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David M. Raatz, Jr., Esq.

Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 29, 2025

Ms. Marcy Martin, Director
Department of Finance
County of Maui
Wailuku, Hawaii 96793

Dear Ms. Martin:

SUBJECT: **FISCAL YEAR 2026 BUDGET** (BFED-1) (FN-04)

Please be prepared to answer the following questions at the Budget, Finance, and Economic Development Committee meeting on **March 31, 2025**. This will enable the Committee to comprehensively review the FY 2026 Budget.

May I further request that, after approval by the Office of the Mayor, you transmit your answers to bfed.committee@mauicounty.us by the end of day on **April 4, 2025**, by **4:30 p.m.**

Overall

1. What is your Department's employee turnover rate over the past fiscal year and how does it compare to the prior fiscal year? (GJ)
 - a. Do you believe a recruitment and retention pay program is needed to address staffing challenges?
 - b. Other departments, such as Planning and Water Supply, have included such programs in their budgets. Are there any known obstacles preventing your Department from implementing a similar approach? (GJ)
2. Which vacant, reallocated, or retitled positions have an approved position description, established minimum qualifications, and have been posted for recruitment? (TP)

3. What is the likelihood of reaching a settlement agreement with the Hawaii Fire Fighters Association to provide temporary hazard pay for Maui County firefighters, as supported by Resolution 25-78? (NUH)
4. Please provide the current repayment schedule for the Johnson Controls, Inc. contract, including how payments are being made and the annual cost savings realized. In addition, provide copies of the current JCI contracts for Phases I and II. (YLS)
5. Beyond the creation of the Land Management Administrator position, what specific actions are being taken to reduce the County's liability with County-owned lands—whether held through ownership, Executive Order, lease, or other means—that are not properly managed or maintained? (TP)
6. For the Administration Program, Goal #5, Item 2, the Quarter 2 Budget Implementation Report states that 61 percent of operational policies and procedures have been documented. Please provide a list identifying which policies and procedures have been documented and which remain outstanding. (Page 249, Program Budget) (NUH)
7. Owner-Occupied and Long-Term Rental classifications show rate decreases despite valuation increases. How does the Administration project this will affect residents, overall will residents be paying higher property taxes, how does this strategy align housing policy goals? (YLS)
8. For the Motor Vehicles and Licensing Program, Goal #2, Item 3, what actions are being taken to increase the number of vehicle registrations completed through alternative service portals? What strategies are being considered to further increase the percentage of online vehicle registration transactions? (Page 269, Program Budget) (NUH)
9. The Quarter 2 Budget Implementation Report for the Real Property Assessment Program, Goal 1, states that no public sessions have been conducted. What types of public sessions are typically offered and how does the program plan to meet this goal? Has the Department considered alternative public outreach methods, such

as mailers, social media, or other communication tools? (Page 263, Program Budget) (NUH)

Salaries and Wages (Category “A”)

1. What is the status of HGEA negotiations for bargaining unit employees whose current contract expires on June 30, 2025? (Page 8-49, Budget Details) (NUH)
2. Are Bargaining Unit 13 step increases authorized under a current collective bargaining agreement? If so, are these increases reflected in the FY 2026 Budget for all BU-13 positions? (Pages 8-3, 8-4, 8-9, 8-14, 8-17, 8-21, 8-22, and 8-23, Budget Details) (TC)
3. The Department is requesting the reinstatement of funds that were reduced in the FY 2025 Budget. Please explain the basis for this request, particularly in light of existing vacancies and funded positions that have not yet been established. (Pages 8-4, 8-9, 8-14, 8-17, and 8-23, Budget Details) (TC)
4. Is the Maui County Transient Accommodations Tax office fully staffed? (Pages 8-3 and 8-4, Budget Details, 907015A) (TP)
5. Provide the status of P-XX161 Land Management Administrator. (Page 8-3, Budget Details) (YLS)
6. The Land Management Administrator position has been funded for nearly seven years. Has the position description, including minimum qualifications, been established? Has the position been posted for recruitment? What progress has been made over the past six years to fill this position? (Page 8-3, Budget Details, P-XX161) (TP)
7. The following positions have not been created but have appeared in prior FY budgets. Please provide the current status of each position and indicate whether the positions are still warranted:
 - a. P-XX160 Tax Clerk I (Page 8-3)
 - b. P-XX161 Land Management Administrator (Page 8-3)
 - c. P-X3011 Tax Auditor IV (Page 8-4)
 - d. P-X3013 Tax Information Specialist I (Page 8-4)
 - e. P-XX166 Accountant II (Page 8-9)
 - f. P-XX167 Accountant II (Page 8-9)

