERATING BUDGET FOR THE COUNTY OF MAUI FOR THE FISCAL YEAR JULY 1, 2018 TO JUNE 30, 2019," be PASSED ON FIRST READING and be ORDERED TO PRINT;
11. That Resolution 18-85, attached hereto, entitled "APPROVING COST ITEMS FOR BARGAINING UNIT 14, INCLUDED EMPLOYEES," be ADOPTED;
12. That Resolution 18-86, attached hereto, entitled "AUTHORIZING THE COUNCIL CHAIR TO CONTRACT FOR A PERFORMANCE AND FISCAL AUDIT OF THE DEPARTMENT OF FINANCE," be ADOPTED;
13. That County Communication 18-117, from the Prosecuting Attorney, transmitting a proposed resolution, entitled "AUTHORIZING THE ACQUISITION OF REAL PROPERTY LOCATED AT 2103 WELLS STREET, WAILUKU, MAUI, HAWAII, AND APARTMENTS A, B AND C OF THE UEOKA BUILDING CONDOMINIUM," be REFERRED to your Policy, Economic Development, and Agriculture Committee;

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14. That the matter relating to tiered real property tax rates be REFERRED to your Budget and Finance Committee;
15. That the matter relating to park assessment fees in lieu of land, pursuant to Section 18.16.320, Maui County Code, including how those fees are calculated, the point in time used in deriving average land values to set the fee, and account maintenance and balances, be REFERRED to your Budget and Finance Committee;
16. That the matter relating to the status of the Economic Development Revolving Fund, including the proposed bill, entitled "A BILL FOR AN ORDINANCE REPEALING CHAPTER 3.81, MAUI COUNTY CODE, RELATING TO THE ECONOMIC DEVELOPMENT REVOLVING FUND," be REFERRED to your Budget and Finance Committee;
17. That the matters relating to the proposed planning and acquisition of land for homeless sheltering and affordable housing (proposed as CBS-5061) be REFERRED to your Housing, Human Services, and Transportation Committee; and County contribution for Front Street Apartments pursuant to Senate Bill 2293 be REFERRED to your Budget and Finance Committee;
18. That the matter relating to the Bridge Inspection and Evaluation of Various County Bridges project (CBS-3177) be REFERRED to your Infrastructure and Environmental Management Committee;
19. That the matter relating to the Countywide Traffic Calming Program project (CBS-1035) be REFERRED to your Infrastructure and Environmental Management Committee;
20. That the matter relating to the Central Maui Landfill expansion be REFERRED to your Infrastructure and Environmental Management Committee;

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21. That the matter relating to the Countywide Road Resurfacing and Pavement Preservation project (CBS-1023) be REFERRED to your Infrastructure and Environmental Management Committee;
22. That the matter relating to bicycle tour permits be REFERRED to your Infrastructure and Environmental Management Committee;
23. That the matter relating to the Integrated Solid Waste Management Plan Update project (CBS-3565) be REFERRED to your Infrastructure and Environmental Management Committee;
24. That the matter relating to the Kalepa Revetment and Seawall Repairs project (CBS-3183) be REFERRED to your Infrastructure and Environmental Management Committee;
25. That the matter relating to the Kalepa Rockfall Repairs project (CBS-2779) be REFERRED to your Infrastructure and Environmental Management Committee;
26. That the matter relating to the Kamehameha Avenue at Maui Lani Parkway Intersection Improvements project (CBS-2787) be REFERRED to your Infrastructure and Environmental Management Committee;
27. That the matter relating to the West Maui Recycled Water System Expansion project (CBS-1124) be REFERRED to your Infrastructure and Environmental Management Committee;
28. That the matter relating to the Waiale Road Extension project (CBS-1069) and related conditions of zoning be REFERRED to your Land Use Committee;
29. That the matter relating to the Waiehu Municipal Golf Course starter booth and restaurant project be REFERRED to your Parks, Recreation, Energy, and Legal Affairs Committee;

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30. That the matter relating to Taser use by Parks Security Officers with the Department of Parks and Recreation be REFERRED to your Parks, Recreation, Energy, and Legal Affairs Committee;
31. That the matter relating to the Kanaha Beach Park Master Plan Implementation project (CBS-4583) be REFERRED to your Parks, Recreation, Energy, and Legal Affairs Committee;
32. That the matter relating to the War Memorial Gym Building Improvements project (CBS-4616) be REFERRED to your Parks, Recreation, Energy, and Legal Affairs Committee;
33. That the matter relating to energy efficiency and related costs at the Kihei Wastewater Treatment Plant be REFERRED to your Parks, Recreation, Energy, and Legal Affairs Committee;
34. That the matter relating to monitoring and enforcement of conditions of development and the use of County funding to fulfill such conditions be REFERRED to your Planning Committee;
35. That the matter relating to the role of the Maui Automated Planning and Permitting System, or MAPPs, and its impact on County operations be REFERRED to your Policy, Economic Development, and Agriculture Committee;
36. That the matter relating to the Emergency Management Agency be REFERRED to your Policy, Economic Development, and Agriculture Committee;
37. That the matter relating to a proposed Constitutional amendment to allow a surcharge on real property taxes to fund public education be REFERRED to your Policy, Economic Development, and Agriculture Committee;

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38. That the matter relating to the desalination process and whether the salt can be used to generate hypochlorite be REFERRED to your Water Resources Committee;
39. That County Communication 18-11 be FILED; and
40. That County Communication 18-124 be FILED.

