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Director of Council Services
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

April 5, 2024

Ms. Maria Zielinski, Acting Director
Department of Finance
County of Maui
Wailuku, Hawaii 96793

Dear Ms. Zielinski:

SUBJECT: FISCAL YEAR ("FY") 2025 BUDGET (BFED-1) (FN-8)

May I please request your response to the following:

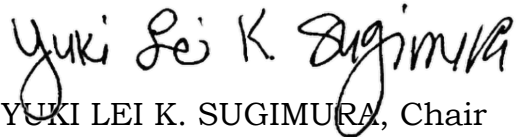
1. Advise whether the estimated balances as of June 30, 2024, for all revolving and special funds in the Mayor's proposed FY 2025 Budget are still accurate. For those that are no longer accurate, provide an updated estimate.
2. The Department had approximately \$38 million in Carryover/Savings from FY 2023, mostly under Countywide Costs.
 - a. Explain why the Carryover/Savings occurred.
 - b. Can any adjustments be made to the proposed Countywide Costs appropriations for FY 2025 to minimize Carryover/Savings at the close of FY 2025?

May I further request you transmit your response to bfed.committee@mauicounty.us by **April 12, 2024**. To ensure efficient processing, please include the relevant Committee item number in the subject line of your response.

Ms. Maria Zielinski
April 5, 2024
Page 2

Should you have any questions, please contact me or the Committee staff (James Krueger at ext. 7761, Kasie Apo Takayama at ext. 7665, or Yvette Bouthillier at ext. 7758).

Sincerely,



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

bfed:2025bgt:240405afn01:jgk

cc: Mayor Richard T. Bissen, Jr.
Acting Budget Director

BFED Committee

From: BFED Committee
Sent: Friday, April 5, 2024 4:02 PM
To: Maria Zielinski
Cc: BFED Committee; Steve Tesoro; Didi Hamai; Michelle Santos; Zeke Kalua; Lesley Milner; Kristina Cabbat
Subject: PLEASE READ attached letter re: FISCAL YEAR ("FY") 2025 BUDGET (BFED 1) (FN-8); reply by 04/12/24
Attachments: (FN-8) Correspondence to Finance 04-05-2024.pdf
Categories: Processed

Ms. Zielinski: Please refer to the attached letter from the Budget, Finance, and Economic Development (BFED) Committee Chair, dated April 5, 2024. Please respond by **April 12, 2024**.

Mayor's Office (attention: Michelle Santos and Zeke Kalua): Please forward the attached letter to Mayor Bissen for his information.

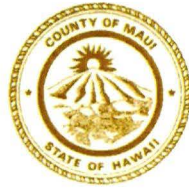
Ms. Milner: FYI

Thank you,
Yvette Bouthillier, Senior Secretary
BFED Committee

RICHARD T. BISSEN, JR.
Mayor


MARIA E. ZIELINSKI
Acting Director

STEVE A. TESORO
Deputy Director



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

April 9, 2024

Ms. Lesley Milner 
Acting Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

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

APPROVED FOR TRANSMITTAL



Acting Mayor Date

For Transmittal to:

Honorable Yuki Lei K. Sugimura, Chair
Budget, Finance, and Economic Development Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Sugimura:

SUBJECT: FISCAL YEAR (“FY”) 2025 BUDGET (BFED-1) (FN-8)

Pursuant to your letter dated April 5, 2024, regarding the Fiscal Year 2025 Budget, below are the responses to the following:

1. Advise whether the estimated balances as of June 30, 2024, for all revolving and special funds in the Mayor’s proposed FY 2025 Budget are still accurate. For those that are no longer accurate, provide an updated estimate.

Response: Please see attachment originally included with our response to FN-5.

2. The Department had approximately \$38 million in Carryover/Savings from FY 2023, mostly under Countywide Costs.
 - a. Explain why the Carryover/Savings occurred.
 - b. Can any adjustments be made to the proposed Countywide Costs appropriations for FY 2025 to minimize Carryover/Savings at the close of FY 2025?

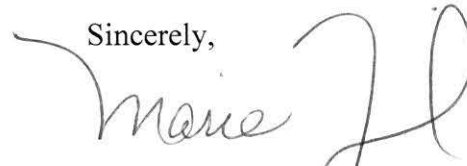
Response: (a) and (b) When an expenditure is less than the amount budgeted, a savings results. In the example of total Countywide expenditures for FY 2023, the Council Adopted Budget exceeded the actual FY 2023 expenditures by \$20.9 million. As reflected in the attachment which summarizes some of the significant Countywide line item costs and Adopted Budget for FY 2023, there are some noteworthy differences in ERS, FICA, EUTF, Terminal Pay, debt principal, settlements and judgments and temporary hazard pay relating to COVID.