- g. P-XX019 Property Valuation Analyst I (Page 8-28)
(Budget Details) (TC)

Operations and Equipment (Categories “B” and “C”)

1. Please provide a detailed cost breakdown of the \$600,000 requested for new workstations and furnishings for the Kalana O Maui Building second floor. How many workstations are being created and what specific furnishings are proposed? Is this request in addition to the four cubicles funded in the prior FY budget for \$35,000, or does it include furniture and hardware for those previously created cubicles? Are the positions that will use these workstations currently filled? (Page 253, Program Budget and Page 8-8, Budget Details) (NUH) (TC) (TP)
2. Relating to the \$85,000 expansion request for Professional Services, Administration Program, please explain the expenses related to the new Land Management Section database. How many departments or staff members are expected to use the software? (Page 8-6, Budget Details, 907014B, 6132) (NUH)
3. Is the Countywide aerial imagery contract an annual expense? (Page 8-30, Budget Details, 907060B, 6112) (TP)
4. Relating to the \$218,659 expansion request for Contractual Service , previous costs were shared by multiple agencies. Please identify the agencies that previously shared in the cost and indicate whether they have discontinued use of the program. Does RPAD now assume the full cost? (Page 8-30, Budget Details, 907060B, 6112) (NUH)
5. Has the Department established a reconciliation process for MCTAT, conducted audits of any legacy exclusions—specifically those related to transient accommodations provided prior to the enactment of the County’s TAT ordinance and within the three-year period during which TAT cannot be passed on to the customer—and issued assessment notices to collect delinquent MCTAT? (Page 8-7, Budget Details, 907015B-6244) (TP)
6. The unit cost per license produced is anticipated to increase. Is the County absorbing this cost increase or is there a plan to adjust fees to recover all or part of the added expense? (Page 8-25, Budget Details) (TP)

7. Who is the County's current investment advisor and when were the most recent increases to the investment advisory expenses implemented? What accounts for these increases? When were these services last procured through a competitive bidding process? (Page 8-11, Budget Details, 907074B-6132) (TP)

Countywide

1. Please provide current balances for the Special Revenue Funds listed under Countywide Costs. (Page 8-47, Budget Details) (NUH)
2. What is the total amount of Carryover/Savings from FY 2024? Please provide the FY 2024 Actual vs. Adopted Countywide Costs and a breakdown of how the total amount of Carryover/Savings has been, or is being, spent. (Pages 80 and 284, Program Budget) (TP)
3. How was \$122,934,571 in Carryover/Savings calculated? (Page 80, Program Budget and Page 1, Section 2, From Other Sources, Carryover/Savings, General Fund) (NUH)
4. It appears that the \$51 million certification for Bill 15 (2025) is included in the FY 2026 Budget. If so, please clarify why it was included, given that the certification was issued in FY 2025 and Bill 15 is pending consideration in Committee (see attachment). (Page 1, Budget bill, Section 2, From Other Sources, Carryover/Savings, General Fund) (YLS)
5. For FY 2026, "estimated revenues derived from the General Fund's Licenses, Permits, & Others is \$28.8 million reflecting an increase of \$13.5 million or 88.5 percent from FY 2025." Please provide a breakdown of these estimated revenues. (Page 79, Program Budget) (NUH)
6. Please provide a breakdown of County fuel tax revenues collected to date in FY 2025, by fuel type - gasoline and diesel oil, biodiesel blend, ethanol, methanol, and liquefied petroleum gas. (Page 19, Program Budget) (YLS)
7. If the Public Service Company Tax were not in effect, what would be the estimated amount of real property tax owed to the County for parcels owned or occupied by public service companies? (Page 18, Program Budget) (YLS)

