

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

October 6, 2017

Committee
Report No. _____

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 September 12, 2017, makes reference to County Communication 17-313, from the Budget Director, transmitting the following:

1. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2018 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES; DEPARTMENT OF WATER SUPPLY, WAILUKU-KAHULUI COMMUNITY PLAN AREA, WATER SUPPLY, WAILUKU WATER COMPANY ACQUISITION; TOTAL CAPITAL IMPROVEMENT PROJECT APPROPRIATIONS; AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)."

The purpose of the proposed bill is to amend the Fiscal Year 2018 Budget by 1) increasing Carryover/Savings from the Water Fund by \$150,000; and 2) adding an appropriation of \$150,000 under the Department of Water Supply, Wailuku-Kahului Community Plan Area, Water Supply, Water Supply Fund – Unrestricted, for the Wailuku Water Company Acquisition. The funds will be used for an appraisal of property and infrastructure owned by Wailuku Water Company, LLC.

2. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2018 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX C – CAPITAL IMPROVEMENT PROJECTS, DEPARTMENT OF WATER SUPPLY, WAILUKU-KAHULUI COMMUNITY PLAN AREA, WAILUKU WATER COMPANY ACQUISITION."

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The purpose of the proposed bill is to amend the Fiscal Year 2018 Budget, Appendix C, Capital Improvement Projects, by adding 1) an appropriation of \$150,000 under the Department of Water Supply, Wailuku-Kahului Community Plan Area, for the Wailuku Water Company Acquisition; and 2) a description of the project.

3. A Certification of Additional Revenues for Fiscal Year 2018, dated July 21, 2017, for \$150,000 in Carryover/Savings from the Water Fund.

Your Committee met on February 14, 2017 and June 13, 2017 to consider proposed bills to amend the Fiscal Year 2017 Budget to provide funding for an appraisal of property and infrastructure owned by Wailuku Water Company, LLC.

Your Committee was also in receipt of County Communication 17-37, from the Budget Director, transmitting the following:

1. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2017 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES; DEPARTMENT OF WATER SUPPLY, WAILUKU-KAHULUI COMMUNITY PLAN AREA, WATER SUPPLY, WAILUKU WATER COMPANY ACQUISITION; TOTAL CAPITAL IMPROVEMENT PROJECT APPROPRIATIONS; AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)."

The purpose of the proposed bill is to amend the Fiscal Year 2017 Budget by 1) increasing Carryover/Savings from the Water Fund by \$150,000; and 2) adding an appropriation of \$150,000 under the Department of Water Supply, Wailuku-Kahului Community Plan Area, Water Supply, Water Fund - Unrestricted, for the Wailuku Water Company Acquisition. The funds will be used for an appraisal of

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property and infrastructure owned by Wailuku Water Company, LLC.

2. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2017 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX C - CAPITAL IMPROVEMENT PROJECTS, DEPARTMENT OF WATER SUPPLY, CENTRAL MAUI COMMUNITY PLAN AREA, WAILUKU WATER COMPANY ACQUISITION."

The purpose of the proposed bill is to amend the Fiscal Year 2017 Budget, Appendix C, Capital Improvement Projects, by adding 1) an appropriation of \$150,000 under the Department of Water Supply, Central Maui Community Plan Area, for the Wailuku Water Company Acquisition; and 2) a description of the project.

3. A Certification of Additional Revenues for Fiscal Year 2017, dated December 14, 2016, for \$150,000 in Carryover/Savings from the Water Fund.

The Mayor informed your Committee the County is interested in purchasing approximately 8,764 acres of land and the surface water conveyance system owned by Wailuku Water Company, LLC (the "Owner"). The funds, if approved, will be used for an appraisal.

By correspondence dated March 17, 2017, the Chair of your Committee requested the Mayor provide information regarding the business operations, condition of the surface water conveyance system, and other related matters related to the proposed acquisition.

By correspondence dated June 1, 2017, the Mayor provided general responses, indicating a confidentiality agreement between the County and the Owner is needed to obtain the documentation requested by your Committee.

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Your Committee did not receive the necessary documentation and information requested prior to the end of Fiscal Year 2017 on June 30, 2017. Therefore, your Committee took no action on the proposed Fiscal Year 2017 Budget amendments. Your Committee chose not to file the related County Communication 17-37.