ERS (pension costs), FICA (social security taxes), and EUTF (health benefit premiums) are all functions of salaries. These costs are typically calculated using the base salaries and/or head count in the case of health benefits. Since there was a significant amount of vacancies during FY 2023 the budget exceeded the related actual costs. Recognizing that while the vacancy rate is improving but is still high, these budgeted costs were adjusted downward in the FY 2025 budget to try to minimize the savings.

Settlement and judgments and terminal pay are typically budgeted based on anticipated events for the following fiscal year and are therefore more difficult to accurately assess. Given the increased lawsuits as a result of the August 2023 wildfires, settlement and judgments and insurance premiums were both increased for FY 2025.

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me at extension 7475.

Sincerely,



MARIA E. ZIELINSKI
Acting Director of Finance

Attachments

| Ordinance Reference | Revolving Funds | Revolving Funds | | | | | FY 2024 |
|---------------------|---|----------------------------|-----------------|-------------------------|--------------------------------------|--------------|--|
| | | Fund Balance as of 7/01/23 | PY Encumbrances | Actual Revenues to-date | Estimated Revenues remainder of year | CY Provisos | Revised Estimated Available Balance as of June 30, 2024 as of 4/3/2024 |
| | | (A) | (B) | (C) | | (C) | |
| A | HOUSING INTERIM FINANCING AND BUY-BACK REVOLVING FUND | (\$1,603,713) | \$0 | (\$33,513) | \$0 | \$0 | (\$1,637,226) |
| B | NAVAL AIR STATION KAHULUI AIRPORT (NASKA) SEWAGE PUMP STATION FUNI | (\$3,953) | \$0 | \$0 | \$0 | \$0 | (\$3,953) |
| C | FIRE HAZARD REMOVAL REVOLVING FUND | (\$49,894) | \$1,768 | (\$50,000) | \$0 | \$50,000 | (\$48,126) |
| D | PLAN REVIEW, PERMIT PROCESSING, AND INSPECTION REVOLVING FUND HIGHWAY BEAUTIFICATION, ABANDONED VEHICLE, and Tourism - Related Traffic | (\$7,499,218) | \$55,822 | (\$1,349,734) | \$0 | \$1,921,800 | (\$6,871,330) |
| E | Congestion Revolving Fund | (\$1,924,330) | \$663,508 | (\$1,229,179) | \$0 | \$1,569,452 | (\$920,549) |
| F | LIQUOR EDUCATION REVOLVING FUND | (\$349,634) | \$6,600 | (\$28,050) | \$0 | \$98,180 | (\$272,904) |
| G | ANIMAL MANAGEMENT REVOLVING FUND | (\$71,528) | \$17,852 | (\$62,253) | \$0 | \$50,000 | (\$65,929) |
| H | FIRE PLAN REVIEW FEES REVOLVING FUND | (\$1,194,615) | \$2,309 | (\$477,651) | \$0 | \$474,289 | (\$1,195,668) |
| I | OPEN SPACE/NAT&CULT RSRC/SCENC REVOLVING FUND | (\$21,693,982) | \$8,402,413 | (\$5,377,015) | \$0 | \$13,300,000 | (\$5,668,585) |
| J | EMERGENCY REVOLVING FUND | (\$55,965,466) | \$6,699,514 | (\$28,213,408) | \$0 | \$20,000,000 | (\$57,479,359) |
| K | OCEAN RECREATIONAL REVOLVING FUND | (\$767,088) | \$299,602 | \$0 | (\$45,000) | \$161,136 | (\$351,350) |
| L | AFFORDABLE HOUSING REVOLVING FUND | (\$66,902,239) | \$37,604,597 | (\$43,016,123) | \$0 | \$71,546,674 | (\$767,090) |
| M | KAUNOA SR SVCS LEISURE PRG REVOLVING FUND | (\$372,174) | \$200 | (\$67,351) | \$0 | \$350,000 | (\$89,325) |
| N | ALARM SYSTEM REVOLVING FUND | (\$554,213) | \$894 | (\$59,050) | \$0 | \$75,000 | (\$537,369) |
| O | SEWER CAP IMP RESERVE REVOLVING FUND | (\$10,929,995) | \$3,372,193 | \$0 | \$0 | \$0 | (\$7,557,802) |
| P | UPCOUNTRY WATER SYSTEM EXPANSION REVOLVING FUND | (\$11,183,829) | \$0 | \$0 | \$0 | \$0 | (\$11,183,829) |
| Q | ECONOMIC DEVELOPMENT REVOLVING FUND | (\$1,097,363) | \$507,872 | \$0 | \$0 | \$100,000 | (\$489,491) |
| R | FIREWORKS AUDITOR REVOLVING FUND | (\$119,500) | \$0 | (\$5,525) | \$0 | \$0 | (\$125,025) |
| S | HAWAIIAN CULTURAL RESTORATION REVOLVING FUND | (\$1,410,946) | \$26,625 | (\$29,546) | \$0 | \$250,000 | (\$1,163,867) |
| T | EMPLOYEE PARKING REVOLVING FUND | (\$257,402) | \$0 | (\$42,435) | \$0 | \$50,000 | (\$249,837) |
| U | MAUI INTERSCHOLASTIC LEAGUE REVOLVING FUND | (\$78,047) | \$0 | (\$9,721) | \$0 | \$0 | (\$87,768) |
| V | COUNTY PARKS SPECIAL REVOLVING FUND | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| W | SPECIAL MANAGEMENT AREA REVOLVING FUND | (\$1,388,763) | \$0 | (\$191,906) | \$0 | \$100,000 | (\$1,480,668) |
| X | EXPERIMENTAL/DEMO REVOLVING FUND | (\$1,000,000) | \$0 | \$0 | \$0 | \$1,000,000 | \$0 |
| Y | VEHICLE DISPOSAL FEE | (\$12,193,362) | \$431,152 | (\$2,972,025) | \$0 | \$2,542,375 | (\$12,191,860) |
| Z | HOME ACQUISITION/OWNERSHIP PRG | (\$3,553,192) | \$0 | (\$111,925) | \$0 | \$2,900,000 | (\$765,116) |
| AA | MOLOKAI FARMING COST REIMBURSEMENT FUND | (\$213,690) | \$6,966 | \$0 | \$0 | \$60,000 | (\$146,725) |
| BB | MANAGED RETREAT REVOLVING FUND | \$0 | \$0 | (\$12,000,000) | \$0 | \$0 | (\$12,000,000) |