This report is submitted in accordance with Rule 8 of the Rules of the Council.



RIKI HOKAMA, Chair

bf:cr:18001aa:mmy/ske/mcc

BILL NOS. 52 (2018), 53 (2018), 54 (2018), 55 (2018), 56 (2018), AND 57 (2018) PASS FIRST READING AND BE ORDERED TO PRINT:

MEMBERS	Michael B. WHITE Chair	Robert CARROLL Vice-Chair	Alika ATAY	Eleanora COCHRAN	S. Stacy CRIVELLO	Donald S. GUZMAN	G. Riki HDKAMA	Kelly T. KING	Yuki Lei K. SUGIMURA
ROLL CALL	Aye	Aye	Aye	Aye	Aye	Aye	Aye	Aye	Aye

Bill Nos. 52 (2018), 54 (2018), 56 (2018), and 57 (2018) were amended prior to passage on first reading.


RESOLUTION NOS. 18-85 AND 18-86 ADOPTED:

MEMBERS	Michael B. WHITE Chair	Robert CARROLL Vice-Chair	Alika ATAY	Eleanora COCHRAN	S. Stacy CRIVELLO	Donald S. GUZMAN	G. Riki HOKAMA	Kelly T. KING	Yuki Lei K. SUGIMURA
ROLL CALL	Aye	Aye	Aye	Aye	Aye	Aye	Aye	Aye	Aye

REFERRAL OF ITEMS 13 THROUGH 41 AND FILING OF COUNTY COMMUNICATIONS 18-11 AND 18-124:

MEMBERS	Michael B. WHITE Chair	Robert CARROLL Vice-Chair	Alika ATAY	Eleanora COCHRAN	S. Stacy CRIVELLO	Donald S. GUZMAN	G. Riki HOKAMA	Kelly T. KING	Yuki Lei K. SUGIMURA
ROLL CALL	Aye	Aye	Aye	Aye	Aye	Aye	Aye	Aye	Aye

Referral 17 was amended to also refer County contribution for Front Street Apartments pursuant to Senate Bill 2293 to the Budget and Finance Committee.



DEPUTY COUNTY CLERK

ORDINANCE NO. _____

BILL NO. _____ (2018)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.08, MAUI COUNTY CODE, BY ADDING A NEW SECTION RELATING TO COUNTY INVESTMENTS

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Chapter 3.08, Maui County Code, is amended by adding a new section to be appropriately designated and to read as follows:

“3.08.040 County investments. A. Investment policy.

1. The director of finance shall establish a policy on County investments through the promulgation of administrative rules in accordance with chapter 91, Hawaii Revised Statutes, or ordinance.

2. The investment policy shall establish guidelines regarding the investment of County moneys in excess of the amounts necessary for the meeting of immediate requirements when the action will not impede or hamper the necessary financial operations of the County.

3. The investment policy objectives shall be, in priority order, safety, liquidity, and yield.

4. The policy shall also set forth the process in which the determination of when moneys in excess of the amounts necessary for the meeting of immediate requirements when the action will not impede or hamper the necessary financial operations of the County may be invested.

B. Investment committee. There shall be established a County investment committee.

1. The committee shall be composed of the following members: director of finance, deputy director of finance, managing director, budget director, and accounting system administrator.

2. The committee shall meet at least monthly to recommend general investment strategies and written investment procedures and monitor investment results. The director of finance shall adopt strategies and approve investment procedures.

3. The committee shall review quarterly investment reports prepared by the treasurer. The reports shall include:

a. Listing of each security, face amounts, and discount/premium.

b. Coupon rates and buy yields of each security and average yield for the portfolio.

c. Value and accrued interest of each security.

d. Maturity and days to maturity for each security and the portfolio average maturity.

e. Transactions during the period, including purchase maturity and interest payments.

f. Book value and market value for each holding (and any unrealized gains and losses) at year end.

g. Expenses and penalties.

4. The treasurer shall within thirty days of the close of each fiscal quarter, submit a report to the committee of the actual cash balance at the end of the quarter versus the projections set forth in the schedule required by subsection C, below.

5. Any two members of the committee may request a special meeting. All members shall be notified of special meeting, in writing.

