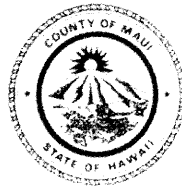


MICHAEL P. VICTORINO
Mayor

SCOTT K. TERUYA
Director

MAY-ANNE A. ALIBIN
Deputy Director



RECEIVED

2019 APR 11 AM 11:54

DEPARTMENT OF FINANCE
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

OFFICE OF THE
COUNTY COUNCIL

April 10, 2019

Ms. Michele Yoshimura *MWJ*
Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Michael P. Victorino

Mayor

Date

For Transmittal to:

Honorable Keani Rawlins-Fernandez
Chair, Budget and Finance Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Rawlins-Fernandez:

SUBJECT: FISCAL YEAR ("FY") 2020 BUDGET (FN-13)(EDB-1)

Pursuant to your letter dated April 3, 2019, relating to Requests and Questions from April 1, 2019 EDB Committee meeting, below are the responses to the following:

1. Please provide a hard copy of the presentations on estimated revenues and Countywide costs given at the April 1, 2019 EDB Committee meeting. (AL)

Attached are copies of the presentations on Estimated Revenues (Attachment A) and Countywide Costs (Attachment B) given at the April 1, 2019 EDB Committee meeting.

Relating to the Estimated Revenues, the amounts and percentages on page nos. 2-3, 8, 13, 15 and 18 vary from those presented in the Mayor's Proposed Budget, particularly in the following sections of the Program Budget: Budget Overview, Financial Summaries, Fund Balance and Revenue Overview. The differences are due to the following reasons:

- a. *Presentation/Treatment of the Bond/Lapsed Bond Funds: For example, in the Revenue Estimates presentation, Attachment A, page no. 2, the General Fund is estimated to provide revenues in the amount of \$448.2 million or 57.40% of the total County Sources of \$780.8 million. Whereas, on page no. 40 of the Program Budget, pie chart on the bottom left side of the page, the General Fund revenues is estimated at \$465.7 million or 59.6% of the total County Sources. For budgetary purposes, the Bond/Lapsed Bond Funds were re-allocated to the specific fund responsible to pay for the capital projects proposed to be funded by Bond/Lapsed Bond Funds.*
 - b. *During the Finance Department's preparation of the April 1, 2019 Economic and Development Committee meeting, most of the numbers and percentages were discovered to be erroneously presented in the narrative section of the Revenue Overview section of Program Budget. However, the charts and total amount of the budget presented in this section of the Program Budget were correct and match the Revenue Estimates presentation on page nos. 4, 7, 9-12, 14, 16-17, and 19. The Finance Department has been advised that the corrected pages for the Revenue Overview of the Program Budget have been completed and will be transmitted by the Budget Director.*
2. Under General Costs, Rentals & Facilities, a proposed appropriation of \$340,000 for Rentals (Budget Details, page 6-52, Index Code 907758B, Sub-Object Code 6559) was noted to reflect "\$20,874 for an anticipated increase in rent for the 2nd half of FY20." Please provide the following information:
- a. A breakdown of the Rentals category within General Costs, Rentals & Facilities.

The breakdown of categories are as follows: Electricity, Repair & Maintenance – Grounds, Repair and Maintenance – Others, Sewer, Water Delivery Charges, Rentals, and Water.
 - b. An explanation of the cost increase for this category. (TK)
 1. *Electricity – Increase of 5% due to anticipated rate increase - \$18,700.00*
 2. *R&M Grounds – Decrease due to termination of landscaping for Maui Business Park due to construction of Service Center – (\$10,800.00)*
 3. *R&M Others – Increase for repair of retaining wall and fence at Fairways at Maui Lani Subdivision - \$10,000.00*
 4. *Sewer – Increase due to anticipated rate increase - \$400.00*
 5. *Water Delivery Charges – Increase due to anticipated rate increase - \$500.00*
 6. *Rentals – Increase due to anticipated Monthly Maintenance Fee increases for Maui Lani Community Association and Sandhills Estates - \$330.00*
 7. *Water – Increase for Potable and Non-Potable Water charges from private water system due to construction of the Service Center - \$1,744.00*

3. Regarding the lease agreement for One Main Plaza, please provide the status of the agreement, its expiration date, and the amount paid in rent since the inception of the lease. (MM)

All leases were renegotiated at a lower Base Rent effective July 1, 2018. Lease are separated into Short-Term and Long-Term leases based on anticipated relocation to the new Kahului Service Center in 2020.

Short-Term Leases have an expiration date of June 30, 2023 with an early termination clause after January 1, 2020 with 120 days written notice. Suites 303, 305, 502, 546 & 547 are Short-Term Leases.

Long-Term Leases have an expiration date of June 30, 2027 with an early termination clause after July 1, 2023 with 120 days written notice. Suites 102, 200, 219, 225, 310, 315, 319/335, 601, 610/625, 619/630 & 640 are Long-Term Leases.

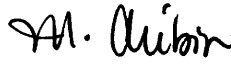
The County of Maui commenced leases at One Main Plaza during Fiscal Year 2006. Total amount of Base Rent, Operating Expenses (CAM) and General Excise Tax paid through March 31, 2019 is \$20,164,580.07.

4. Please provide a list of the original projects which generated the FY 2020 Lapsed Bond Fund proceeds. Please indicate how much funding lapsed from each project. (SS)

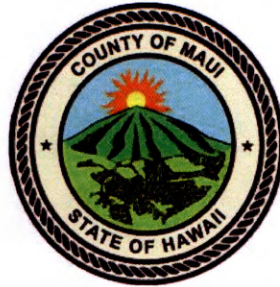
Attached is a copy of the list of original projects (Attachment C), which generated the FY 2020 Lapsed Bond Fund Proceeds and how much funding lapsed from each project.

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me at Ext. 7474.

Sincerely,

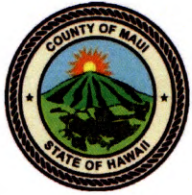

f/ SCOTT K. TERUYA
Finance Director

Attachments



Department of Finance FY 2020 Budget Countywide Costs

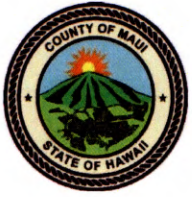
April 1, 2019
EDB Committee Meeting



Budget Summary

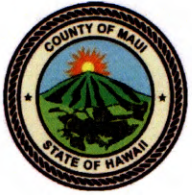
Program/ Character	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted	FY 2020 Proposed	Change Amount	Change Percent
Countywide Costs						
Fringe Benefits	\$57,001,258	\$87,658,814	\$96,048,913	\$107,845,097	\$11,796,184	12.3%
Fringe Benefits Reimbursements	\$0	-\$19,248,458	-\$20,683,536	-\$20,796,402	-\$112,866	0.5%
Bond Issuance & Debt Service	\$35,386,801	\$87,046	\$40,395,403	\$55,854,195	\$15,458,792	38.3%
Supplemental Transfers	\$14,595,395	\$17,216,116	\$7,109,552	\$3,199,433	-\$3,910,119	-55.0%
Insurance Programs & Self Insurance	\$7,152,592	\$6,281,317	\$14,245,384	\$12,365,000	-\$1,880,384	-13.2%
Open Space, Natural, Cultural Resources & Scenic Views Preservation Fund	\$2,734,892	\$3,031,757	\$3,214,857	\$3,371,926	\$157,069	4.9%
Affordable Housing Fund	\$5,469,783	\$6,063,514	\$6,429,714	\$10,115,777	\$3,686,063	57.3%
General Costs	\$893,116	\$774,512	\$1,254,458	\$1,112,000	-\$142,458	-11.4%
Overhead Reimbursements	-\$20,639,468	-\$20,830,435	-\$19,401,799	-\$19,192,625	\$209,174	-1.1%
Emergency Fund	\$4,000,000	\$0	\$6,500,000	\$6,500,000	\$0	N/A
Post-Employment Obligations Fund	\$16,172,000	\$17,000,000	\$18,126,930	\$17,000,000	-\$1,126,930	-6.2%
One Main Plaza Lease	\$0	\$399,259	\$373,451	\$367,206	-\$6,245	-1.7%
Program Total	\$122,766,369	\$98,433,442	\$153,613,327	\$177,741,607	\$24,128,280	15.7%
FUND TOTAL	\$122,766,369	\$98,433,442	\$153,613,327	\$177,741,607	\$24,128,280	15.7%

Note: True sum may be different due to rounding.

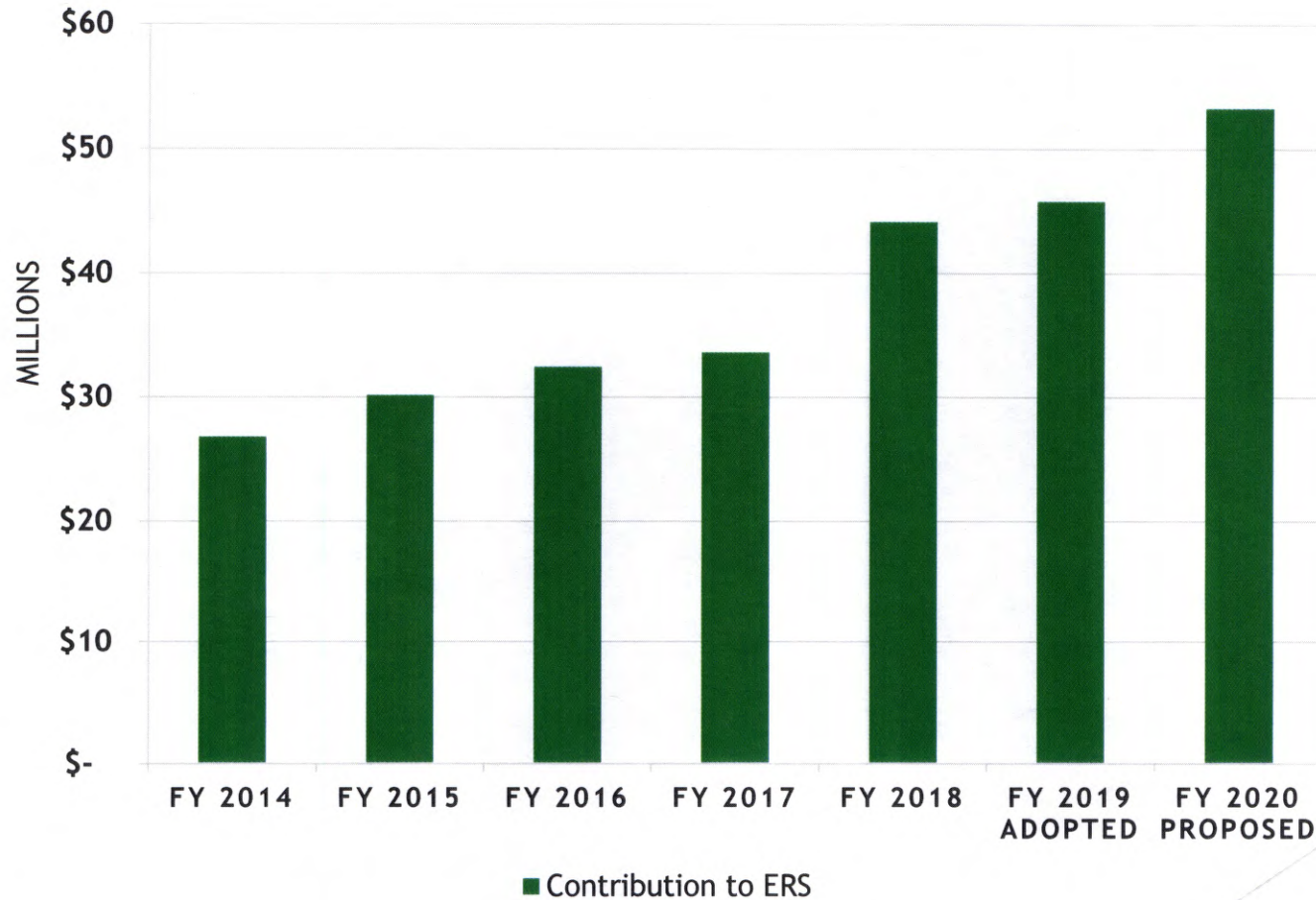


Fringe Benefits

- ▶ ERS
- ▶ FICA
- ▶ EUTF
- ▶ Unemployment Compensation
- ▶ Terminal Pay and Salary Adjustment
- ▶ Interfund Fringe Reimbursement