**Updated estimated revenue amount for FY24 to \$45,000

**Updated to include budget amendments as of the date of this report.

Countywide Costs FY 2023

| | <u>FY 2023</u> <u>Adopted Budget</u> | <u>FY 2023</u> <u>Actual</u> | <u>Difference</u> |
|-------------------------------|---|---------------------------------|---------------------|
| ERS | 71,253,302 | 62,110,715 | (9,142,587) |
| FICA | 12,273,949 | 9,067,930 | (3,206,019) |
| EUTF | 24,063,777 | 20,352,726 | (3,711,051) |
| Terminal Pay | 13,000,000 | 2,197,145 | (10,802,855) |
| OPEB ARC | 38,344,000 | 38,344,000 | - |
| Debt interest | 16,792,257 | 15,206,121 | (1,586,136) |
| Debt Principal | 37,145,197 | 30,235,792 | (6,909,405) |
| Workers Compensation | 4,000,000 | 3,852,729 | (147,271) |
| Insurance premiums | 4,654,715 | 3,887,525 | (767,190) |
| Settlements and judgments | 5,816,806 | 1,325,325 | (4,491,481) |
| Open Space | 12,611,014 | 12,611,014 | - |
| Affordable Housing | 32,695,216 | 32,695,216 | - |
| Temporary Hazard Pay COVID 19 | 10,000,000 | 27,000,000 | 17,000,000 |
| Emergency Fund | 3,270,764 | 3,270,764 | - |
| OPEB Additional Funding | 3,000,000 | 3,000,000 | - |
| | <u>288,920,997</u> | <u>265,157,002</u> | <u>(23,763,995)</u> |

BFED Committee

From: Janina Agapay <Janina.E.Agapay@co.maui.hi.us>
Sent: Tuesday, April 9, 2024 3:11 PM
To: BFED Committee
Cc: Lesley Milner
Subject: (BFED-1)(FN-8)
Attachments: (BFED-1)(FN-8).pdf

Hello,

Please see attached correspondence from Department of Finance.

Thank you,

Janina Agapay

County of Maui

Budget Office

(808) 270-7836

Janina.E.Agapay@co.maui.hi.us