6. Three members shall constitute a quorum.

7. The director of finance shall chair the committee and produce agendas, minutes, and any necessary reports. The treasurer shall act as secretary, record and produce minutes and perform other duties as directed by the director of finance. It is the intent of this ordinance that the establishment and operation of the committee not be subject to chapters 91 or 92, Hawaii Revised Statutes, and that the formation and operation of the committee be deemed to be an internal management function of the department of finance.

C. Third-party investment contractor. The director of finance shall procure, in accordance with chapter 103D, Hawaii Revised Statutes, the services of a third-party investment contractor to oversee the investment of County funds as authorized by law and implementation of the County investment policy. The director of finance shall provide the third-party investment contractor with a schedule setting forth when moneys in excess of the amounts necessary for the meeting of immediate requirements when the action will not impede or hamper the necessary financial operations of the County are available to be invested and when the County will need moneys in order to meet the requirements of necessary financial operations for a twelve month period. The director of

finance shall provide this schedule within ten business days of the close of each quarter of the fiscal year. The third-party investment contractor shall use the schedule to determine the suitability of investments.”

SECTION 2. New material is underscored. In printing this bill, the County Clerk need not include the underscoring.

SECTION 3. This ordinance shall take effect upon its approval.

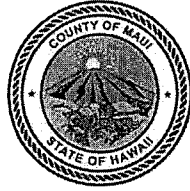
APPROVED AS TO FORM AND LEGALITY:



JEFFREY UEOKA
Department of the Corporation Counsel
County of Maui
2018-0422
2018-04-18 Ordinance



ALAN M. ARAKAWA
Mayor



RECEIVED
MARK R. WALKER
Director
2018 MAY -8 PM 3:32
OFFICE OF THE MAYOR

COUNTY OF MAUI
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

May 8, 2018

Honorable Mayor Alan Arakawa
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

For Transmittal to:

Honorable Mike White
Council Chair
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Alan Arakawa 5/9/18

Mayor Date

RECEIVED
2018 MAY 10 AM 9:56
OFFICE OF THE
COUNTY CLERK

Dear Chair White:

SUBJECT: FISCAL YEAR 2019 BUDGET (BF-1)

I am writing regarding the proposed amendment to Maui County Code, Chapter 3.08, which is proposing the addition of a new section related to County Investments. In this regard, I offer the following comments;

Section 1. A.2. – We would suggest that the language to "impede or hamper" be modified to say that the policy will seek to maximize investment income while assuring sufficient cash balances or other the immediate forms of daily liquidity are maintained to meet the ongoing obligations of the County.

Section 1. B.2. – Maui County's investment practices are very conservative. In keeping with our Investment Policy, we do not invest in any securities not authorized by HRS and we only buy securities with the intent to hold them until they mature. We also carefully manage cash so we can be assured that we have cash to pay bills without requiring investments to be sold. Given the aforementioned, I would suggest that requiring a monthly meeting by ordinance may be unnecessarily costly and burdensome and that a quarterly meeting of the Investment Committee would be sufficient. A quarterly meeting would provide meaningful investment performance reports and other information needed

COUNTY COMMUNICATION NO. 18-178

White Mike, Chair
Maui County Council
May 8, 2018
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to review and make appropriate changes and adjustments if needed. It is anticipated that the Treasurer and designated staff would confer with the County's chosen Third Party Investment Advisor on a regular basis including weekly communications and keep the Director of Finance apprised accordingly.

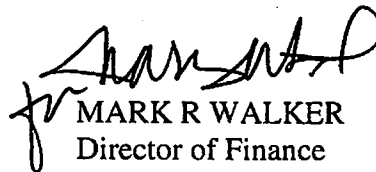
Section 1. B.7. – “The director of finance shall chair the committee and approve agendas, minutes and ...”

Section 1. B. 4. – Request that within thirty days of the close of each quarter that the Treasurer will submit a report to the committee prepared by the third party advisor regarding the county's investments, liquidity and cash position. The report will compare the cash on hand to the cash forecasts provided under Section C.

Section 1. C. – Suggest the substitution of the word “Registered Investment Advisor” for “Contractor” in this section. I would suggest that Director of Finance will work with Registered Investment Advisor and consult with and provide the advisor the periodic cash flow forecasts, reviewed and adjusted monthly, to assure that that County maintains sufficient cash to pay obligations when due while allowing the advisor to assist in prudently managing investment returns in compliance with the County Investment Policy. To be clear, knowing exact cash needs one year in advance is difficult as exact cash flows from the RPT cycle varies, required payments on the various ongoing CIP projects is uncertain, and the cross over from one budget year to the next also creates cash flow unknowns. Given these factors, the 12 month projection will be overly conservative to account for these cash flow uncertainties and may reduce investment returns.

Thank you for the opportunity to provide comment on this proposed legislation. Should the Council have any questions or regard further clarification please feel free to contact me at x7474. Thank you.

Sincerely,


for MARK R WALKER
Director of Finance

cc: May-Anne Alibin, Treasurer