8. Are there any anticipated impacts to Franchise Tax revenues resulting from ongoing wildfire-related litigation? (Pages 19 and 20, Program Budget) (YLS)
9. It appears that 5 percent of real property tax revenue is allocated to the Affordable Housing Fund in the FY 2026 proposed Budget. What is the rationale for reducing the allocation to 5 percent after two consecutive years of allocating 8 percent? (Page 284, Program Budget) (TP)
10. What is the total TAT collected to date in FY 2025? Has the Department collected unpaid TAT owed to the County dating back to FY 2022? Does the Department have adequate staffing and IT resources to ensure full collection of TAT revenues owed to the County? (Pages 17 and 18, Program Budget) (YLS)
11. What factors are considered when projecting Transient Accommodations Tax revenues and the assumed 1.3% annual growth through FY 2031? Are County actions included in the model, and if so, which specific actions could affect the forecast? In light of national economic forecasts indicating the potential for a recession, was any economic downturn scenario considered in the development of this projection for FY 2026? (Pages 17 and 18, Program Budget) (GJ)
12. Regarding the \$775,000 request for full-service Transient Accommodations Tax software, what is the name of the software being purchased and who is the vendor? Will this software be procured through a competitive bidding process? Who will oversee the rollout and how many staff members will be trained to use it? Will the software support reconciliation of taxpayer state filings and MCTAT payments? Is this a one-time expense or will there be an ongoing annual cost? If ongoing, what is the anticipated annual expense? Has the Department reviewed similar TAT software used by other counties and their associated costs? Has any reconciliation work been done with Hawai'i County to implement an Access database to support delinquency assessments? How many MCTAT delinquencies are currently known, how much of the \$9.3 million referenced in County Auditor's Report 23-1 has been collected to date, and how much time remains for the County to collect outstanding delinquencies? (Page 8-7, Budget Details, and Page 253, Program Budget) (NUH) (GJ) (TP)

13. Bond Issuance and Debt Service are proposed to increase by \$17,725,559, or 29.9 percent. Please provide a detailed breakdown of this increase. If the increase is attributable to an upcoming bond issuance, identify the total proposed issuance amount and explain the methodology used to calculate the projected debt service. (Page 284, Program Budget) (YLS)
14. The \$78,244,365 proposed contribution to the Employees' Retirement System includes funding for the spiking bill.
 - a. Please explain the amount allocated specifically for spiking and how it was calculated.
 - b. Provide a copy of the spiking bill.(Page 8-49, Budget Details) (YLS)
15. How was the uncommitted balance of ARPA funds, totaling \$210,792.88, expended? (FN-7, BFED-1, FY 2025) (TP)

Appendix A, Part II

1. What progress has the Department made in coordinating with the Departments of Housing and Corporation Counsel to address the special condition related to the SMA permit issued to Seibu Hawaii, Inc. for the Makena Resort's unfulfilled employee housing obligation in the Central Maui-Kihei area, particularly in light of the resort's sale? (Page 47, Budget bill, A. Housing Interim Financing and Buy-Back Revolving Fund – Chapter 3.32, Maui County Code) (TP)
2. Maui County Code Section 3.39.040 provides that: (a) the Director of Finance shall establish a separate account to record all revenues derived from Maui Interscholastic League fees and expenditures from the fund; and (b) expenditures shall be made through appropriations in the annual budget ordinance. Where is this appropriation reflected in the Budget bill or does the Administration intend for the Council to appropriate expenditures from this fund in the FY 2026 Budget? (Page 55, Budget bill, U. Maui Interscholastic League Fees Fund (Chapter 3.39, Maui County Code)) (GJ)

