

COUNCIL OF THE COUNTY OF MAUI
**BUDGET, FINANCE, AND ECONOMIC
DEVELOPMENT COMMITTEE**

March 7, 2025

**Committee
Report No. _____**

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget, Finance, and Economic Development Committee,
having met on February 18, 2025, makes reference to the following:

1. Bill 15 (2025), entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET FOR THE COUNTY OF MAUI, ESTIMATED REVENUES; DEPARTMENT OF FINANCE, COUNTYWIDE COSTS; AND CAPITAL IMPROVEMENT PROJECTS, DEPARTMENT OF MANAGEMENT, COUNTYWIDE.”

Bill 15’s purpose is to amend the Fiscal Year 2025 Budget by:

- 1) amending Section 2, Estimated Revenues, by: a) increasing Interfund Transfers by \$18,000,000; b) reducing Bond/Lapsed Bond by \$18,000,000; and c) increasing Carryover/Savings from the General Fund by \$51,814,799;
- 2) amending Section 3.B.6.g., Department of Finance, Countywide Costs, by: a) increasing the Supplemental Transfer to the Highway Fund by \$18,000,000; and b) inserting a new appropriation, entitled “Reimbursement to the General Fund for projects previously budgeted under Bond Fund,” in the amount of \$33,814,799;
- 3) amending Section 4.C.1.a., Department of Management, Countywide, Other Projects, by changing the funding source for Road and Sidewalk Repairs Related to the August 2023 Wildfires, Roadway Connectivity for Evacuations, and Roadway Connectivity for Evacuations - Land Acquisition from Bond Fund to General Fund; and
- 4) adjusting the totals accordingly.

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2. A Certification of Additional Revenues for FY 2025, dated January 31, 2025, for \$51,814,799 in Carryover/Savings from the General Fund.
3. Bill 17 (2025), entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET FOR THE COUNTY OF MAUI, GENERAL BUDGET PROVISIONS, SECTION 18 (A).”

Bill 17’s purpose is to amend the FY 2025 Budget, General Budget Provisions, Section 18(A), to increase the maximum aggregate amount of unreimbursed transfers and loans from County funds to the Bond Fund or the Housing Interim Financing and Buy-Back Revolving Fund from \$100,000,000 to \$250,000,000.

Your Committee notes that the Council approved increasing the maximum aggregate amount from \$55,000,000 to \$100,000,000 during the FY 2025 Budget session.

Your Committee further notes that as of January 31, 2025, the County’s limit under Section 18(A) is estimated to be \$96,735,520.

The Managing Director said the Administration had expected an increase in capital improvement project spending to support recovery efforts resulting from the August 2023 Maui Wildfires.

The Managing Director also said the Administration did not issue bonds based on recommendations from the County’s financial advisors, including bond counsel. He noted that the County’s financial advisors cautioned that uncertainties from the wildfires, including related litigation, may lead to higher interest rates and borrowing costs.

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A representative from the Administration said that a bond issuance had been planned for February 2025 and that the County has not issued a bond since September 2022.

Your Committee discussed that the delay in the bond issuance, combined with the increase in spending, caused the County to approach the limit on unreimbursed transfers and loans sooner than anticipated.

Your Committee notes that on February 10, 2025, the Supreme Court of the State of Hawai'i issued a decision relating to a wildfires litigation settlement. This decision, along with a \$1.6 billion Community Development Block Grant for Disaster Recovery from the United States Department of Housing and Urban Development, assures the County's financial advisors that the County can pursue bond issuance with more certainty. Accordingly, the Administration plans to issue bonds in August 2025.

Your Committee noted that once the maximum aggregate limit is reached, the County is unable to temporarily use more County funds for bond-related expenditures unless:

1. The maximum unreimbursed transfers and loans amount is increased; or
2. The amount of unreimbursed transfers and loans is decreased, whether through bond issuance or another means.

