

COUNCIL OF THE COUNTY OF MAUI

**BUDGET, FINANCE, AND ECONOMIC
DEVELOPMENT COMMITTEE**

April 5, 2024

**Committee
Report No. _____**

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget, Finance, and Economic Development Committee, having met on March 19, 2024, makes reference to the following:

1. Bill 48 (2024), entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2024 BUDGET FOR THE COUNTY OF MAUI, REVENUES; CAPITAL IMPROVEMENT PROJECTS, DEPARTMENT OF WATER SUPPLY, COUNTYWIDE; AND APPENDIX C, DEPARTMENT OF WATER SUPPLY, COUNTYWIDE.”

Bill 48’s purpose is to amend the Fiscal Year (“FY”) 2024 Budget, by: 1) amending Section 2, Estimated Revenues, by increasing Other Intergovernmental by \$1,502,403; 2) amending Section 4.H.1.a., Department of Water Supply, Countywide, Water Supply, by adding a new appropriation for State Revolving Loan Fund, entitled “Lead and Copper Rule Revision Compliance,” in the amount of \$1,502,403; 3) adjusting the totals accordingly; and 4) amending Appendix C - Capital Improvement Projects, Department of Water Supply, Countywide, by adding a new project and project description, entitled “Lead and Copper Rule Revision Compliance,” in the amount of \$1,502,403.

2. Bill 49 (2024), entitled “A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR A LOAN FROM THE STATE OF HAWAII’S DRINKING WATER STATE REVOLVING FUND FOR LEAD AND COPPER RULE

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REVISION COMPLIANCE, FISCAL YEAR 2024 BUDGET
ORDINANCE.”

Bill 49’s purpose is to authorize the Mayor to enter into an intergovernmental agreement with the State of Hawaii for a loan from the Drinking Water State Revolving Fund in the amount of \$1,502,403 for Lead and Copper Rule Revision Compliance.

By correspondence dated February 29, 2024, the Interim Budget Director explained that the “funds will be used for costs associated with the development of a gap assessment evaluating [the Environmental Protection Agency’s] Lead and Copper Rule Revision requirements against the Department of Water Supply’s existing compliance practices and developing a service line material inventory, community outreach deliverable, a lead service line replacements plan, and strengthening drinking water treatment requirements.”

A representative of the Department of Water Supply said approximately 51 percent of the loan funds will be principal forgiveness, meaning repayment would not be necessary. \$763,221 of the funds will be provided at zero interest with no annual fee and \$739,182 will be at 0.25 percent interest with a 1.50 percent annual fee.

He explained that the scope of work would involve investigating the Department’s service laterals across the County, of which there are about 40,000, to determine the appropriate pipe material for each lateral. The work must be done by the end of October 2024 to meet rule revision compliance deadline.

The Representative clarified that the work will not include service laterals affected by the August 2023 wildfires. The Department is testing and sampling water in those areas and already plans to replace most of these laterals.

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Your Committee voted 9-0 to recommend passage of Bill 48 (2024) and Bill 49 (2024) on first reading. Committee Chair Sugimura, Vice-Chair Kama, and members Cook, Johnson, Lee, Paltin, Rawlins-Fernandez, Sinenci, and U‘u-Hodgins voted “aye.”

Your Committee is in receipt of Bill 48, CD1 (2024), approved as to form and legality by the Department of the Corporation Counsel, incorporating nonsubstantive revisions that take into account prior amendments to the FY 2024 Budget.

Your Budget, Finance, and Economic Development Committee RECOMMENDS the following:

1. That Bill 48, CD1 (2024), as revised herein and attached hereto, entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2024 BUDGET FOR THE COUNTY OF MAUI, REVENUES; CAPITAL IMPROVEMENT PROJECTS, DEPARTMENT OF WATER SUPPLY, COUNTYWIDE; AND APPENDIX C, DEPARTMENT OF WATER SUPPLY, COUNTYWIDE,” be PASSED ON FIRST READING and be ORDERED TO PRINT; and
2. That Bill 49 (2024), attached hereto, entitled “A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR A LOAN FROM THE STATE OF HAWAII’S DRINKING WATER STATE REVOLVING FUND FOR LEAD AND COPPER RULE REVISION COMPLIANCE, FISCAL YEAR 2024 BUDGET ORDINANCE,” be PASSED ON FIRST READING and be ORDERED TO PRINT.