Appendix B

1. In Account 3101, Real Property Taxes, the notes do not appear to reflect recently enacted ordinances. Could you please confirm whether these citations and related language have been updated? If not, please provide proposed revisions for this section. If the Maui County Code no longer supports the cited language, please explain the basis for its continued inclusion and indicate whether there is a plan to submit a revision to align the footnotes with current law. (Page 11, Appendix B, Ramseyered) (YLS)
2. Are properties covered under Ordinance 5582 required to resume paying real property taxes in FY 2026? Does the requirement depend on whether a home has been reconstructed? (Page 11, Appendix B, Ramseyered, 3101, Sections 3.48.230 and 3.48.415, Maui County Code) (TP)
3. Is the Department aware that approximately 107 landlords and property managers received correspondence this month from FEMA and Aesthetic Home Investment (AHI), stating that they have not received federal payments since January 2025 and are pausing payments under the Direct Lease program? The notice indicated that FEMA is reviewing funding allocations to ensure alignment with recent Executive Orders and that vendors will be notified upon completion of the review. (Page 11, Appendix B, Ramseyered, 3101, Sections 3.48.466(B) and 3.48.551, Maui County Code) (TP)
4. What are the most recent median and average assessed values for residential homes? If Tier 1 of the Non-Owner-Occupied tax category were aligned with the median assessed value, would that threshold capture the vast majority of genuine long-term rental properties? (Proposed Budget Synopsis – Proposed Real Property Tax Rates) (SS)
5. Please provide the following information for the proposed tiered structure of the Non-Owner-Occupied tax classification:
 - a. For the following proposed NOO tax classification tier structure (see below 1, 2, and 3):
 - i. How many parcels fall within each of the proposed tiers listed below?
 - ii. What is the total assessed value for each tier?

- iii. What amount of tax revenue would be generated from each tier?
- iv. For the following tiered tax structure, what would be the effective tax rates for Tiers 2 and 3?
 - 1. Tier 1: Less than or equal to the median value
 - 2. Tier 2: Median value plus 1 to average value
 - 3. Tier 3: Average value plus 1 and above

(Proposed Budget Synopsis – Proposed Real Property Tax rates) (SS)

- 6. Please provide the following information for the proposed tiered structure of Short-Term Rental and Short-Term Rental Home (STR-STRH) tax classifications:
 - a. For the following proposed STR-STRH tax classification tier structure (see below 1, 2, and 3):
 - i. How many parcels fall within each of the proposed tiers listed below?
 - ii. What is the total assessed value for each tier?
 - iii. What amount of tax revenue would be generated from each tier?
 - iv. For the following tiered tax structure what would be the effective tax rates for Tiers 2 and 3?
 - 1. Tier 1: Less than or equal to median value
 - 2. Tier 2: Median value plus 1 to average value
 - 3. Tier 3: Average value plus 1 and above

(Proposed Budget Synopsis – Proposed Real Property Tax rates) (SS)

- 7. Please provide the following information for the proposed tiered structure of Short-Term Rental and Short-Term Rental Home (STR-STRH) tax classifications:
 - a. For the following proposed STR-STRH tax classification tier structure (see below 1, 2, and 3):
 - i. How many parcels fall within each of the proposed tiers listed below?