The Administration transmitted two proposals to address the issue: Bill 15, which shifts the funding source for existing capital improvement projects from Bond Fund to Carryover/Savings from the General Fund, reducing the current unreimbursed transfers and loan amount by about \$51,800,000; and Bill 17.

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Your Committee expressed concern for raising the limit on unreimbursed transfers and loans but acknowledged that an immediate fix is needed. Your Committee agreed to amend Bill 17 to increase the limit to \$150,000,000.

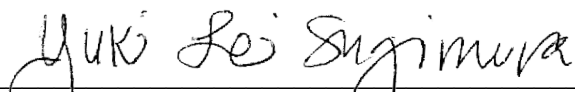
Your Committee deferred Bill 15 for possible consideration at a later date.

Your Committee voted 9-0 to recommend passage of Bill 17, CD1 (2025), on first reading. Committee Chair Sugimura, Vice-Chair Kama, and members Cook, Johnson, Lee, Paltin, Rawlins-Fernandez, Sinenci, and U‘u-Hodgins voted “aye.”

Your Committee is in receipt of Bill 17, CD1 (2025), entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET FOR THE COUNTY OF MAUI, GENERAL BUDGET PROVISIONS, SECTION 18(A),” approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee’s recommended revisions and nonsubstantive revisions.

Your Budget, Finance, and Economic Development Committee RECOMMENDS that Bill 17, CD1 (2025), attached, entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET FOR THE COUNTY OF MAUI, GENERAL BUDGET PROVISIONS, SECTION 18(A),” be PASSED ON FIRST READING and be ORDERED TO PRINT.

This report is submitted in accordance with Rule 3 of the Rules of the Council.



YUKI LEI K. SUGIMURA, Chair

ORDINANCE NO. _____

BILL NO. 17, CD1 (2025)

A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET
FOR THE COUNTY OF MAUI, GENERAL BUDGET PROVISIONS,
SECTION 18(A)

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

SECTION 1. Ordinance 5657, Bill 60, CD1, FD2 (2024), as amended,
“Fiscal Year 2025 Budget,” General Budget Provisions, Section 18(A) is amended
to read as follows:

“GENERAL BUDGET PROVISIONS

SECTION 18. **Transfers and loans.** (A) For the purpose of this section, “County fund” excludes pension or retirement funds, funds under the control of any independent board or commission, funds set aside for the redemption of bonds or the payment of interest thereon, park assessment funds, or special purpose funds. If there is money in any County fund that the Director of Finance determines to be in excess of the amount necessary for the fund’s immediate requirements, the Director of Finance may make a temporary transfer or interest-free loan from the fund to the Bond Fund or the Housing Interim Financing and Buy-Back Revolving Fund, if the transfer or loan will not impede the County’s necessary or desirable financial operations. The amount of temporary transfers or loans must not exceed the amount of general obligation bonds, state loans, or notes authorized but not issued. At any time, the aggregate amount of transfers and loans that are unreimbursed must not exceed ~~[\$100,000,000.]~~ \$150,000,000. Money transferred or loaned must be expended only for appropriations from the Bond Fund or the Housing Interim Financing and Buy-Back Revolving Fund, which appropriations are specified to be financed from the sale of general obligation bonds or notes. The fund from which transfers or loans are made must be reimbursed from time to time, in whole or in part, as determined by the Director of Finance, and must be reimbursed from the proceeds of the sale of general obligation bonds, notes, or state loans, when issued.”

SECTION 2. Material to be repealed is bracketed. New material is underscored. In printing this bill, the County Clerk need not include the brackets, the bracketed material, or the underscoring.

SECTION 3. This Ordinance takes effect on approval.

APPROVED AS TO FORM AND LEGALITY:



KRISTINA C. TOSHIKIYO

Department of the Corporation Counsel
County of Maui

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INTRODUCED BY:

A handwritten signature in cursive script, appearing to read "Alice L. Lee".

ALICE L. LEE

Upon the request of the Mayor.