Subsequently, your Committee was verbally informed by the Budget Director a confidentiality agreement was executed between the County and the Owner, and documentation was received from the Owner to continue discussion on the matter.

At its meeting of September 12, 2017, your Committee voted to convene an executive meeting, closed to the public, to deliberate concerning the authority of persons designated by the County, the Council, or the Committee to negotiate the acquisition of public property pursuant to Section 92-5(a)(3), Hawaii Revised Statutes; and to consult with legal counsel on questions and issues pertaining to the powers, duties, privileges, immunities, and liabilities of the County, the Council, and the Committee pursuant to Section 92-5(a)(4), Hawaii Revised Statutes.

Following the executive meeting, your Committee reconvened in regular session.

Your Committee noted a decision by the Council to move forward with an appraisal does not commit the County to acquisition of the property and water system. Your Committee viewed the appraisal as part of the County's due diligence necessary to determine whether the acquisition is in the public's best interest.

Your Committee will maintain the ability to work with the Administration on the scope and parameters of the appraisal.

Your Committee voted 5-0 to recommend passage of the proposed Fiscal Year 2018 bills on first reading and filling of County Communication 17-313. Committee Chair Hokama, Vice-Chair White, and members Atay,

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Crivello, and Sugimura voted "aye." Committee members Carroll, Cochran, Guzman, and King were excused.

Your Committee is in receipt of a revised proposed bill, approved as to form and legality by the Department of the Corporation Counsel, incorporating nonsubstantive revisions to the bill identified in item 1 under County Communication 17-313.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill _____ (2017), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2018 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES; DEPARTMENT OF WATER SUPPLY, WAILUKU-KAHULUI COMMUNITY PLAN AREA, WATER SUPPLY, WAILUKU WATER COMPANY ACQUISITION; TOTAL CAPITAL IMPROVEMENT PROJECT APPROPRIATIONS; AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)," be PASSED ON FIRST READING and be ORDERED TO PRINT;
2. That Bill _____ (2017), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2018 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX C - CAPITAL IMPROVEMENT PROJECTS, DEPARTMENT OF WATER SUPPLY, WAILUKU-KAHULUI COMMUNITY PLAN AREA, WAILUKU WATER COMPANY ACQUISITION," be PASSED ON FIRST READING and be ORDERED TO PRINT; and
3. That County Communication 17-313 be FILED.

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



RIKI HOKAMA, Chair

bf:cr:17021aa:mmy

ORDINANCE NO. _____

BILL NO. _____ (2017)

A BILL FOR AN ORDINANCE AMENDING
THE FISCAL YEAR 2018 BUDGET FOR THE COUNTY OF MAUI
AS IT PERTAINS TO ESTIMATED REVENUES;
DEPARTMENT OF WATER SUPPLY,
WAILUKU-KAHULUI COMMUNITY PLAN AREA, WATER SUPPLY,
WAILUKU WATER COMPANY ACQUISITION;
TOTAL CAPITAL IMPROVEMENT PROJECT APPROPRIATIONS; AND
TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)

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

SECTION 1. Ordinance No. 4456, Bill No. 65 (2017), Draft 1, as amended, "Fiscal Year 2018 Budget", is hereby amended as it pertains to Section 2, Estimated Revenues, by increasing Carryover/Savings from the Water Fund in the amount of \$150,000; and by increasing Total Estimated Revenues in the amount of \$150,000, to read as follows:

"ESTIMATED REVENUES

FROM TAXES, FEES AND ASSESSMENTS:

Real Property Taxes	303,548,805
Circuit Breaker Adjustment	(373,138)
Charges for Current Services	142,393,137
Transient Accommodations Tax	21,204,000
Public Service Company Tax	8,500,000
Licenses/Permits/Others	38,694,419
Fuel and Franchise Taxes	21,000,000
Special Assessments	6,002,000
Other Intergovernmental	36,450,000

FROM OTHER SOURCES:

Interfund Transfers	49,705,630
Bond	45,705,000
Carryover/Savings:	
General Fund	6,273,867
Sewer Fund	5,023,222
Highway Fund	1,330,866
Solid Waste Management Fund	298,920
Golf Fund	363,433
Liquor Fund	722,099
Bikeway Fund	47,276
Water Fund	[18,325,916]
	<u>18,475,916</u>

