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COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

June 23, 2025

Mr. John Stufflebean, Director
Department of Water Supply
County of Maui
Wailuku, Hawaii 96793

Dear Mr. Stufflebean:

**SUBJECT: ANNUAL COMPREHENSIVE FINANCIAL REPORT,
SINGLE AUDIT REPORTS, AND DEPARTMENT OF
WATER SUPPLY'S FINANCIAL AUDIT REPORTS
(BFED-20(11))**

The Council's Budget, Finance, and Economic Development Committee will be discussing these reports at its meeting of July 1, 2025.

The Department of Water Supply's Financial Audit Reports for Fiscal Years 2023 and 2024 show a history of operating losses. In preparation for the meeting, may I please request your response to the following:

1. What are the structural or recurring factors driving the Department's widening operating deficit, which increased from \$3.8 million in FY 2023 to \$6.4 million in FY 2024?
2. What specific expenses contributed to the \$7.8 million increase in the Department's expenses in FY 2024, particularly in administrative and general costs?
3. What caused the increase in interest and investment income from \$1.35 million in FY 2023 to \$5.5 million in FY 2024, and is this increase expected to continue in future years?
4. What specific projects accounted for the increase in capital contributions from \$5.8 million in FY 2023 to \$12.9 million in FY 2024, and are similar contributions expected in future years?

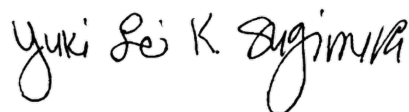
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5. How dependent is the Department on capital contributions, interest income, and investment earnings to offset operating losses, and is this a sustainable long-term financial strategy?
6. What was the source and purpose of the \$9.2 million transfer into the Department's fund in FY 2024, and does the Department anticipate similar transfers in future years?
7. Does the Department anticipate future operating losses? If so, what is the Department's plan to address the operating deficits?

May I further request you transmit your response to bfed.committee@mauicounty.us by **June 30, 2025**. To ensure efficient processing, please include the Committee item number in the subject line.

Should you have any questions, please contact me or the Committee staff (Kirsten Szabo at ext. 7662, or Pauline Martins at ext. 8039).

Sincerely,



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

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cc: Mayor Richard T. Bissen, Jr.