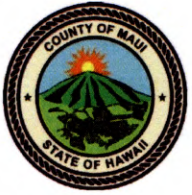
Fringe Benefits: ERS



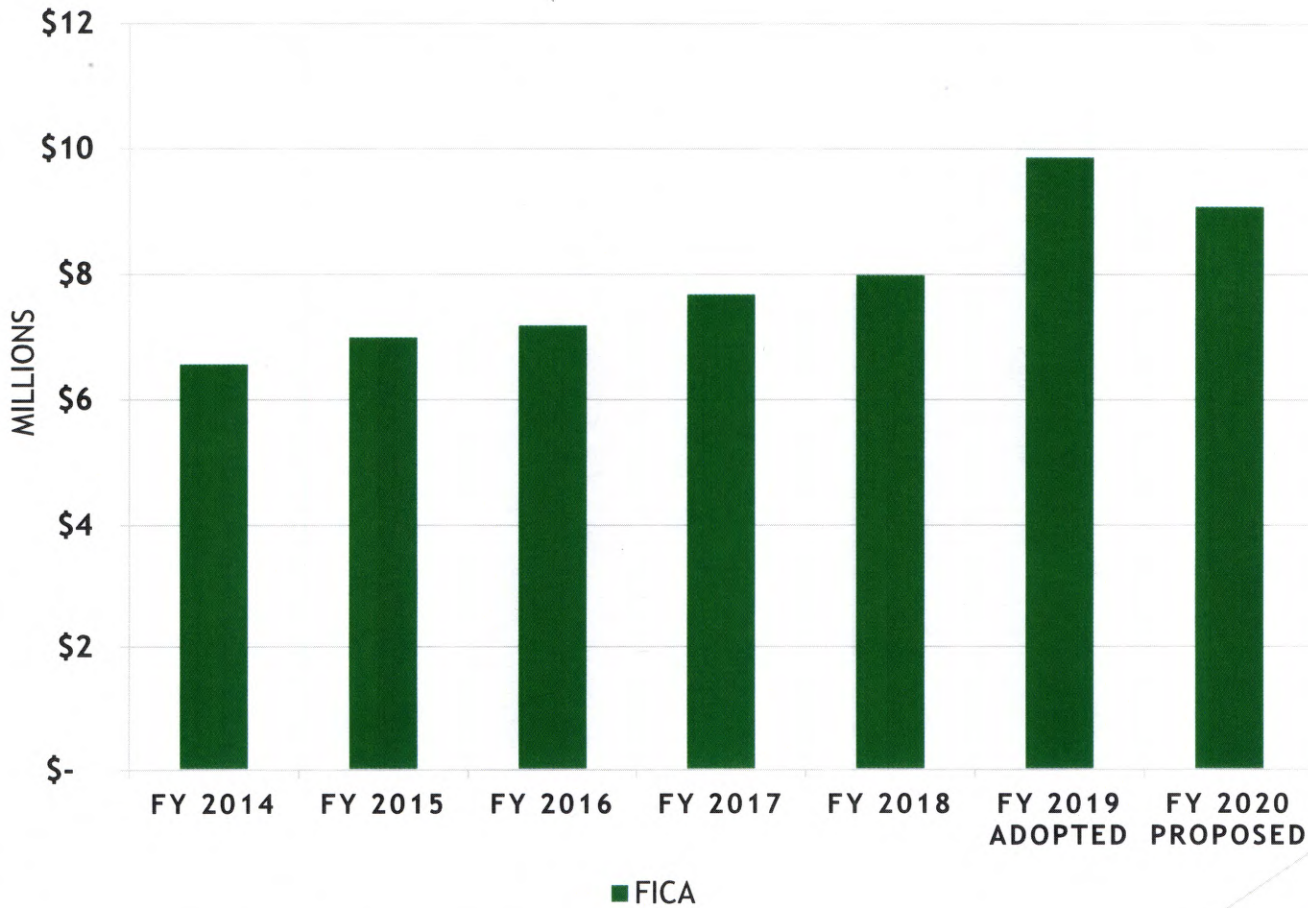
FY 2014 – FY 2018: Based on actual expenditures

FY 2019: Based on Adopted Budget

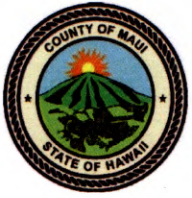
FY 2020: Based on Mayor's Proposed Budget



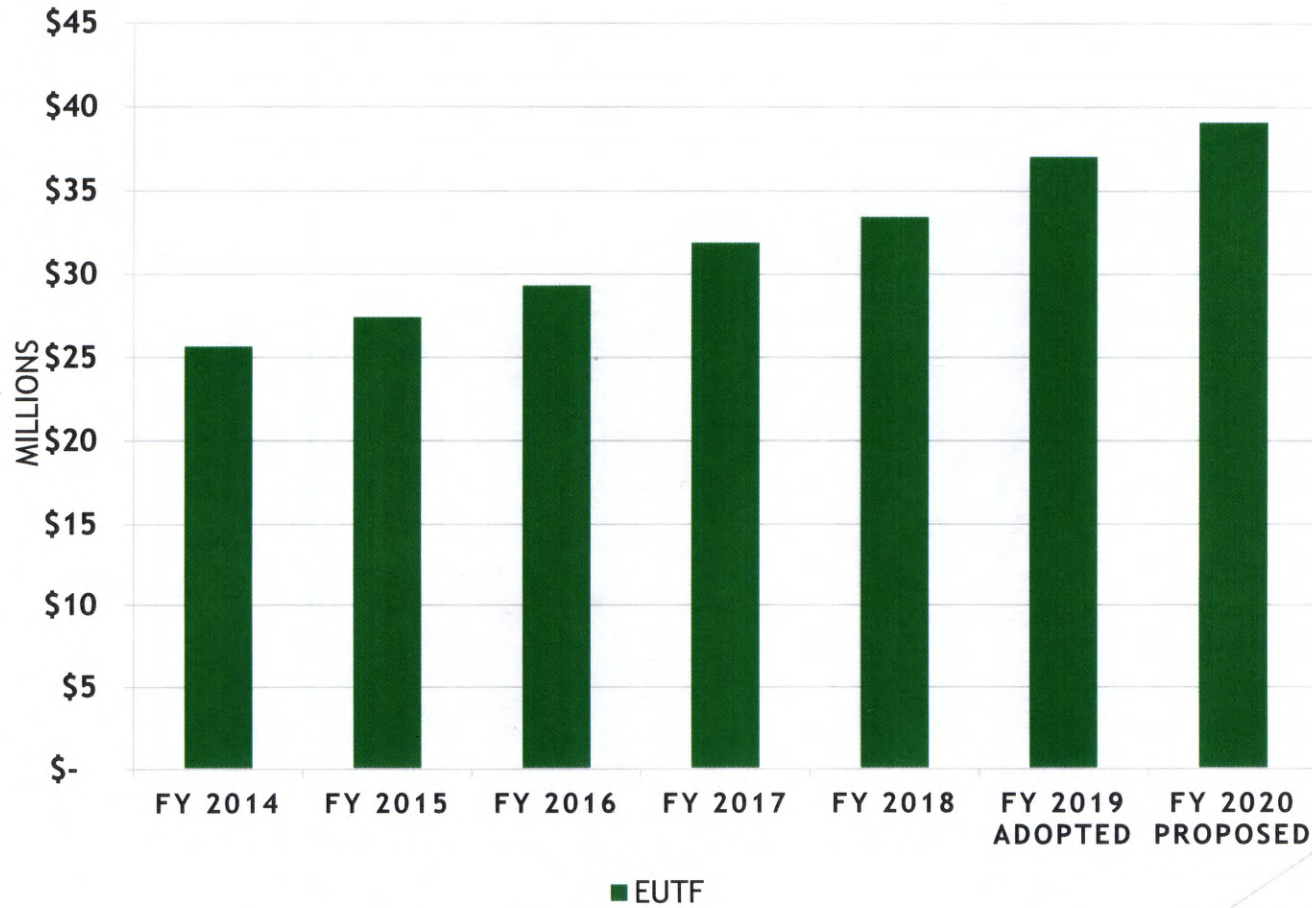
Fringe Benefits: FICA



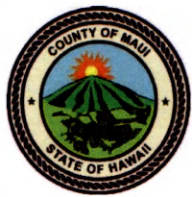
FY 2014 – FY 2018: Based on actual expenditures
FY 2019: Based on Adopted Budget
FY 2020: Based on Mayor's Proposed Budget



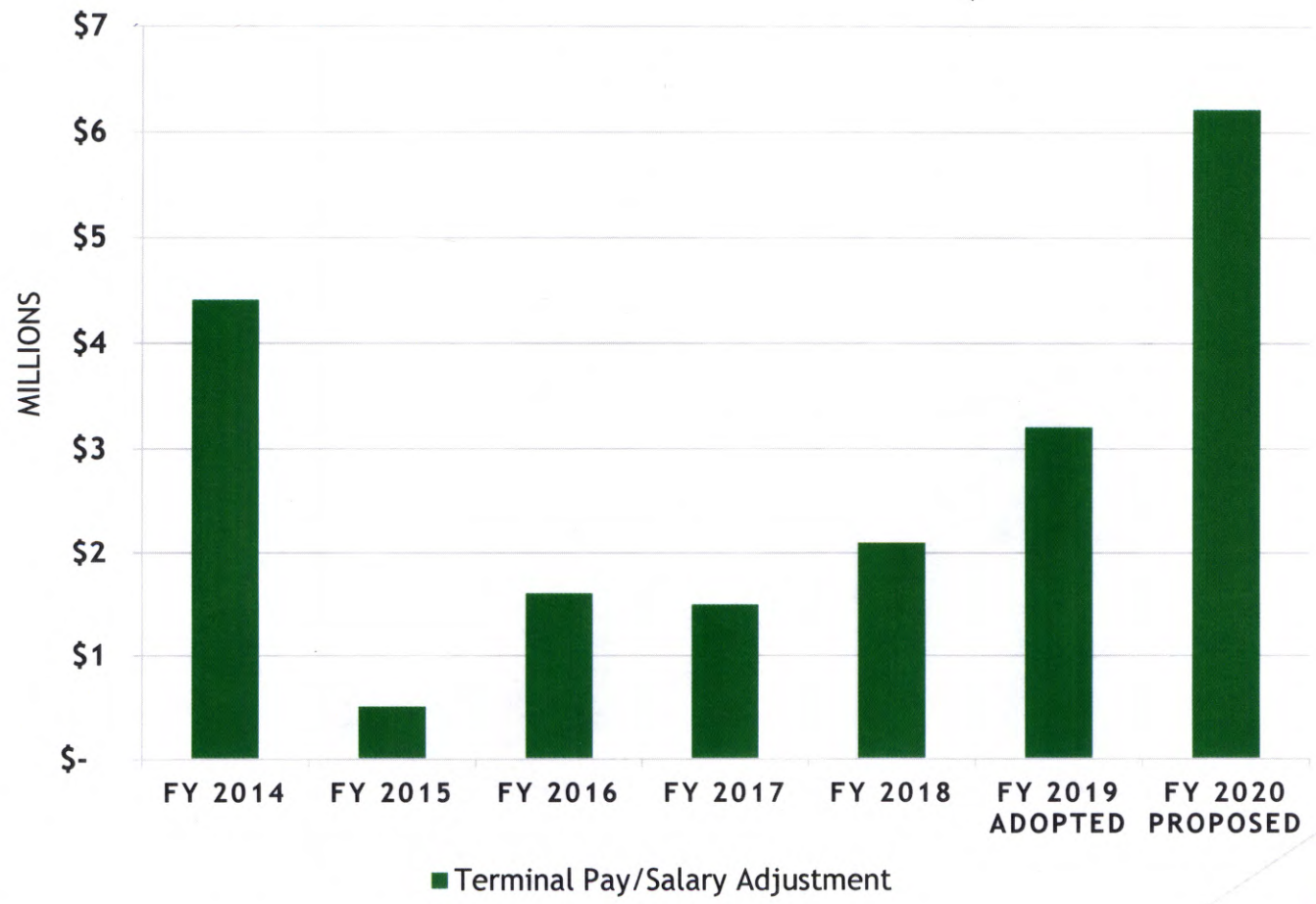
Fringe Benefits: EUTF



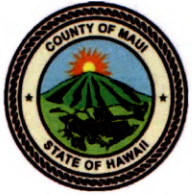
FY 2014 – FY 2018: Based on actual expenditures
FY 2019: Based on Adopted Budget
FY 2020: Based on Mayor's Proposed Budget



Fringe Benefits: Terminal Pay/ Salary Adjustment

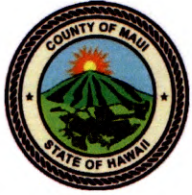


FY 2014 – FY 2018: Based on actual expenditures
FY 2019: Based on Adopted Budget
FY 2020: Based on Mayor's Proposed Budget



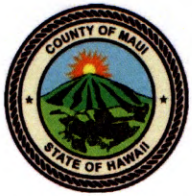
Fringe Benefits & Overhead Cost Reimbursements

- ▶ Contributions for ERS, Retirees Fringe, FICA, EUTF, and OPEB from Special Funds:
 - Environmental Mgmt - Wastewater
 - Environmental Mgmt - Solid Waste
 - Environmental Mgmt - EP&S
 - Public Works - Highways
 - Water Supply
- ▶ Overhead Cost Reimbursements:
 - Contribution from Special Funds listed above and Liquor Control Fund
 - Based on Cost Allocation Plan completed in 2017



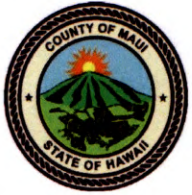
Fringe Benefits and Overhead Reimbursements

	DEM SEWER	DEM SOLID WASTE	DEM EP&S	DPW HIGHWAY	LIQUOR	DWS	TOTAL	INDEX/ SOBJ CODES
ERS	1,768,966	1,509,391	101,662	1,748,887	0	2,820,260	7,949,166	907777/ 6370
RETIREES FRINGE	0	0	0	0	0	850,000	850,000	907777/ 6385
FICA	588,374	502,037	33,814	581,695	0	938,043	2,643,963	907777/ 6314
HEALTH	1,415,173	1,207,513	81,329	1,399,110	0	2,156,885	6,260,010	907777/ 6320
OPEB	688,359	587,350	39,560	680,545	0	1,097,449	3,093,263	907777/ 6383
Overhead	5,526,096	4,002,511	269,581	5,181,267	1,136,635	3,076,535	19,192,625	907990/ 6350