TOTAL ESTIMATED REVENUES [705,215,452] 705,365,452"

SECTION 2. Fiscal Year 2018 Budget is hereby amended as it pertains to Section 4.K.4.a.(2), Department of Water Supply, Wailuku-Kahului Community Plan Area, Water Supply, Water [Supply] Fund – Unrestricted, by adding an appropriation for a capital project entitled, “Wailuku Water Company Acquisition”, in the amount of \$150,000, to read as follows:

“K. Department of Water Supply

1. Countywide

a. Water Supply

(1) Water [Supply] Fund - Restricted	
(i) Countywide Facility Improvements	274,000
(ii) Countywide Upgrades and Replacements	2,255,000
(2) Water [Supply] Fund – Unrestricted	
(i) Countywide Conservation Program	1,000,000
(ii) Countywide Facility Improvements	3,375,000
(iii) Countywide Upgrades and Replacements	3,855,000

2. Makawao-Pukalani-Kula Community Plan Area

a. Water Supply

(1) Water [Supply] Fund – Restricted	
(i) Upcountry Reliable Capacity	150,000
(2) Water [Supply] Fund – Unrestricted	
(i) Upcountry Reliable Capacity	3,150,000
(ii) Upcountry Fire Protection Improvements, Phase I	860,965
(1) Provided, that lapsed funds from this appropriation shall be transferred to the Upcountry Water System Expansion Capital Improvement Reserve Fund.	

3. Molokai Community Plan Area

a. Water Supply

(1) Water [Supply] Fund – Unrestricted	
(i) Molokai Reliable Capacity	500,000

4. Wailuku-Kahului Community Plan Area

a. Water Supply

(1) Water [Supply] Fund – Restricted	
(i) Kahului Tank II	2,450,000
(2) Water [Supply] Fund - Unrestricted	
(i) Central Maui Reliable Capacity	500,000
(ii) <u>Wailuku Water Company Acquisition</u>	<u>150,000</u>

5. West Maui Community Plan Area

a. Water Supply

(1) State Revolving Loan Fund	
(i) West Maui Reliable Capacity	
(1) Mahinahina Well #1 Development	5,000,000

- (2) Water [Supply] Fund - Unrestricted
 - (i) West Maui Reliable Capacity
 - (1) Mahinahina Well #1 Development 5,000,000”

SECTION 3. Fiscal Year 2018 Budget is hereby amended as it pertains to the Total Capital Improvement Project Appropriations to reflect an increase of \$150,000, to read as follows:

“TOTAL CAPITAL IMPROVEMENT PROJECT APPROPRIATIONS [142,539,782] 142,689,782”


SECTION 4. Fiscal Year 2018 Budget is hereby amended as it pertains to the Total Appropriations (Operating and Capital Improvement Projects) to reflect an increase of \$150,000, to read as follows:

“TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS) [705,215,452] 705,365,452”

SECTION 5. Material to be repealed is bracketed. New material is underscored.

SECTION 6. This Ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:



JEFFREY UEOKA
Deputy Corporation Counsel

ORDINANCE NO. _____

BILL NO. _____ (2017)

A BILL FOR AN ORDINANCE AMENDING
THE FISCAL YEAR 2018 BUDGET FOR THE COUNTY OF MAUI
AS IT PERTAINS TO APPENDIX C - CAPITAL IMPROVEMENT PROJECTS,
DEPARTMENT OF WATER SUPPLY,
WAILUKU-KAHULUI COMMUNITY PLAN AREA,
WAILUKU WATER COMPANY ACQUISITION

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

SECTION 1. Ordinance No. 4456, Bill No. 65 (2017), Draft 1, "Fiscal Year 2018 Budget", Appendix C – Capital Improvement Projects, is hereby amended as it pertains to the Department of Water Supply, Wailuku-Kahului Community Plan Area, by adding a capital improvement project entitled, "Wailuku Water Company Acquisition", in the amount of \$150,000, to read as follows:

"APPENDIX C - Capital Improvement Projects		
Capital improvement project funding may not be used for any purpose other than as described in this appendix.		
CBS NO.	PROJECT TITLE/DESCRIPTION	APPROPRIATION
	Department of Water Supply	
	1. Countywide	
CBS-1075	a. Countywide Facility Improvements	3,649,000
	Replacement of well and booster pump station components, including installation of emergency booster pump connections at tanks serving the Lahainaluna Road service area. Replacement of water treatment facility and water tank components, including replacement of the roof at Piihola WTP due to leakage, replacement of the Mahinahina WTP control system, and refurbishing the Napili A and Honokowai Tanks. Conduct a Countywide facility assessment of all water treatment facilities to evaluate each facility's operational reliability and develop a twenty-year water treatment facility capital improvement plan	
CBS-2299	b. Countywide Upgrades and Replacements	6,110,000
	Improvements that will sustain the reliable operation of existing water infrastructure or mitigate inadequacies of the water system include: 1) Design and construction to replace the traveling screens at the Kamole WTP; 2) Design and construction to replace the 60,000-gallon Lower Kula 200 Water Tank; 3) Construction to upgrade electrical control systems at well and booster pump sites including Mokuhaul Wells 1 and 2, Kula Ag Park Booster Pumps, Kepaniwai Well, Kanae Wells 1 and 2, and Kawela Well; 4) Construction to replace water lines and control valves including the 4-inch water line along Hobron Avenue to address leakage and substandard fire flow; 5) Construction to replace intake piping serving the Waikamoi Reservoirs to address leakage; 6) Design and construction to install a bypass system for the Waihee Tank for repair and maintenance purposes; 7) Design replacement of the 6-inch water line along Lunaliilo Street and Liholiho Street, Wailuku; 8) Construction to replace/relocate 24" Raw Water Line to Iao Water Treatment Plant; and 9) Inspections of Mokuhaul Wells 1 and 2, Kepaniwai Well, Kanae Wells 1 and 2, and Kawela Well.	

CBS-1076	c. Countywide Conservation Program	1,000,000
	Locate, replace, or repair leaking water lines (transmission, distribution, and service laterals) and repair leaking tanks. Design projects to provide supply side conservation, including a water audit.	
	2. Makawao-Pukalani-Kula Community Plan Area	
CBS-1106	a. Upcountry Reliable Capacity	3,300,000
	Design and construction to replace and expand booster pump stations at three sites along the Phase 10 booster pump system (Pookela Tank, Maluhia Tank, West Olinda Tank sites). Design of a new water tank to improve storage capacity for the Opaepilau water system (Haiku).	
	b. Upcountry Fire Protection Improvements, Phase I	860,965
CBS-xxxx	Construct fire protection improvements for the Upcountry water system including installation of an additional 70,000-gallon storage tank and booster pump adjacent to the existing 50,000-gallon storage tank located approximately 550 feet east of 18505 Haleakala Highway. Replacement of approximately 600 feet of existing 2 ½-inch waterline with an 8-inch waterline along the southern property line of TMK (2) 3-013-031-0000. Provided, that funds not utilized for the project shall be transferred to the Upcountry Water System Expansion Capital Improvement Reserve Fund.	
	3. Molokai Community Plan Area	
CBS-1098	a. Molokai Reliable Capacity	500,000
	Land acquisition for a backup well site at Kualapu'u and a replacement well site at Kawela. Design an exploratory well for replacement of the existing Kawela Well upon acquisition of the replacement well site.	
	4. Wailuku-Kahului Community Plan Area	
CBS-1102	a. Central Maui Reliable Capacity	500,000
	Land acquisition for a new tank site to improve storage for the Waihee Wells. Design an exploratory well for replacement of the existing Waiehu Heights Well 1 upon acquisition of the replacement well site.	
CBS-4622	b. Kahului Tank II	2,450,000
	Participate in construction of a new 2 million-gallon tank with Maui Lani.	
	c. Wailuku Water Company Acquisition	150,000
	<u>Appraisal for the land and surface water conveyance system, and improvements. TMK: (2) 3-2-14:01 (approximately 3,306 acres), TMK: (2) 3-3-3:03 (approximately 2,909 acres), and a portion of TMK: (2) 3-5-03:01 (approximately 2,549 acres).</u>	
	5. West Maui Community Plan Area	
CBS-1092	a. West Maui Reliable Capacity	10,000,000"
	Construction of the Mahinahina Well #1 Development.	

SECTION 2. New material is underscored.

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

APPROVED AS TO FORM AND LEGALITY:



 JEFFREY UEOKA
 Deputy Corporation Counsel