- ii. What is the total assessed value for each tier?
- iii. What amount of tax revenue would be generated from each tier?
- iv. For the following tiered tax structure what would be the effective tax rates for Tiers 2 and 3?
 1. Tier 1: Less than or equal to \$800,000
 2. Tier 2: \$800,001 - \$1,200,000
 3. Tier 3: \$1,200,001

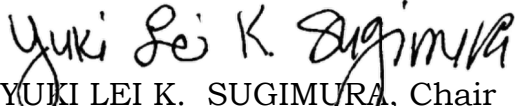
(Proposed Budget Synopsis – Proposed Real Property Tax rates) (SS)

8. Is there a digital option to obtain real property tax maps on a flash drive or are the maps only available on CD-ROM? If CD-ROM only is offered, please explain whether there are plans to provide additional digital formats, such as USB flash drives or online access. (Page 14, Appendix B, Ramseyred, 3410) (TP)
9. Provide the estimated fuel tax revenue based on the Mayor's proposed rates and the calculations used to generate the estimate. Include sufficient information for the Committee to calculate potential revenue using different rates. (Page 51, Appendix B, 3120, 3121, and 3122) (YLS)
10. Provide the estimated motor vehicle weight tax revenue based on the Mayor's proposed rates for: 1) passenger vehicles and trucks and noncommercial vehicles not exceeding 6,500 pounds; and 2) all other motor vehicles. Include the calculations used to estimate the revenue for both categories and provide sufficient information for the Committee to calculate potential revenue using different rates. (Page 16, Appendix B, 3248 to 3297) (YLS)
11. Provide an update on a potential road usage charge in place of a flat highway improvement fee for electric and hybrid-electric vehicles. (Page 16, Appendix B, 3248 to 3297) (YLS)
12. Please provide an update on the leases, subleases, licenses, and rights of entry listed in Appendix B-1 that have expired or are set to expire prior to or during FY 2026. Is Tax Map Key (3) 3-8-007:101, leased to Balthazar and TJ Gomes, currently on a month-to-month basis? Are the two vacant lots in the Kula Agricultural Park, Lots 30 and 31, ready to be leased? (Pages 3, 4, 5, and 7, Appendix B-1) (TP)

Ms. Marcy Martin
March 29, 2025
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Should you have any questions, please contact me or the Committee staff (Kirsten Szabo at ext. 7662, James Krueger at ext. 7761, Jarret Pascual at ext. 7141, Clarissa MacDonald at ext. 7135, or Pauline Martins at ext. 8039).

Sincerely,


YUKI LEI K. SUGIMURA, Chair
Budget, Finance, and Economic
Development Committee

bfed:2026 bgt:250328afn01:kes

Attachment

cc: Mayor Richard T. Bissen, Jr.
Budget Director
Deputy Director of Finance

RICHARD T. BISSEN, JR.
Mayor

JOSIAH NISHITA
Managing Director

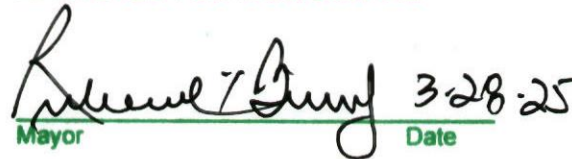


OFFICE OF THE MAYOR
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

March 28, 2025

Honorable Richard T. Bissen, Jr.
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL


Mayor Date 3-28-25

For Transmittal to:

Honorable Yuki Lei K. Sugimura, Chair
and Members of the Budget, Finance, and Economic Development Committee
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Sugimura:

SUBJECT: **FISCAL YEAR ("FY") 2026 BUDGET** (BFED-1) (BD-02)

Pursuant to your correspondence dated March 21, 2025 requesting an updated version of the Carryover/Savings spreadsheet, please see attached.

In addition to the unrestricted fund balance which is shown on the attached spreadsheet, anticipated additional revenues based on the funds collected in the first half of FY 2025 are also included in the Fiscal Year 2026 Budget Carryover/Savings amount. Finally, the Sewer Fund, Liquor Fund, and Water Fund, have also recognized projected savings from Fiscal Year 2025 derived from operating costs or Capital Improvement Project funding.

Should you have any questions, please contact me at ext. 8239.