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



YUKI LEI K. SUGIMURA, Chair

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ORDINANCE NO. _____

BILL NO. 48, CD1 (2024)

A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2024
BUDGET FOR THE COUNTY OF MAUI, REVENUES;
CAPITAL IMPROVEMENT PROJECTS, DEPARTMENT OF
WATER SUPPLY, COUNTYWIDE;
AND APPENDIX C, DEPARTMENT OF WATER SUPPLY,
COUNTYWIDE

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

SECTION 1. Ordinance No. 5528, Bill No. 22, CD1, FD2 (2023), as amended, "Fiscal Year 2024 Budget", Section 2, Estimated Revenues, is amended to increase Other Intergovernmental in the amount of \$1,502,403, and increase the total accordingly, to read as follows:

"ESTIMATED REVENUES

FROM TAXES, FEES AND ASSESSMENTS:

Real Property Taxes		534,949,079
Circuit Breaker Adjustment		(325,398)
Transient Accommodations Tax		60,000,000
Charges for Current Services		172,264,662
Public Service Company Tax		7,000,000
Licenses/Permits/Others		45,268,317
Fuel and Franchise Taxes		23,500,000
Special Assessments		6,700,000

Other Intergovernmental	[19,150,000]	<u>20,652,403</u>
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FROM OTHER SOURCES:

Interfund Transfers		82,345,088
Bond/Lapsed Bond		70,109,048
Carryover/Savings:		
General Fund		98,255,701
Sewer Fund		10,073,191
Highway Fund		8,000,039
Solid Waste Management Fund		4,945,233
Environmental Protection and Sustainability Fund		665,143
Liquor Fund		855,282
Bikeway Fund		199,760
Water Fund		<u>9,905,110</u>

TOTAL ESTIMATED REVENUES	[1,153,860,255]	<u>1,155,362,658"</u>
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SECTION 2. Fiscal Year 2024 Budget, Section 4.H.1.a, Department of Water Supply, Countywide, Water Supply, is amended to add a new appropriation for State Revolving Loan Fund entitled "Lead and Copper Rule Revision Compliance" in the amount of \$1,502,403, to read as follows:

<u>"PROJECT TITLE</u>	<u>APPROPRIATION</u>
H. Department of Water Supply	
1. Countywide	
a. Water Supply	
(1) Water Fund - Unrestricted	
(i) Countywide Facility Improvements	700,000
(ii) Countywide Upgrades and Replacements	4,050,000
(iii) Countywide Water System Modification	250,000
(2) Water Fund - Restricted	
(i) Countywide Upgrades and Replacements	700,000
(3) <u>State Revolving Loan Fund</u>	
(i) <u>Lead and Copper Rule Revision Compliance</u>	<u>1,502,403"</u>

SECTION 3. Fiscal Year 2024 Budget, Total Capital Improvement Project Appropriations, is amended to reflect an increase of \$1,502,403, to read as follows:

"TOTAL CAPITAL IMPROVEMENT PROJECT APPROPRIATIONS	[166,852,882]
	<u>168,355,285"</u>

SECTION 4. Fiscal Year 2024 Budget, Total Appropriations (Operating and Capital Improvement Projects), is amended to reflect an increase of \$1,502,403, to read as follows:

"TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)	[1,153,860,255]	<u>1,155,362,658"</u>
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SECTION 5. Fiscal Year 2024 Budget, "Appendix C – Capital Improvement Projects", Department of Water Supply, Countywide, is amended to add a new project and project description "Lead and Copper Rule Compliance" in the amount of \$1,502,403, to read as follows:

