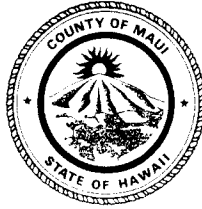


ALAN M. ARAKAWA
MAYOR



KEITH A. REGAN
MANAGING DIRECTOR

OFFICE OF THE MAYOR

Ke'ena O Ka Meia
COUNTY OF MAUI – Kalana O Maui
April 6, 2017

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

For Transmittal to:

Honorable Riki Hokama
Chair, Budget and Finance Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Alan Arakawa 9/6/17

Dear Chair Hokama:

SUBJECT: FISCAL YEAR (“FY”) 2018 BUDGET (BD-14) (BF-1)

Pursuant to your letter dated April 4, 2017, I am transmitting a response to your request for an explanation of how the adjustments based on inflationary factors were calculated for each of the following sub-objects: 6022 Gasoline, Diesel, Oil, etc.; 6150 sewer charges; 6120 electricity; and 6178 water delivery charges.

Response: Inflationary adjustments were based on the average of FY 2015 and FY 2016 actual usage multiplied by a compounded rate of 0.05 for water, sewer, and electricity and 0.03 for gasoline and diesel fuel (less) the FY 2017 adopted amount. Attached is the inflationary factor schedule that was used to calculate the adjustments which can also be found on page 4 of the program budget under Reader’s Guide to the Budget.

Please note that FY 2015 and FY 2016 actuals may differ due to the timing differences between extraction of the report(s) from IFAS and release of the budget instructions to the departments in August.

In addition, if a department did not agree with the calculations reflected in the analysis, a justification was provided to the Budget Director and adjusted appropriately in the FY 2018 proposed budget.

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me at Ext. 7212.

Sincerely,

LYNN ARAKI-REGAN
Budget Director

Attachment
xc: Mayor Alan M. Arakawa

RECEIVED
APR 11 2017 11:53 AM
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**COUNTY OF MAUI
OFFICE OF THE MAYOR - BUDGET DIVISION
INFLATIONARY FACTOR**

Section 4
Appendix B

<u>Item</u>	<u>Sub-Object Code</u>	<u>FY 2018</u>
<u>Water</u>	6178	0.05 *
<u>Sewer</u>	6150	0.05 *
<u>Electricity</u>	6120	0.05 *
<u>Propane</u>	6022	0.02 *
<u>Gasoline and Diesel Fuel</u>	6022/6023	0.03 *

*Inflationary factors are applied to the average of FY 2015 and FY2016 actual expenditures. Reductions should be reflected for energy savings measures. Increases other than inflation need to be presented as an expansion.