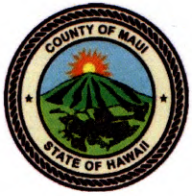
Bond Issuance and Debt Service

- ▶ Bond Floation Cost: \$100,000
 - ▶ Planned GOB Issue in October 2020
- ▶ Debt Service Payments:
 - ▶ Interest: \$11,980,803
 - ▶ Principal: \$43,773,392
- ▶ Does not include any P&I payments for planned 2020 GOB issuance



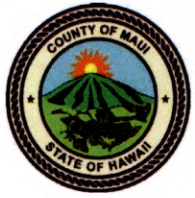
Supplemental Transfers

- ▶ Transfer to Solid Waste Fund: \$1,161,274
 - ▶ Mainly due to expansion of 9.0 E/Ps and opening of Sunday Landfill operations
- ▶ Transfer to EP&S Fund: \$2,038,159

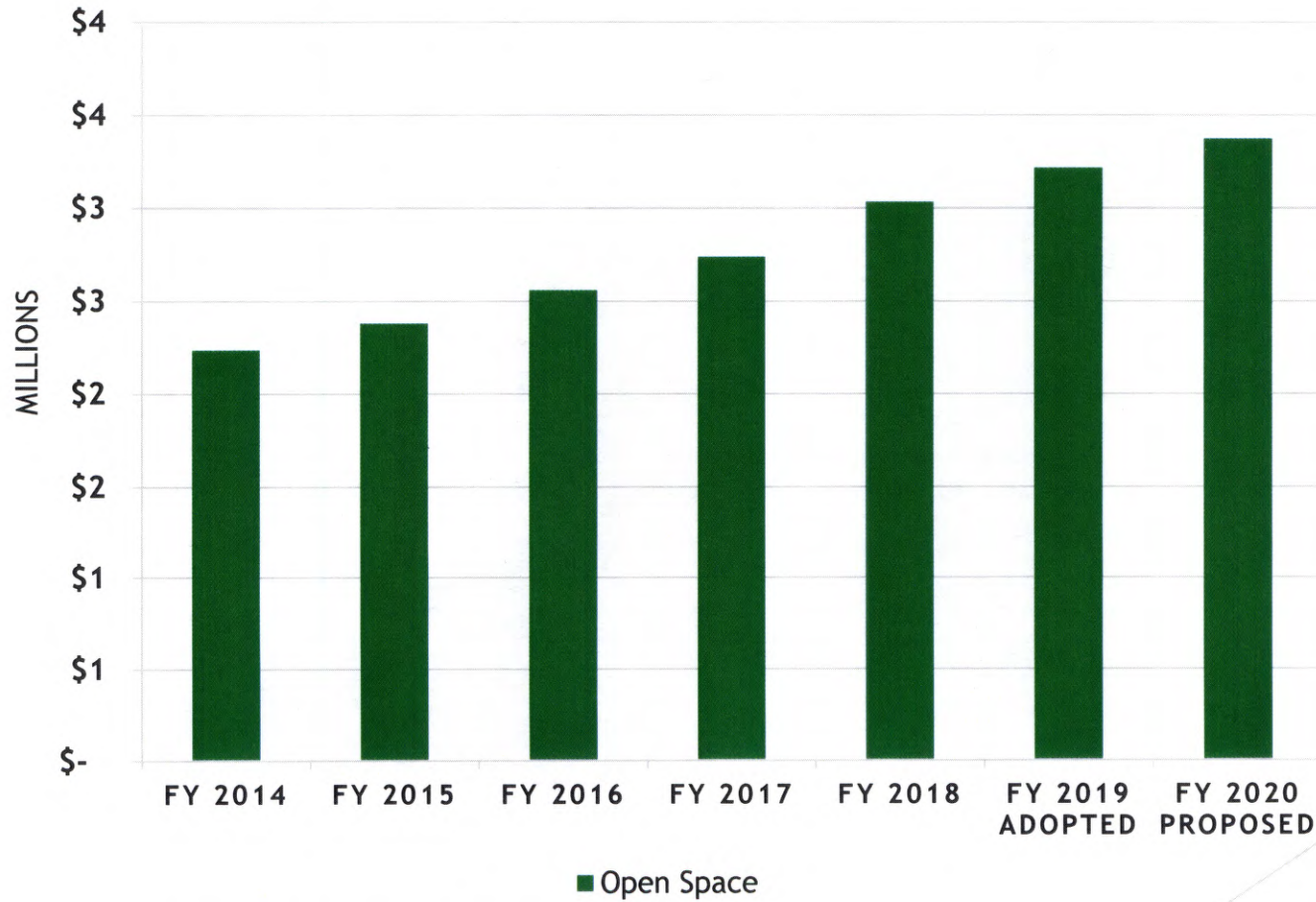


Insurance & Self-Insurance

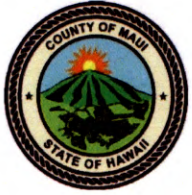
- ▶ Based on estimates from Corporation Counsel:
 - ▶ Workers Compensation: \$4,000,000
 - ▶ Insurance Program: \$2,365,000
 - ▶ \$167,500 increase based on incremental cost
 - ▶ Self Insurance: \$6,000,000
 - ▶ \$2,000,000 decrease based on historical expenditures and ongoing litigation



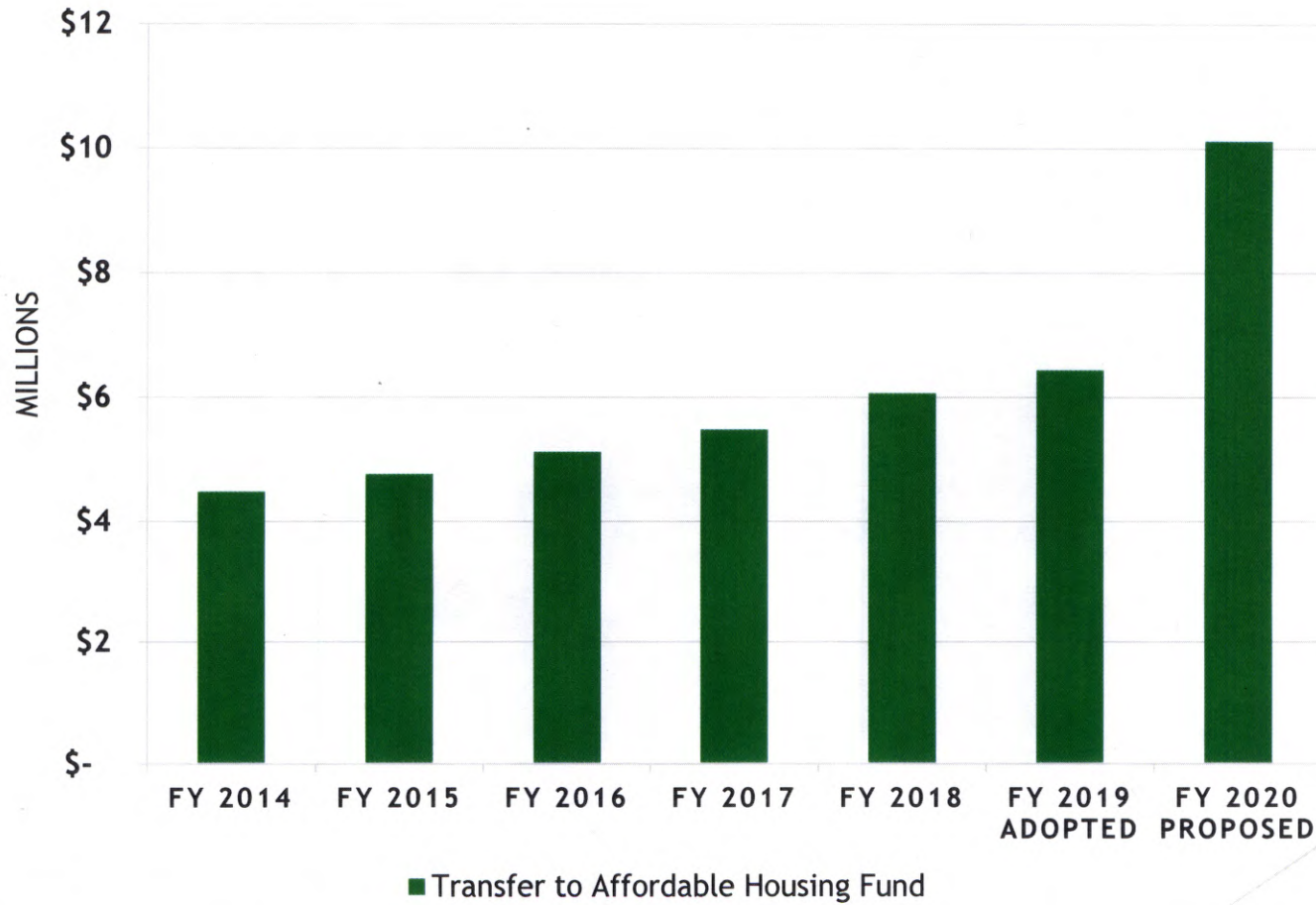
Transfer to Open Space Fund



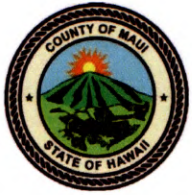
FY 2014 – FY 2018: Based on actual expenditures
FY 2019: Based on Adopted Budget
FY 2020: Based on Mayor's Proposed Budget



Transfer to Affordable Housing Fund

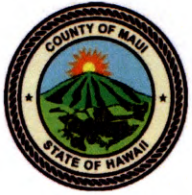


FY 2014 – FY 2018: Based on actual expenditures
FY 2019: Based on Adopted Budget
FY 2020: Based on Mayor's Proposed Budget



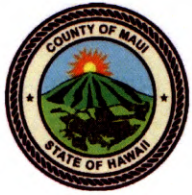
General Costs

- ▶ Telephone System: \$351,000 (flat from prior FY)
- ▶ Rentals & Facilities: \$340,000
 - ▶ An increase of \$20,874 due to electricity cost at Kahului Service Center and wall and fence maintenance at Maui Lani Fairways
- ▶ Centralized Postage: \$300,000
 - ▶ An increase of \$45,000 due to postage rates increase effective January 1, 2019
- ▶ Copy Machine Expense/Lease: \$21,000 (flat from prior FY)
- ▶ County Grant Matching: \$100,000 (flat from prior FY)



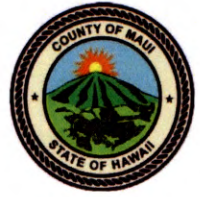
Emergency Fund and OPEB Fund

- ▶ Emergency Fund: \$6,500,000 (flat from prior FY)
- ▶ OPEB: \$17,000,000
 - ▶ Decrease of \$1,126,930

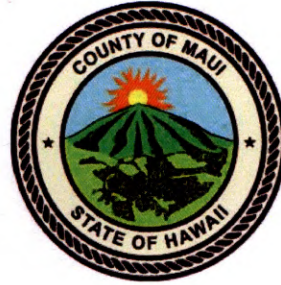


One Main Plaza Lease

- ▶ Office of Economic Development and Housing and Human Concerns
- ▶ Minimal decrease of \$6,245 due to re-negotiation of the lease contract (with early termination right)

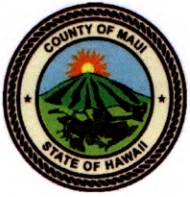


Questions?



