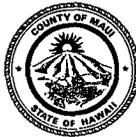


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COUNTY COUNCIL
COUNTY OF MAUI
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April 10, 2018

Ms. Teena Rasmussen, Director
Office of Economic Development
County of Maui
Wailuku, Hawaii 96793

Dear Ms. Rasmussen:

SUBJECT: FISCAL YEAR ("FY") 2019 BUDGET (ED-4) (BF-1)

The Budget and Finance Committee ("Committee") will review the Office of Economic Development's ("OED") proposed FY 2019 Budget at its meeting of April 18, 2018. May I request you respond to the following questions relating to OED grants and special purpose revenue funds:

1. Explain the process for determining increases or decreases in grant amounts awarded to grantees each fiscal year.
2. What are the benchmarks each grantee must be able to meet at the end of the fiscal year that may help determine the amount of the award in FY 2019?
3. Have all FY 2018 grants been executed to date? If no, why not?
4. Relating to grants that have been "closed," were all grant reports and paperwork necessary to satisfactorily close the grant submitted? What type of paperwork is needed from the grantee to "close" a grant?
5. Were there any grants that were not satisfactorily "closed" in FY 2017? Would this affect grant funding in future fiscal years?
6. There is a need to more easily identify the total award a grantee receives in a fiscal year. The current process makes it difficult to

track grant amounts using a combination of line items specific to the grant and umbrella grants which covers a broad subject matter such as “Small Business Promotion.” Please comment and provide solutions for a more transparent tracking system.

7. Explain the increase in funding proposed for the Economic Development and Cultural Programs in Central Maui, East Maui, South Maui, and West Maui districts to “expand opportunities” (pages 11-24 through 11-29 of the Budget Details). Are there specific activities being planned in these districts in FY 2019 that would require additional funding?
8. Explain the decrease in funding proposed for the Economic Development and Cultural Programs in Haiku-Paia-Upcountry and Lanai districts (page 11-26 of the Budget Details). Are there less activities being planned in these districts in FY 2019 that would warrant reduced funding?
9. Relating to the proposed grant increase to Ma Ka Hana Ka Ike, Inc. (page 11-27 of the Budget Details):
 - a. The \$5,000 increase in funding is due to inflationary costs to the program. Wouldn't all grants experience inflationary costs to their programs? Why was this grant singled out?
 - b. The FY 2018 grant balances specific to Mahele Farm and the Building Program remains at \$20,000 and \$90,000, respectively, meaning no funds were yet drawn. Why approve the proposed increase for FY 2019 if grant monies from FY 2018 have yet to be used?
10. Relating to the proposed grant increase for the Maui Economic Development Board, Inc. (page 11-27 of the Budget Details):
 - a. A portion of the \$90,000 increase is due to the transfer of \$15,000 previously separated out specifically for Molokai projects. What was the reason for the separation and why the change to roll all funds into one grant? In doing so, what assurance is there that monies will be set aside for Molokai projects?
 - b. Additional funding of \$75,000 is being requested to conduct geospatial community profiling. Please explain.

11. Relating to the proposed grants for Small Business Promotion (page 11-29 of the Budget Details), the program description for this grant states the purpose is for “islandwide” support of small businesses. Is there a reason this grant does not cover small businesses on Molokai and Lanai? Is there an overlap of projects covered under Economic Development grants for Maui districts?
12. Relating to the proposed grants for Culture, Arts, and Tourism (page 11-30 of the Budget Details):
 - a. In FY 2018 Budget discussions, it was agreed that each district’s Economic Development and Cultural Program grants would provide funding for culture and arts programs, therefore funding a separate grant titled “Culture, Arts, and Tourism” was not necessary. This would explain why there was zero funding for this grant in FY 2018. Why the change back?
 - b. Four activities are proposed to be supported by this grant in FY 2019: Filipino-American Heritage Festival, Barrio Fiesta, Maui Dance Council – Chance to Dance, and Theatre Maui – West Maui Youth Theater.
 - How will the \$80,000 be divided among these four activities?
 - Of the four activities listed, two are for Filipino culture, the other two are for theater. How were these activities chosen?
 - Theatre Maui is concurrently listed under the West Maui Economic Development and Cultural Program grant for \$24,000. If approved, does this mean Theatre Maui would receive a grant award from the Culture and Arts Program, and from the West Maui Economic Development and Cultural Program grant in FY 2019?
 - Maui Dance Council – Chance to Dance is concurrently listed under the Central Maui, South Maui, East Maui, Haiku-Paia-Upcountry, and Lanai Economic Development and Cultural Program grants for a combined grant award of \$22,000. If approved, does this mean Maui Dance Council – Chance to Dance would

receive a grant award from the Culture and Arts Program, and from the various districts' Economic Development and Cultural Program grants in FY 2019?

13. Relating to the proposed grant award for Hui O Waa Kaulua (page 11-30 of the Budget Details):
 - a. What are the organization's specific plans for use of the \$25,000?
 - b. Grants to this organization appear to be awarded every other year instead of annually. Are their funding needs on a biennial basis? Please explain.
14. Relating to the proposed grant award for Ka `Ohana o Kaluapapa (page 11-30 of the Budget Details):
 - a. What is the total cost of the project? Will the State be providing funds?
 - b. What is the timeframe for project completion being that they still need to go through the planning stage?
15. Relating to the proposed grant award for the Kaupo Community Association (page 11-32 of the Budget Details):
 - a. At the April 6, 2018 Council meeting when the State Executive Order for the land was accepted and the grant of a lease agreement to Kaupo Community Association was approved, a representative from the Kaupo Community Association stated there was no expectation to receive County funding for the project. Please explain this funding request.
 - b. How will the \$475,000 in funding be used towards infrastructure for the site?
16. Relating to the proposed increase of grant award to Maui Arts and Culture Center for capital improvements (page 11-31 of the Budget Details):
 - a. How will funding be used, specifically the additional \$200,000 that is needed?

Ms. Teena Rasmussen
April 10, 2018
Page 6

- b. Is the intent to use the University of Hawaii College of Tropical Agriculture and Human Resources (CTAHR) for training? Will CTAHR be awarded a grant to do this? How many Molokai farmers could this benefit? How is FSMA compliance for Molokai farmers being handled in the meantime?
 - c. Are these funds being treated as a loan to the recipient, a grant, or other?
21. Relating to the Economic Development Revolving Fund (page 47 of Appendix II, Special Purpose Revenues – Schedule of Revolving/Special Funds for Fiscal Year 2019):
- a. What is the status of Uptown Service, Inc. in utilizing the \$200,000 in funds received for the establishment of an eatery in Wailuku Town?
 - b. What is the plan for the remaining \$20,000 left in the Fund?
 - c. Are these funds being treated as a loan to the recipient, a grant, or other?

May I further request you transmit the information **no later than April 16, 2018**, to enable the Committee to comprehensively review the FY 2019 Budget. To ensure efficient processing, please duplicate the coding in the subject line above for easy reference.

Thank you for your attention to this request. Should you have any questions, please contact me or the Committee staff (Michele Yoshimura at ext. 7663, Shelly Espeleta at ext. 7134, Maggie Clark at ext. 7661, or Yvette Bouthillier at ext. 7758).

Sincerely,



RIKI HOKAMA, Chair
Budget and Finance Committee

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cc: Mayor Alan M. Arakawa
Budget Director