Sincerely,



LESLEY MILNER
Budget Director

Attachment

APPROVED FOR TRANSMITTAL

[Handwritten signature]

Mayor

Date

CARRYOVER/SAVINGS ESTIMATE - FISCAL 2026									
	COMBINED	GENERAL FUND	HIGHWAY FUND	SEWER FUND	LIQUOR FUND	BIKEWAY FUND	SOLID WASTE FUND	EP&S FUND	DWS TOTAL
TOTAL FUND BALANCE									-
PER CAFR 06/30/24	566,916,778	461,654,805	38,015,508	19,472,432	1,555,296	131,071	12,831,460	2,950,816	30,305,391
LESS: Restricted	(145,129,438)	(145,129,438)							
LESS: Committed	(72,853,623)	(72,853,623)							
LESS: Assigned (Encumbrances)	(71,055,359)	(71,055,359)							
LESS: Encumbrances	(23,224,974)	-	(11,656,566)	(4,772,878)	(20,503)		(5,729,287)	(1,045,740)	
ACTUAL FY2024 CARRYOVER	254,653,383	172,616,384	26,358,942	14,699,554	1,534,793	131,071	7,102,173	1,905,075	30,305,391
CARRYOVER/SAVINGS USED IN FISCAL 2025:									
ORIGINAL BUDGET (per Ordinance)	(103,932,430)	(50,732,599)	(17,365,696)	(10,229,492)	(854,621)	-	(3,313,077)	(920,551)	(20,516,394)
FY 2025 BUDGET	(103,932,430)	(50,732,599)	(17,365,696)	(10,229,492)	(854,621)	-	(3,313,077)	(920,551)	(20,516,394)
EXCESS OF ESTIMATED ACTUAL OVER BUDGET AS AMENDED	150,720,953	121,883,785	8,993,246	4,470,062	680,172	131,071	3,789,096	984,524	9,788,997
ESTIMATED CARRYOVER/SAVINGS AS OF 6/30/24	150,720,953	121,883,785	8,993,246	4,470,062	680,172	131,071	3,789,096	984,524	9,788,997
FY25 Certification:									
BD-BA 25-06_DWS_Ops Water Generators									3,500,000
BD-BA 25-14_DWS_Ops Fitting/Vlave replacements									1,700,000
BD-BA 25-15_Oper_Mgmt		865,000							
BD-BA_25-16_Oper_OED NOAA Grant		100,000							
BD-BA_25-22_Oper_OED_Alexander Academy		55,285							
BD-BA_25-23_Oper_Oiwi_Salaries		67,056							
BD-BA_25-27_Oper_Parks_Fire Prevention Equipment		105,413							
BD-BA_25-36_MD_60 Church Street_CIP		1,500,000							
BD-BA_25-37_Oper_Transportation_MEO		97,460							
BD-BA_25-51_Oper_OED_Maui Fair		1,500,000							
BD-BA_25-58_CIP_Management_Von Tempsky		9,100,000							
BD-BA_25-60_Oper_Mayor_Akaku_\$40k		40,000							
BD-BA_25-63_Oper_Fire_Helicopter_\$300k		300,000							
Total Certifications submitted pending appropriation	-	13,730,214	-	-	-	-	-	-	5,200,000
Carryover after Certifications	150,720,953	108,153,571	8,993,246	4,470,062	680,172	131,071	3,789,096	984,524	4,588,997

BFED Committee

From: BFED Committee
Sent: Saturday, March 29, 2025 8:34 PM
To: Marcy Martin
Cc: BFED Committee; Maria Zielinski; Stacey.M.Vinoray@co.maui.hi.us; 'Michelle Santos'; 'Zeke Kalua'; Lesley Milner; kristina.cabbat@co.maui.hi.us; tiare.p.horner@co.maui.hi.us; Janina Agapay
Subject: FISCAL YEAR 2026 BUDGET (BFED-1) (FN-04); reply by 4/4/2025
Attachments: (FN-04) Correspondence to Finance 03-29-2025.pdf