"APPENDIX C – Capital Improvement Projects		
CBS NO.	PROJECT TITLE/DESCRIPTION	APPROPRIATION
	<u>Department of Water Supply</u>	
	1. Countywide	
CBS-1075	a. Countywide Facility Improvements	700,000
	The Countywide Facilities Improvements project addresses critical infrastructure and facility issues at water treatment plants (WTP), well sites, water tank sites, booster pump station sites, and other DWS facilities. FY 2024 anticipated projects include, but not limited to: 1) New Omaopio Tank Land Acquisition 2) Mahinahina WTP - Backwash Tank Replacement; 3) Dam Safety Projects; 4) Sanitary Survey deficiencies issued by the State Department of Health; and 5) funding for any unforeseen projects critical to maintaining system operations and reliability.	
CBS-2299	b. Countywide Upgrades and Replacements	4,750,000
	The Countywide Upgrades and Replacements project supports improvements that sustain the reliable operation of existing water infrastructure or mitigate inadequacies for existing and future demand with projects at water treatment plants (WTP), well sites, booster pump	

	stations, tank sites, and waterlines. FY 2024 anticipated projects include, but not limited to: 1) Countywide Tank Replacements; 2) Countywide Waterline Replacements; 3) Countywide Lateral Replacements; 4) Countywide Well and Booster Pump Replacements; 5) funding for any unforeseen projects critical to maintaining system operations and reliability.	
CBS-4615	c. Countywide Water System Modification	250,000
	The Countywide Water System Modification supports all CIP projects, including prior fiscal year, ensuing fiscal year, and emergency projects to efficiently provide clean and safe drinking water to customers. An effective CIP program demands an ability to respond to unanticipated planning, design, permitting, and construction issues in a timely manner.	
CBS-xxxx	d. Lead and Copper Rule Revision Compliance	1,502,403"
	<u>Funding for Lead and Copper Rule Revision ("LCRR") Compliance consists of two phases. Phase 1 is the development of a gap assessment evaluating LCRR requirements against the Department of Water Supply's existing compliance practices to determine what actions need to be taken to comply with the LCRR. Phase 2 includes development of a service line material inventory, community outreach deliverables, lead service line replacement plan, and strengthening drinking water treatment requirements.</u>	

SECTION 6. Material to be repealed is bracketed. New material is underscored.

SECTION 7. This Ordinance takes effect on approval.

APPROVED AS TO FORM AND LEGALITY:


 KRISTINA C. TOSHIKIYO
 Deputy Corporation Counsel

INTRODUCED BY:

A handwritten signature in cursive script, appearing to read "John F. Lee", written above a horizontal line.

Upon the request of the Mayor.

ORDINANCE NO. _____

BILL NO. 49 (2024)

A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR A LOAN FROM THE STATE OF HAWAII'S DRINKING WATER STATE REVOLVING FUND FOR LEAD AND COPPER RULE REVISION COMPLIANCE, FISCAL YEAR 2024 BUDGET ORDINANCE

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

SECTION 1. Request for Loan. The County of Maui, pursuant to Chapter 340E, Hawaii Revised Statutes, has submitted an application for a loan from the Drinking Water State Revolving Fund ("DWSRF") to the Director of the Department of Health, State of Hawaii, to finance the following project:

1. State Revolving Loan Fund
 - a. Lead and Copper Rule Revision Compliance.....\$1,502,403 ("Project").

Under the terms and conditions anticipated with regard to such DWSRF loan, the County shall repay, over a term of twenty years, the principal amount, which shall not exceed the amounts stated above, at a fixed rate of interest that shall not exceed the annual rate of the weekly Bond Buyer's 20-year general obligation index bond interest rate.

SECTION 2. Council Authorization. Pursuant to Section 2.20.020, Maui County Code, the Council of the County of Maui hereby authorizes the Mayor to enter into an intergovernmental agreement, which would include the execution of all necessary documents, including any amendments thereto, between the State of Hawaii and the County of Maui relating to the DWSRF loan, to finance the construction of the Project, including a pledge of the County's full faith and credit, including but not limited to the County's general taxing power, as security

for repayment of the loan and payment of interest and loan fees, and a covenant to exercise the County's authority as needed. The repayment of principal, interest, and any loan fees shall be a first charge on the General Fund of the County.

SECTION 3. Effective Date. This ordinance takes effect upon approval

APPROVED AS TO FORM
AND LEGALITY:



KRISTINA E. TOSHIYOSHI
Deputy Corporation Counsel
County of Maui

LF2023-0088
2024-02-29 Ord IGA SOH's DWSRF

INTRODUCED BY:

A handwritten signature in cursive script, appearing to read "Chris Lee", written above a horizontal line.

Upon the request of the Mayor.