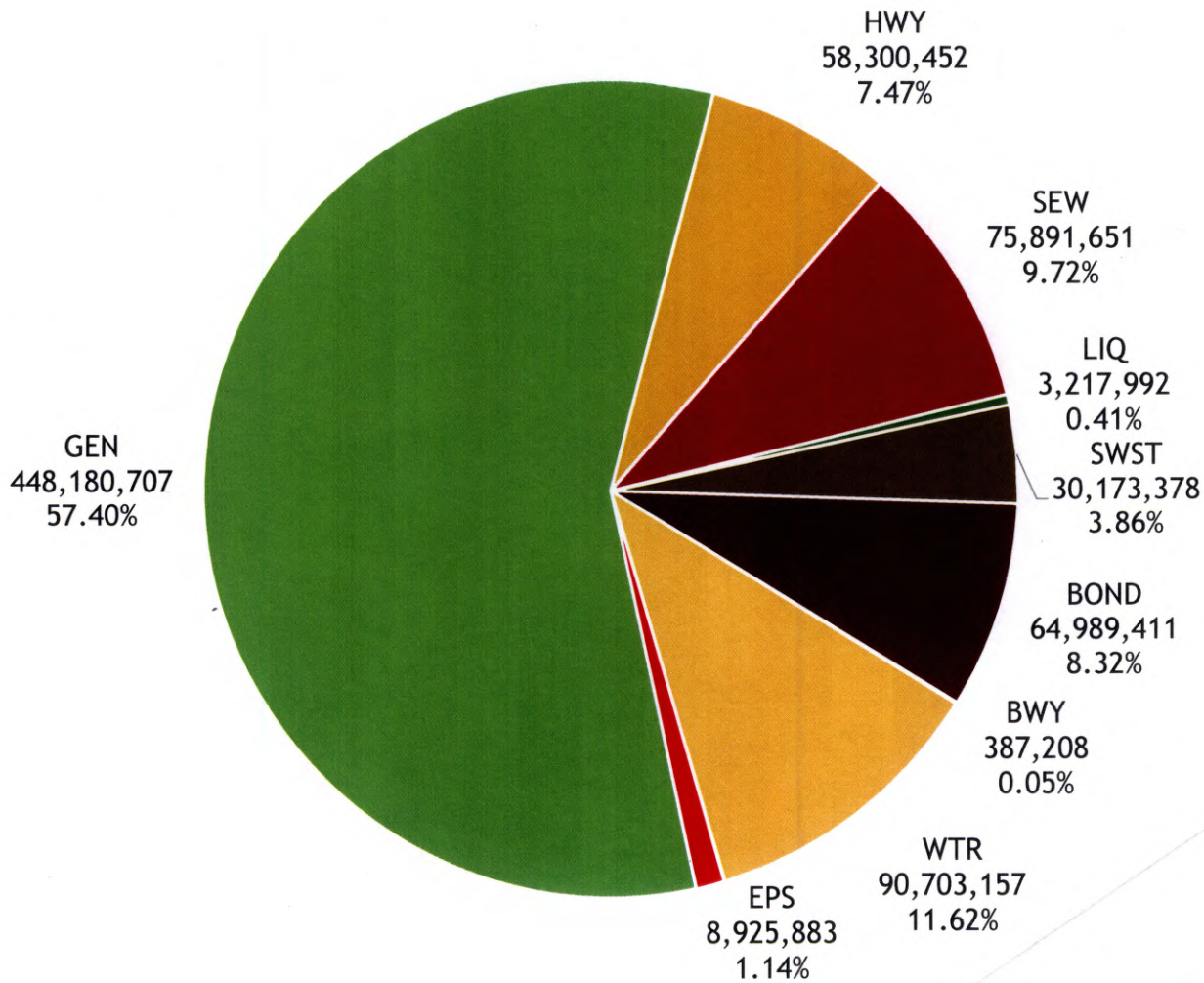
Department of Finance FY 2020 Budget Estimated Revenues

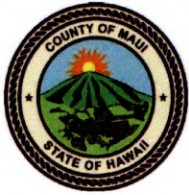
April 1, 2019
EDB Committee Meeting



Proposed Estimated Revenues

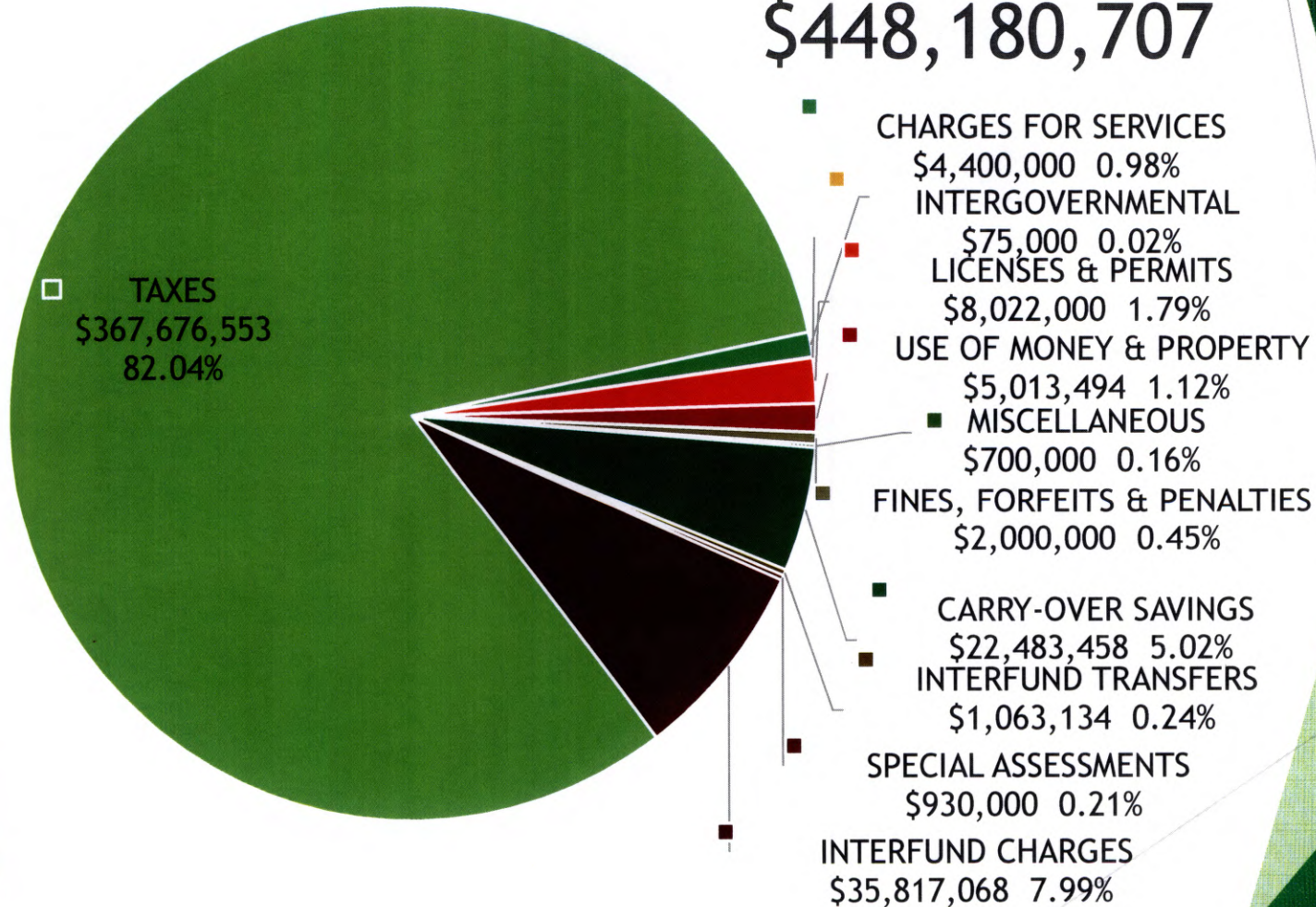
County Sources: \$780.8M

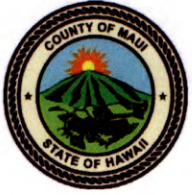




General Fund

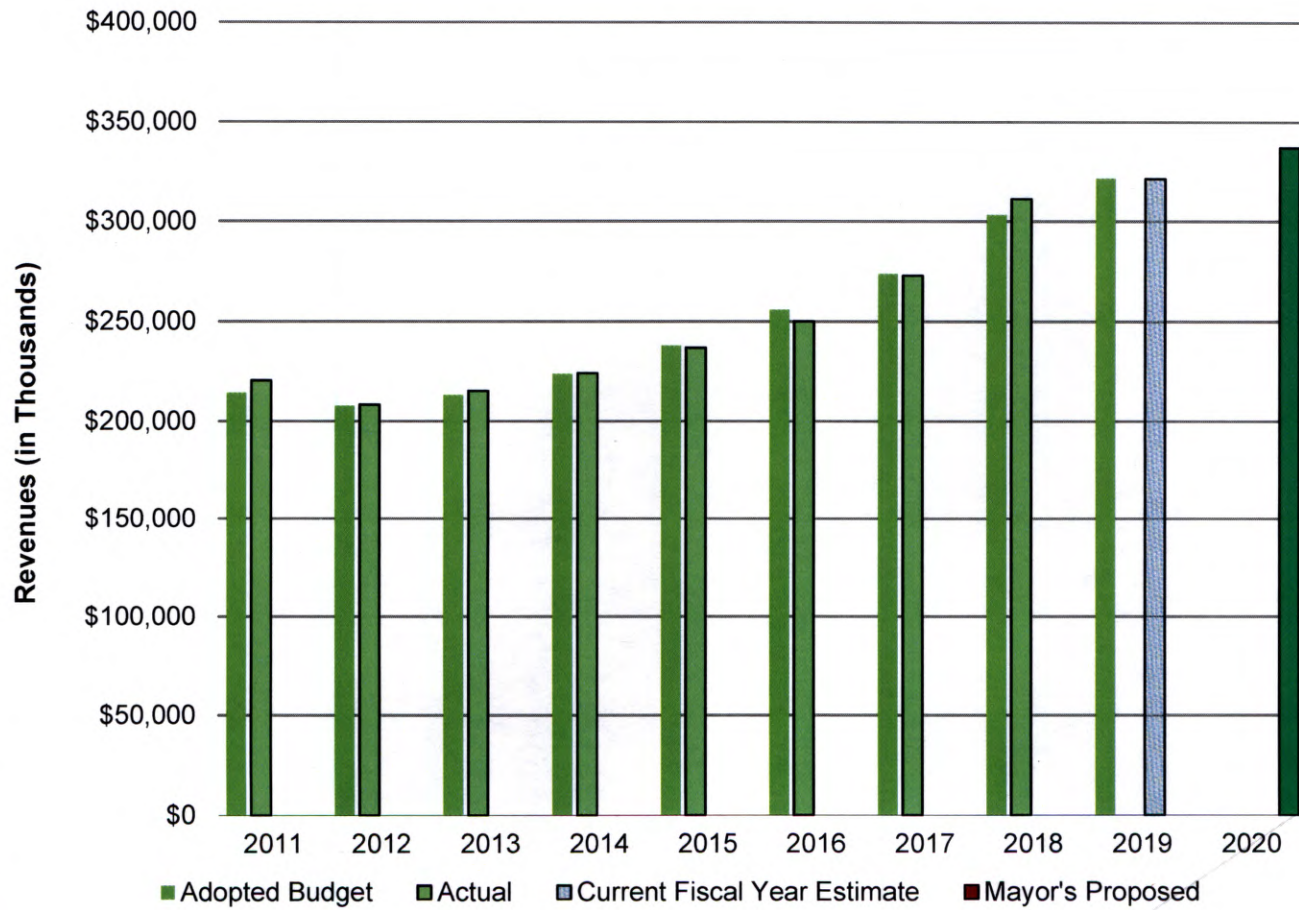
\$448,180,707

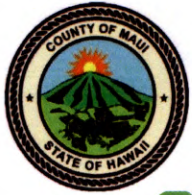




General Fund

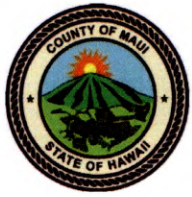
Real Property Tax





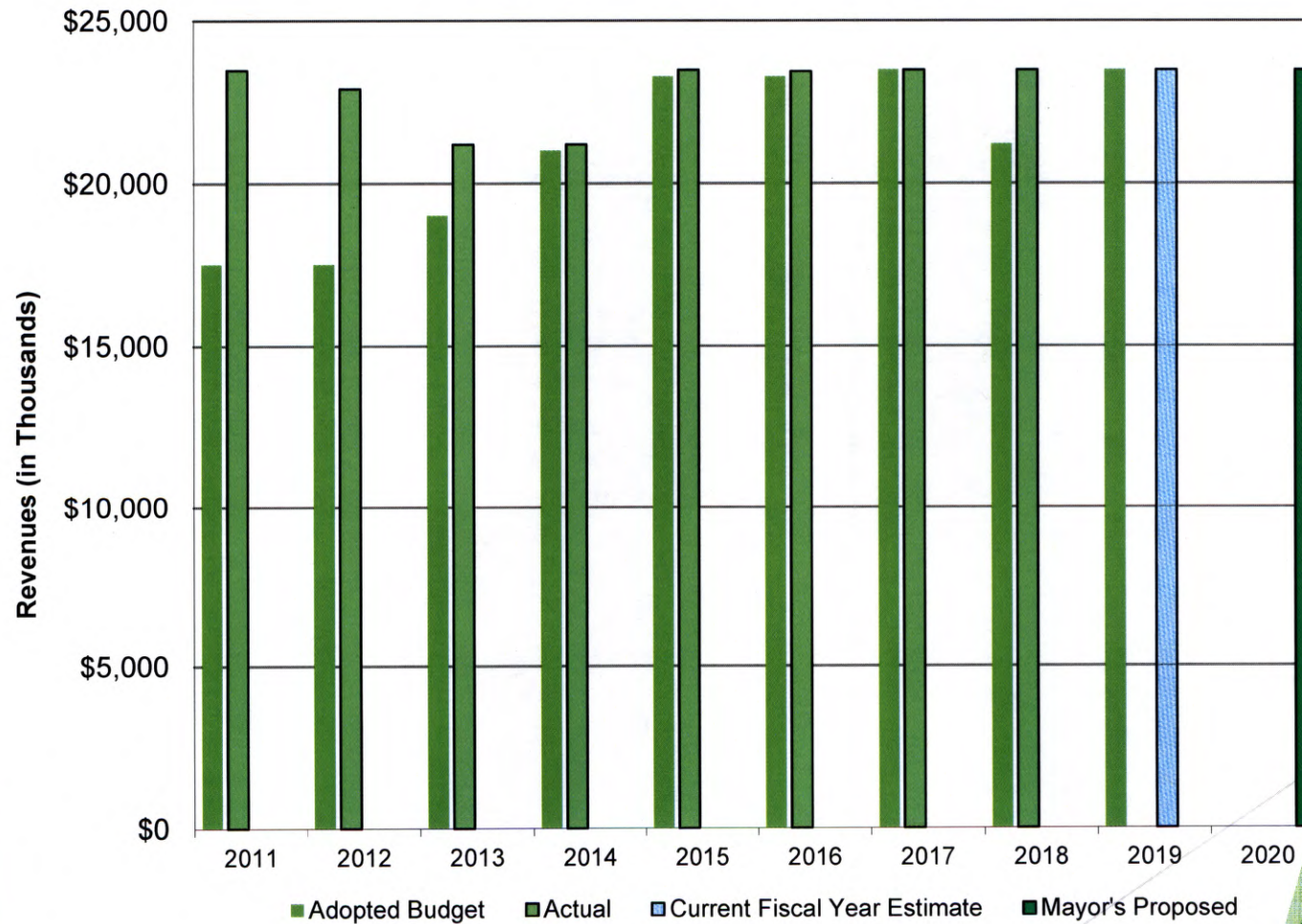
General Fund: RPT Proposed Rates

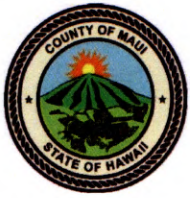
Classification	FY 2019 Adopted	FY 2020 Proposed	Change \$	Change %
Residential	\$5.52	\$5.52	\$0	0%
Apartment	\$6.31	\$6.31	\$0	0%
Commercial	\$7.25	\$7.39	\$0.14	1.9%
Industrial	\$7.45	\$7.48	\$0.03	0.4%
Agricultural	\$6.00	\$6.00	\$0	0%
Conservation	\$6.35	\$6.35	\$0	0%
Hotel & Resort	\$9.37	\$9.60	\$0.23	2.5%
Time Share	\$15.41	\$13.93	-\$1.48	-9.6%
Short-Term Rental	\$9.28	\$9.55	\$0.27	2.9%
Commercialized Residential	\$4.55	\$4.55	\$0	0%
Homeowner	\$2.85	\$2.85	\$0	0%



General Fund

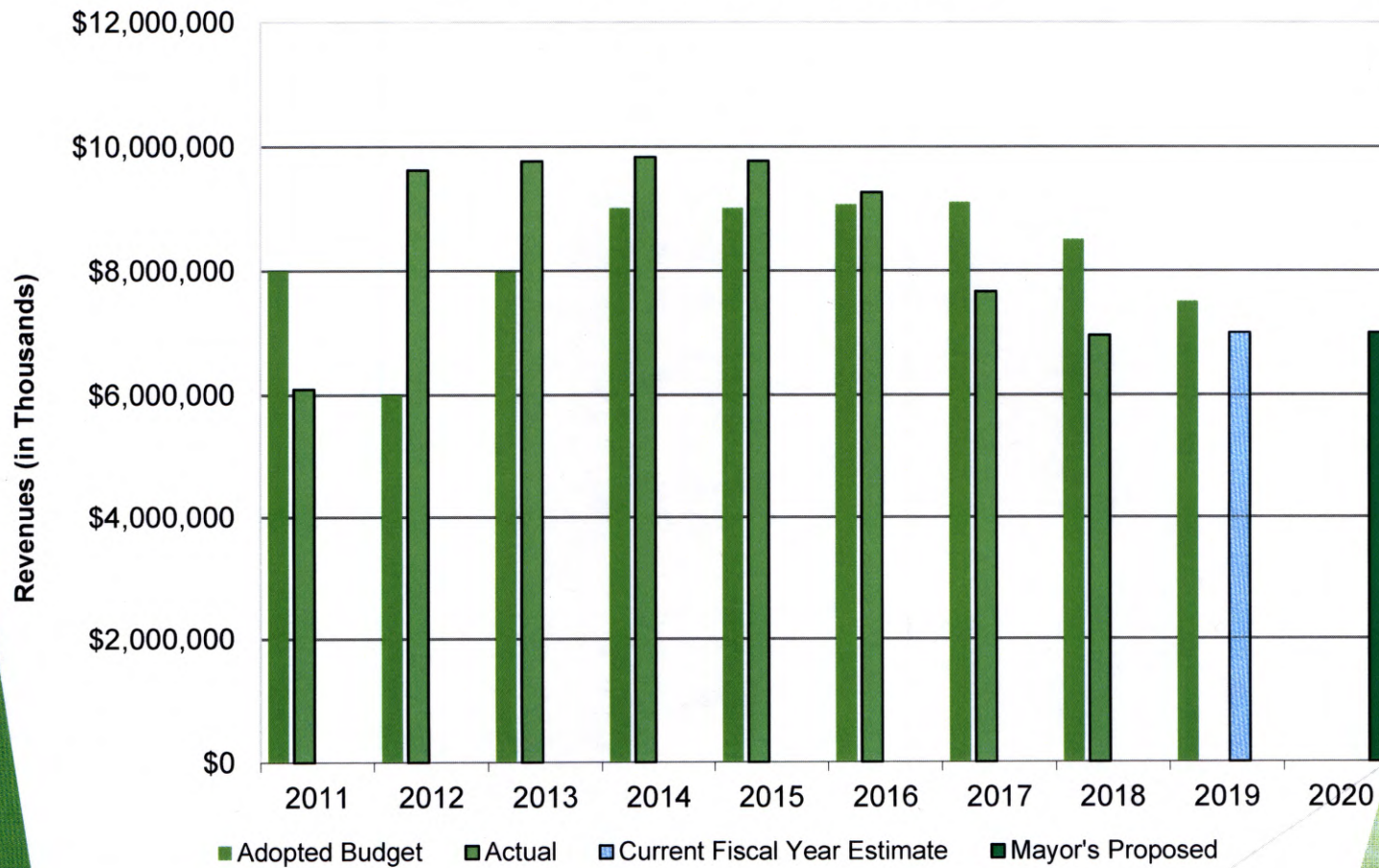
Transient Accommodations Tax

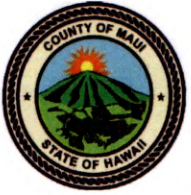




General Fund

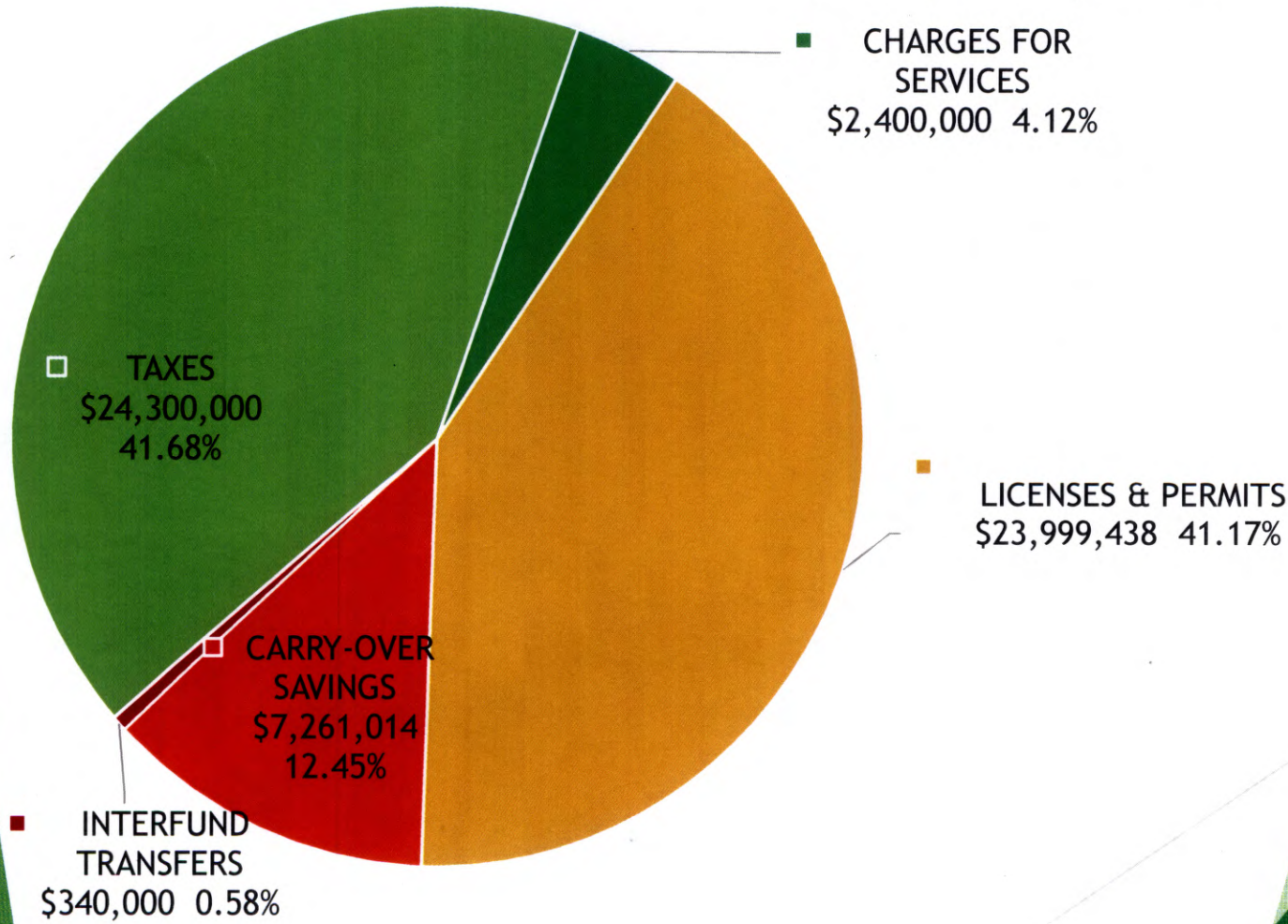
Public Service Company Tax

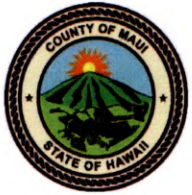




Highway Fund

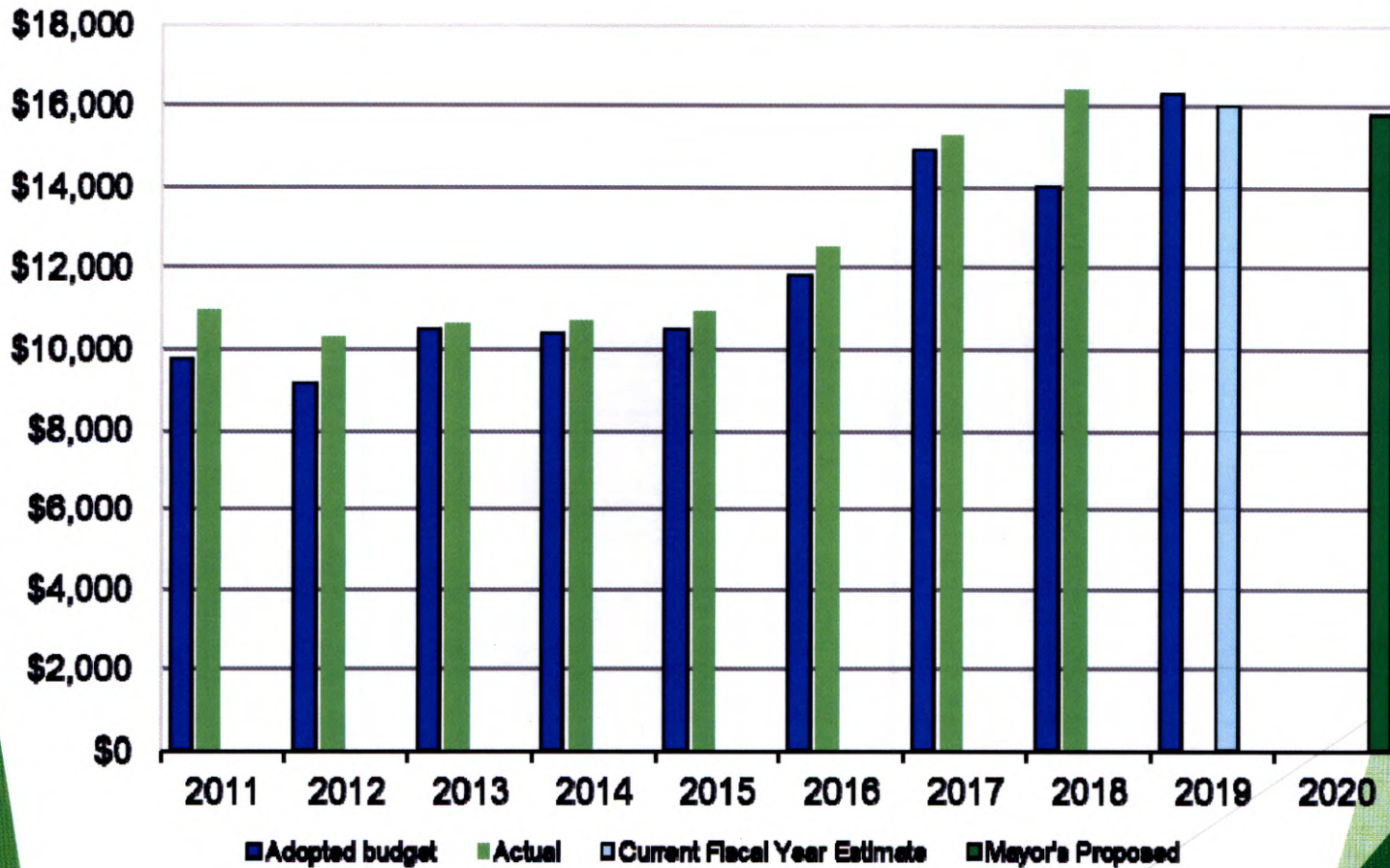
\$58,300,452

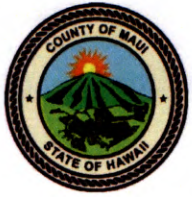




Highway Fund

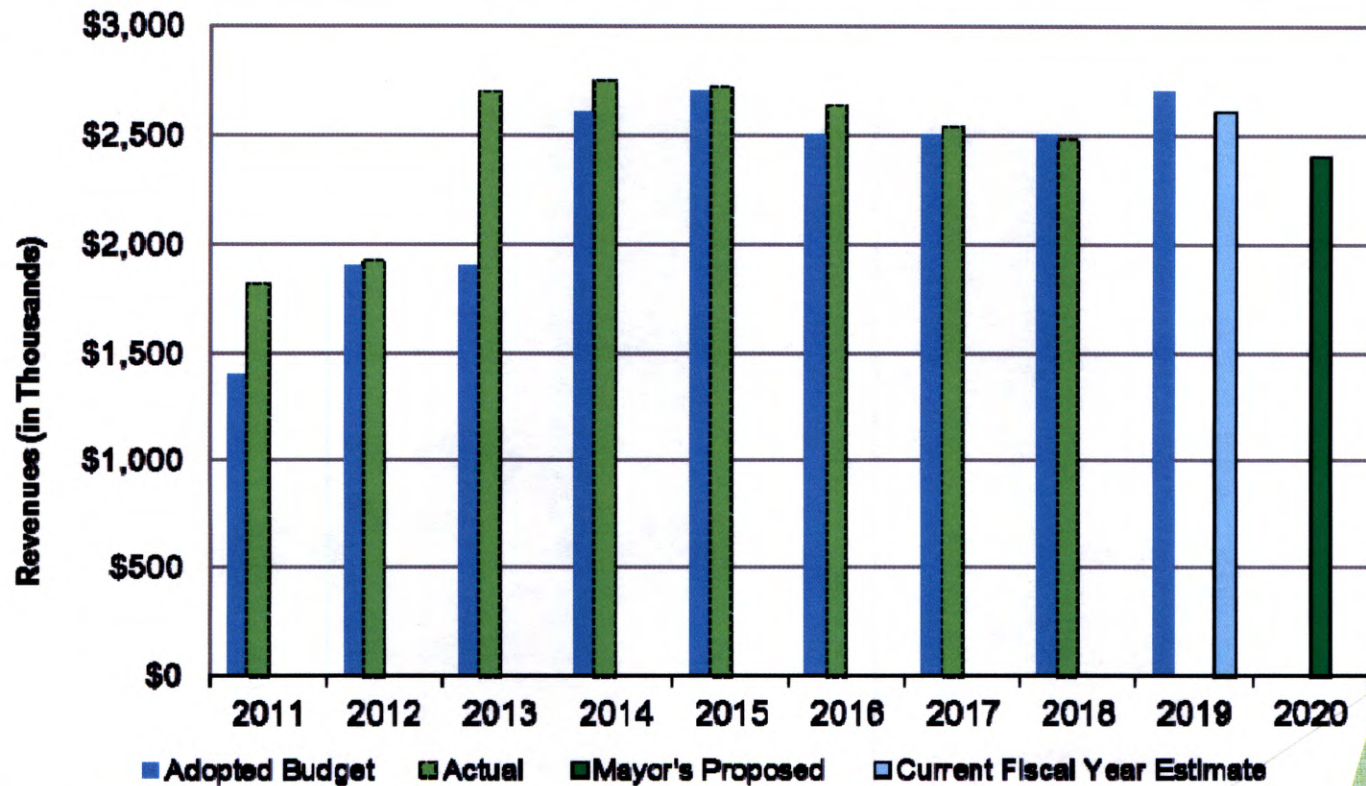
Fuel Tax

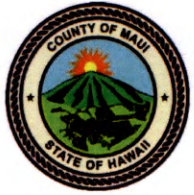




Highway Fund

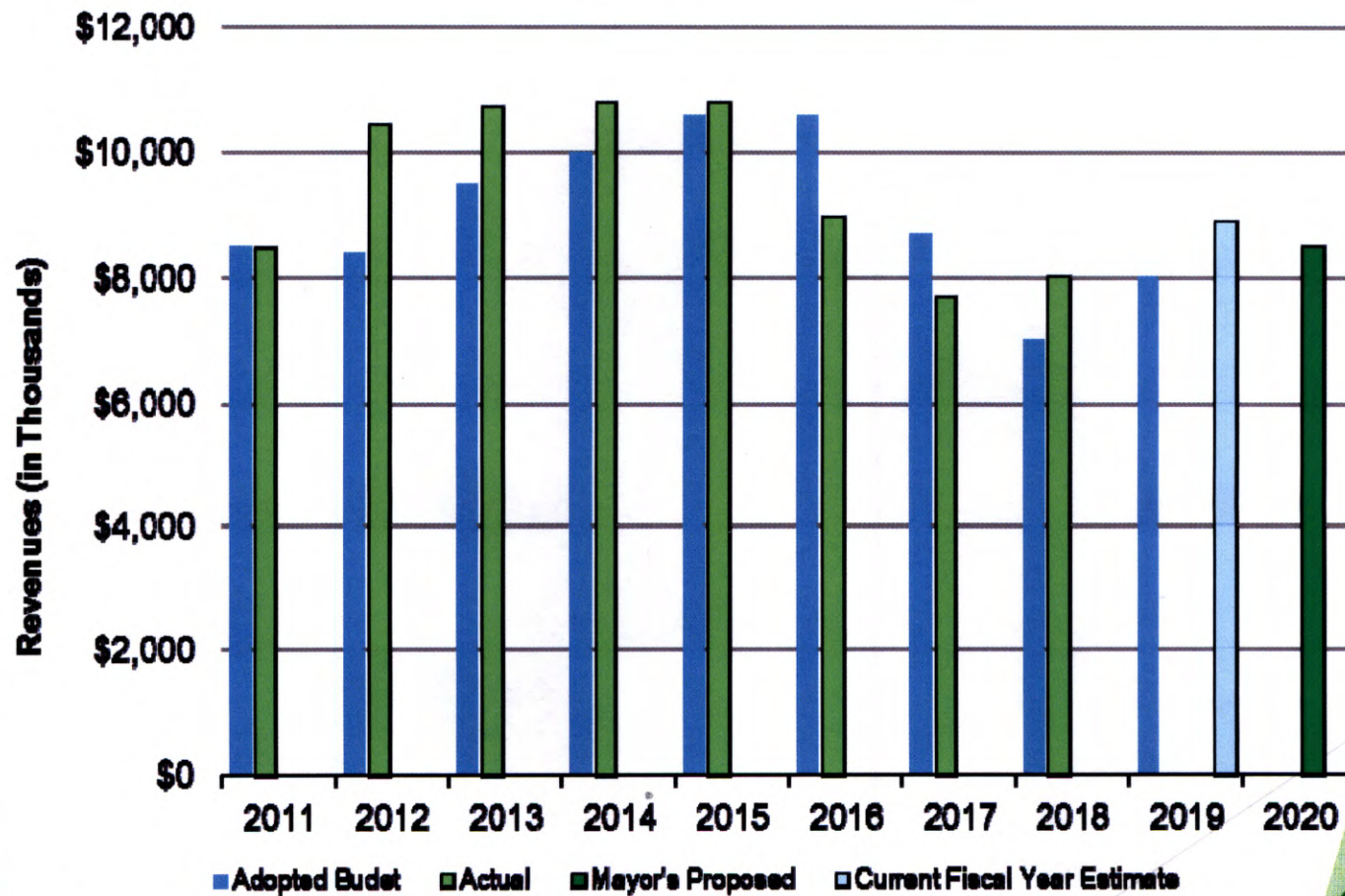
Public Transit Bus Fares

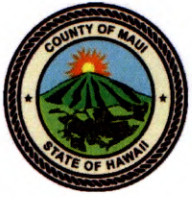




Highway Fund

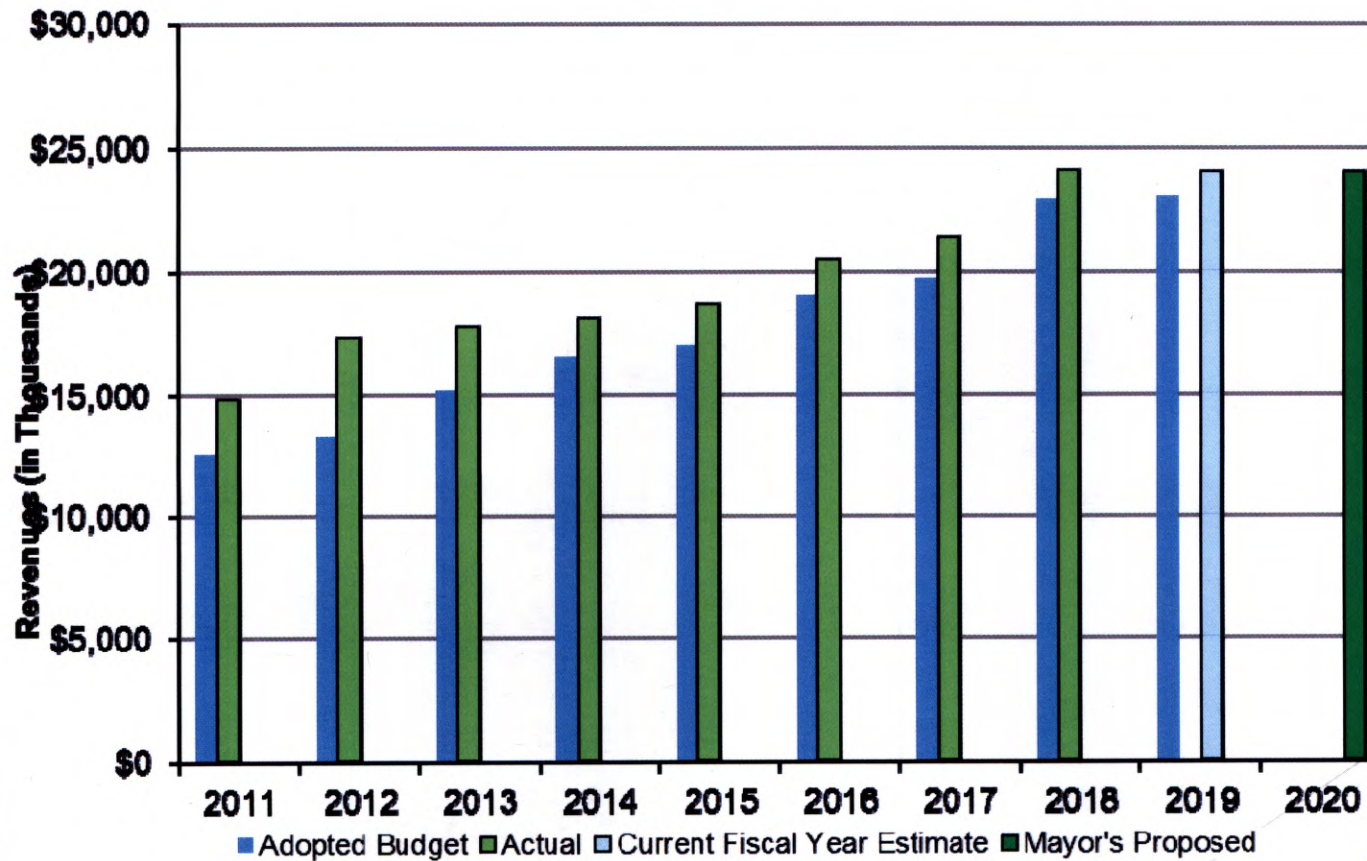
Franchise Tax

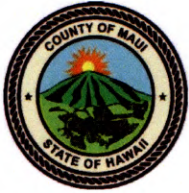




Highway Fund

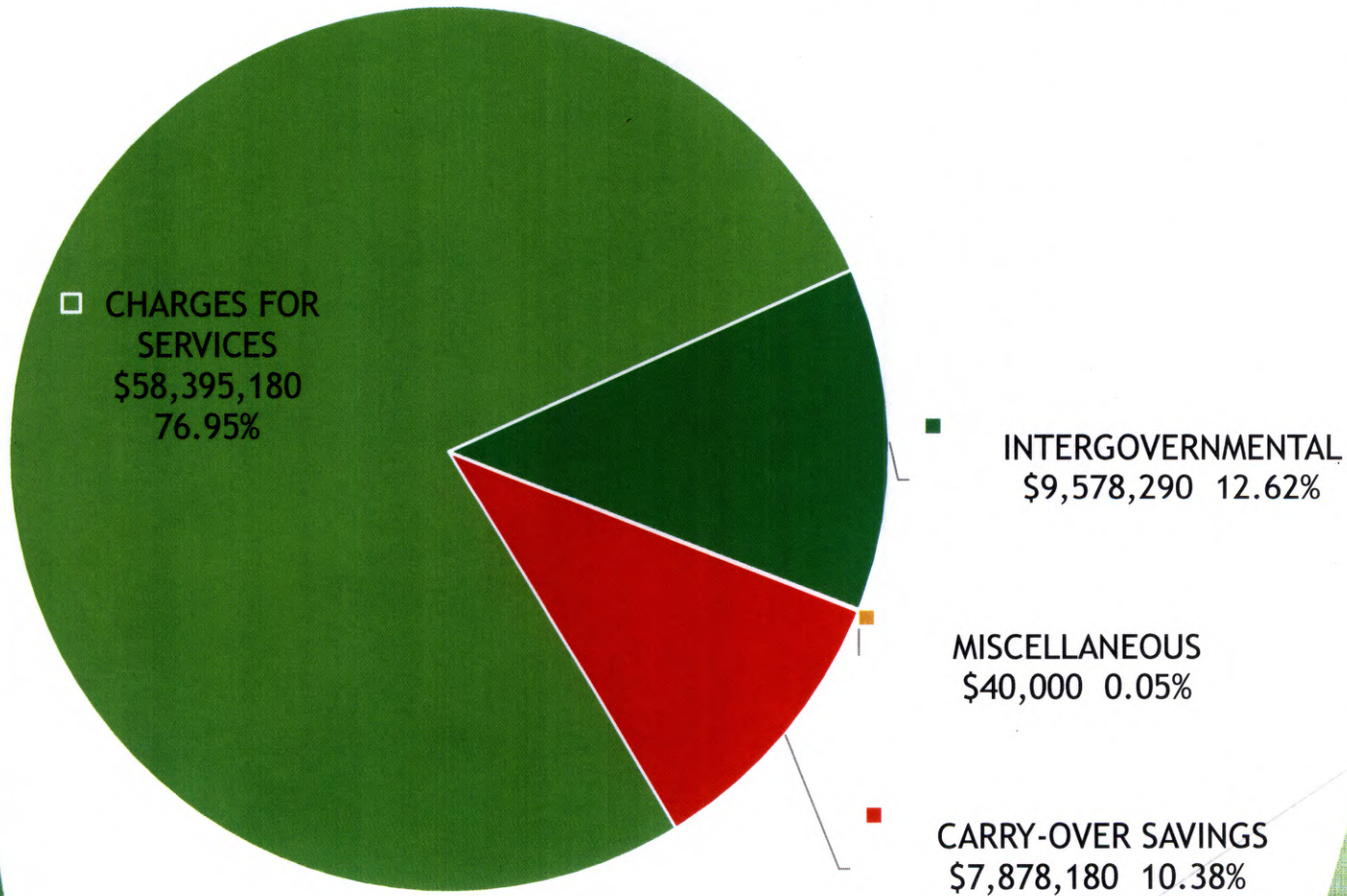
Street Use Weight Tax

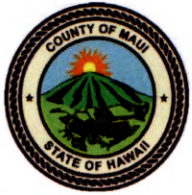




Sewer Fund

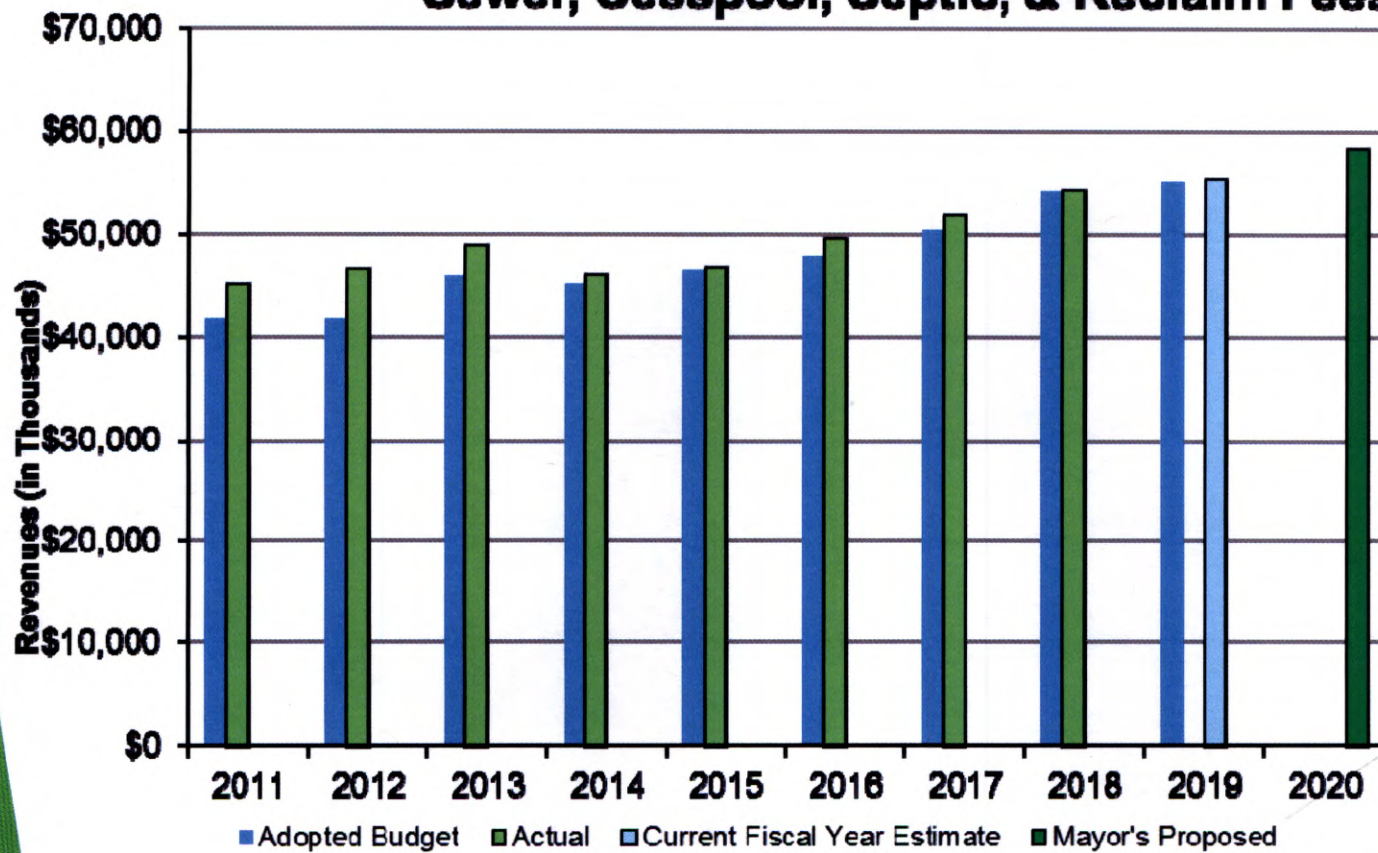
\$75,891,651

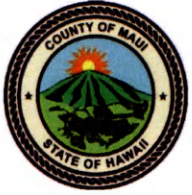




Sewer Fund

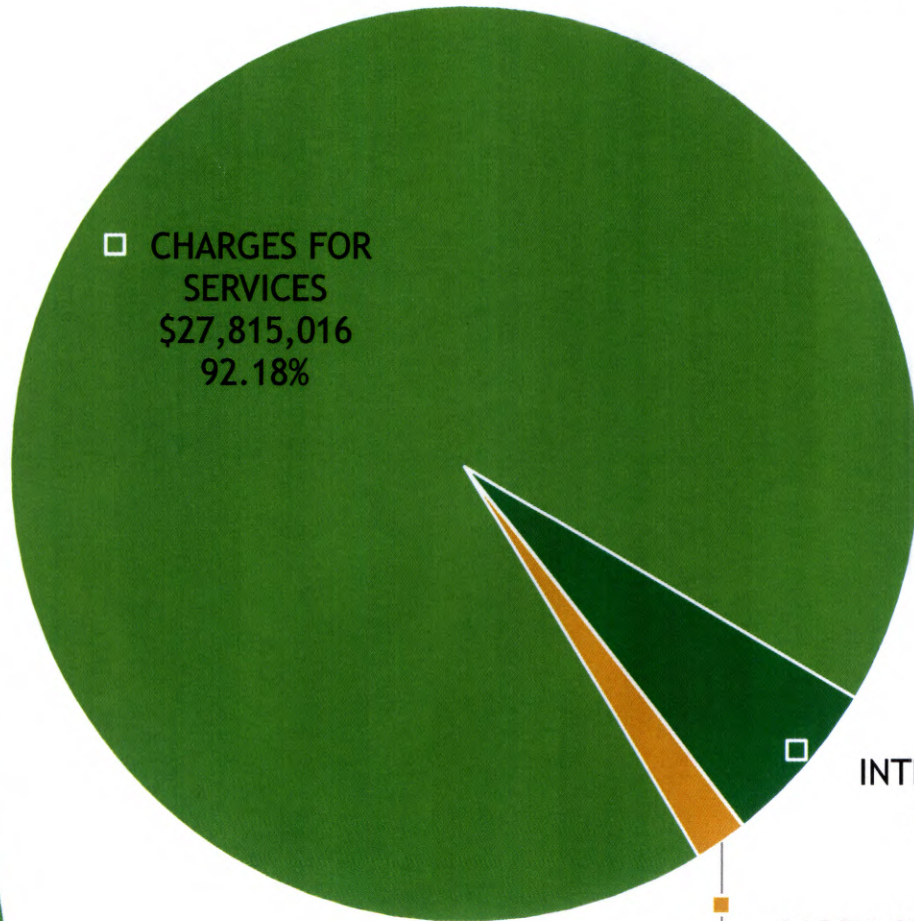
Sewer, Cesspool, Septic, & Reclaim Fees





Solid Waste Fund

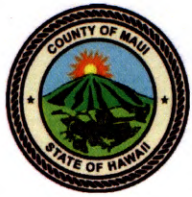
\$30,173,378



□ CHARGES FOR SERVICES
\$27,815,016
92.18%

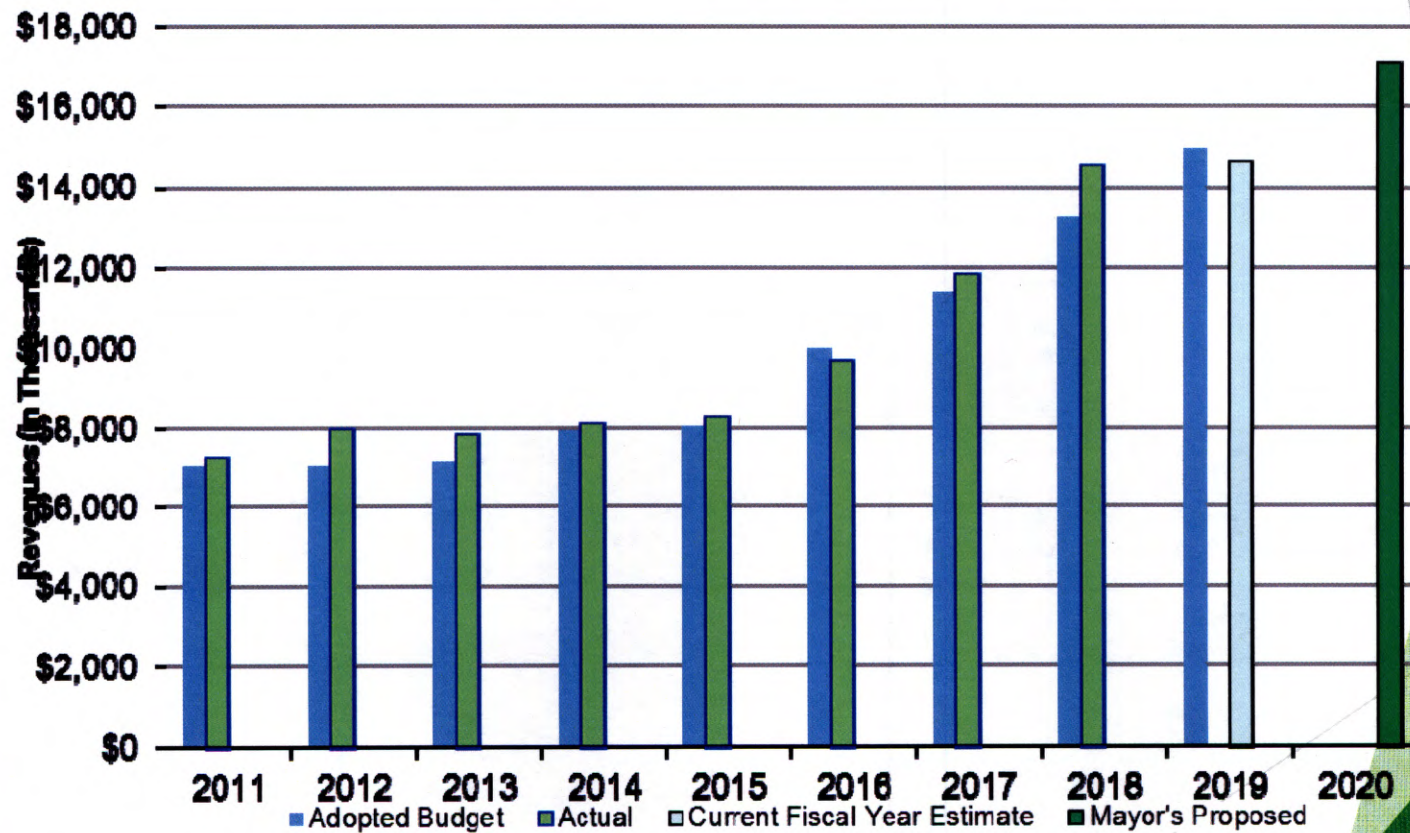
□ INTERFUND TRANSFERS
1,788,491 5.93%

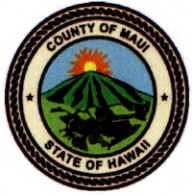
□ CARRY-OVER SAVINGS
\$569,871 1.89%



Solid Waste Fund

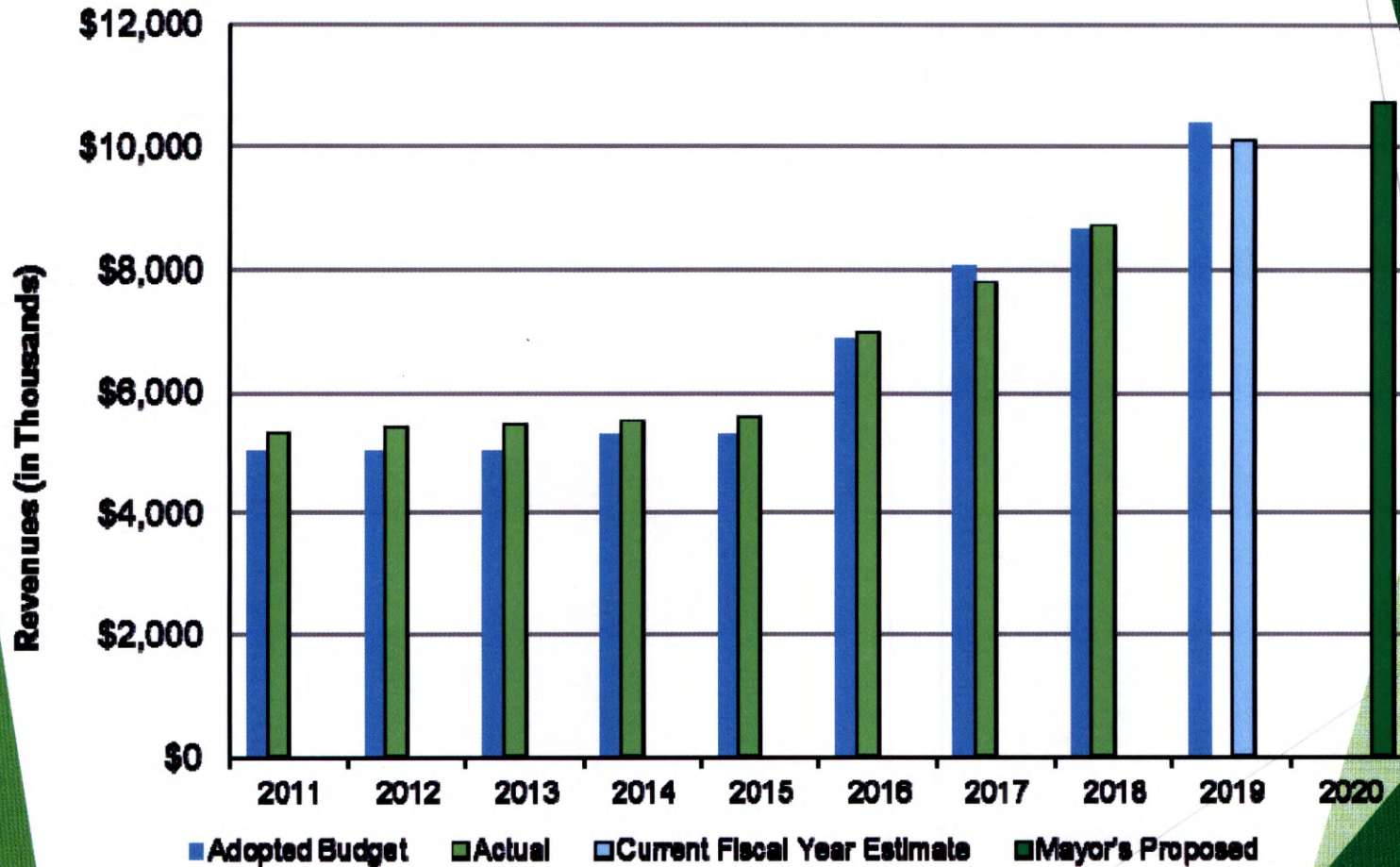
Landfill Tipping and Permit Fees

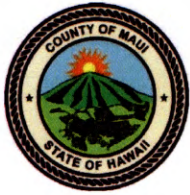




Solid Waste Fund

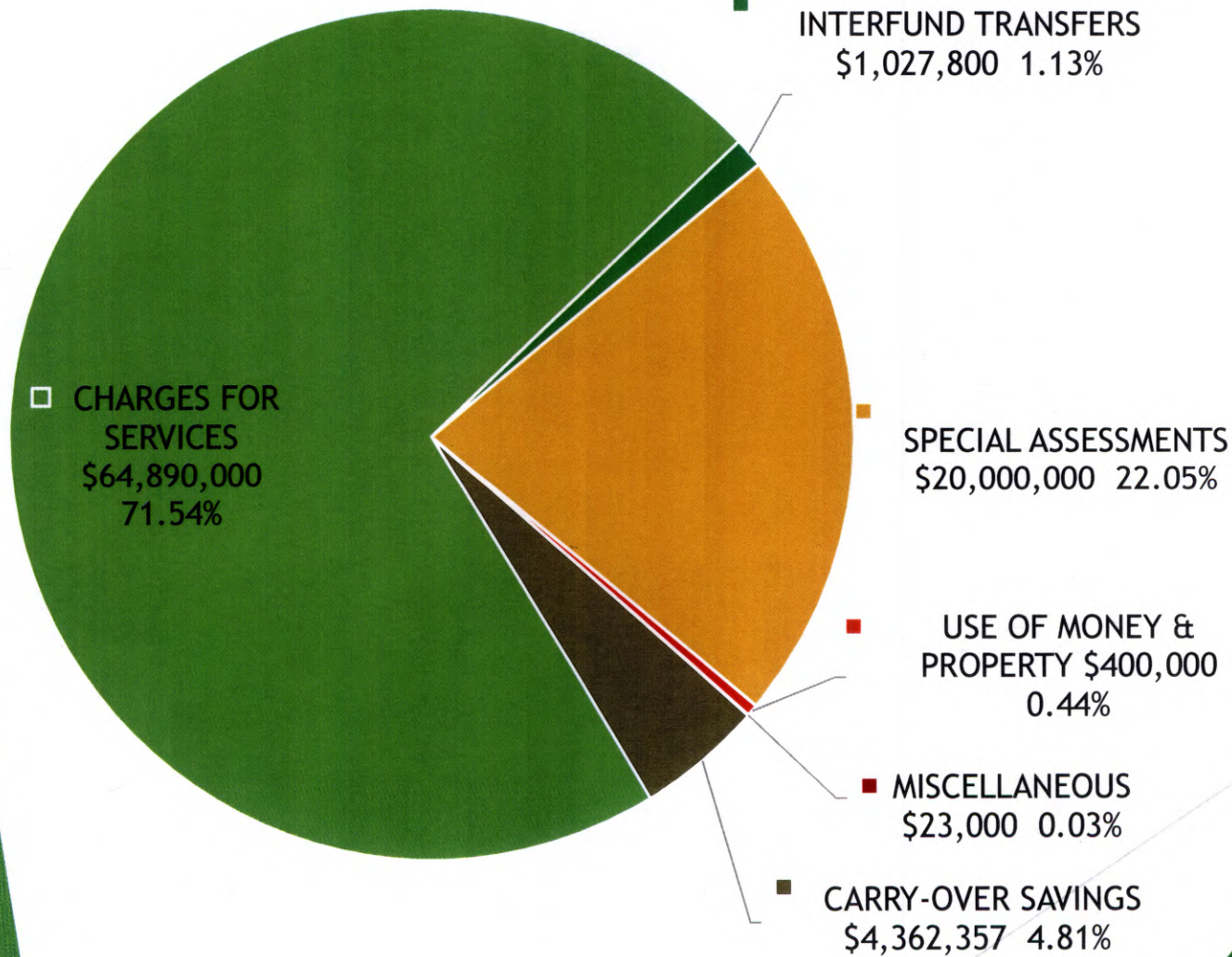
Refuse Collection Fees

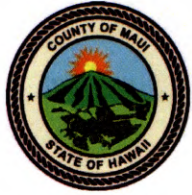




Water Supply Fund

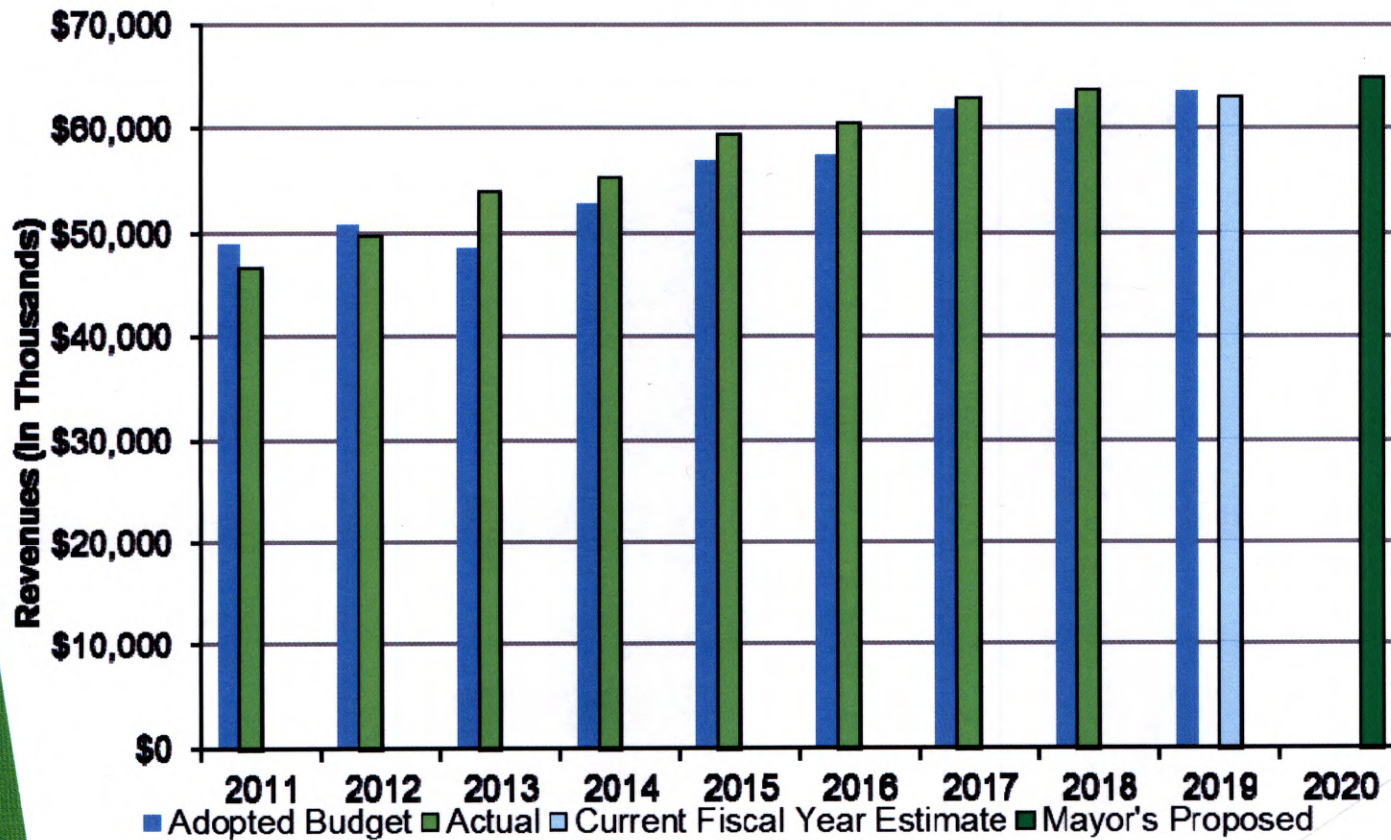
\$90,703,157

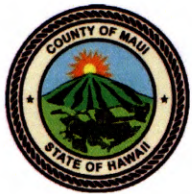




Water Supply Fund

Water Service Fees





QUESTIONS

Attachment C

County of Maui					
Lapsed Bond Proceeds Calculation for Subfund 373					
As of 12/31/2018					
FY	Bond Auth#	Dept	Project Index Code/Title		Cross Check
			Sfund 373		
			Current FY Lapses as of 12/31/2018:		
2016	4228	Public Works	367C49 CW FACILITY BUILDING IMPROVEMENT	\$ 6,307.04	
2017	4331	Public Works	378280 PIILANI HIGHWAY ROAD IMPROVEMENT/NUANUALOA	\$ 1,461.39	
2018	4454	Management	389226 NEW COUNTY SERVICE CENTER	\$ 496.67	
2018	4454	Public Works	389C47 CW DRAINAGE IMPROVEMENTS	\$ 0.28	
			Add rebalance lapsed bond	\$ 2,376,699.26	
			Less FY2019 Funding	\$ (2,195,000.00)	
			Interest Allocation	\$ 192,447.34	
			Subtotal		\$ 382,411.98
			Cash Balance as of 12/31/18 for Sfund 373	\$ 382,411.98	