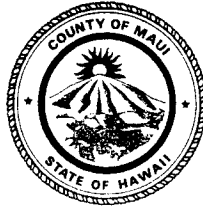


ALAN M. ARAKAWA
MAYOR



KEITH A. REGAN
MANAGING DIRECTOR

OFFICE OF THE MAYOR

Ke'ena O Ka Meia
COUNTY OF MAUI – Kalana O Maui

RECEIVED
MAY 10 2017
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April 4, 2017

Honorable Alan M. Arakawa
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

Alan Arakawa 4/4/17

For Transmittal to:

Honorable Riki Hokama
Chair, Budget and Finance Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Hokama:

SUBJECT: FISCAL YEAR (“FY”) 2018 BUDGET (BD-7) (BF-1)

Pursuant to your letter dated March 28, 2017, I am transmitting the following responses to your requests/questions relating to Appendix B to the FY 2018 Budget bill (schedule of fees, rates, assessments and taxes):

1. Provide the basis for placing refuse disposal fees and an interim fee schedule for uncontaminated greenwaste, grease trap waste, and biosolids; and a recycling surcharge and abandoned vehicles fee in the General Fund rather than the Solid Waste Management Fund. (Pages 3-4.)

There appears to be no Maui County Code or other citation referenced for this change. The tipping fee surcharge is cited as pursuant to Code Section 8.04.050; however, Section 8.040.050(D) provides that, “All disposal charges, special handling fees, and interest, if any, shall be collected by the department of finance for deposit into the solid waste management fund.”

Please explain

Response:

While we understand that the code states for the charges to be deposited into the Solid Waste Management Fund, we have submitted a request for legal services to revise the code as necessary for your review and consideration.

The reasons for moving these fees from the Solid Waste Management Fund to the General Fund are as follows:

- *To insure proper allocation of resources and funding – In the past there had been concerns by Council members regarding the funds provided for recycling efforts that were available to the Solid Waste Division. In times of limited resources, landfill and refuse collection, compliance and safety are always a higher priority and as such expenditures for recycling efforts were restricted to fund higher priority operation's needs.*
 - *Segregation and utilization of funds for different divisions can be considered as a fiscal best practice. The differences in goals, measures and priorities are significant in DEM's case between the WWRD and SWD vs. EP&S. WWRD & SWD focus on operations, compliance and safety. The EP&S Division focuses on recycling, road clean up, grants and contract management, currently.*
 - *Creating separate funding creates transparency of government funds being used for its intended purpose. Work arounds such as multiple provisos, are a less efficient option.*
 - *The Department of Environmental Management is separated into three Divisions (WWRD, SWD and EP&S). Wastewater has its own fund, as does Solid Waste, and it just makes sense to have similar fiscal structure for the EP&S Division under the Department of Environmental Management.*
 - *Per the Maui County Charter definition of what is to be included with Environmental Protection and Sustainability, the EP&S Division is anticipated to take on added responsibilities, further necessitating individual fiscal infrastructure.*
2. Explain the basis for deleting the Kihei Regional Wastewater Treatment System collection/transmission system project assessment fee, pursuant to Code Section 14.34.070, absent an ordinance to repeal the fee from the Code. (Page 9.)

Response:

The County stopped collecting this fee in April 2015 and no longer foresees its continued need. As a result, the department requested that it be repealed from the Maui County Code. A proposed bill for an ordinance repealing Section 14.34.070, Maui County Code was transmitted on April 3, 2017.

3. For the Department of Parks and Recreation, various fess are followed by the sentence, "All transactions paid by credit or debit card shall be minus all applicable processing fees per contract." (Pages 21, 24, and 26.)

Please explain the contractual processing fees, estimate their amount, and indicate how this will impact the fee assessed. Include an explanation as to why this affects the Department of Parks and Recreation only.

Response:

The Department of Parks and Recreation (DPR) currently utilizes the ActiveNet software to issue park and recreational facility permits. While other county departments are able to utilize iNovah as their cashiering platform, credit card processing for ActiveNet is integrated into their software. The contractual fee amount for in-person credit card processing within ActiveNet will be 2.41% of each individual transaction. Based on this percentage and the permit fee and deposit totals collected in FY 2016, the estimated amount would be \$10,937.62. Due to the credit card processing fee not being a flat-rate, it is the intention of DPR to absorb this cost initially in order to avoid a major re-configuring of the department's fee structure until a rates and fees analysis can be conducted.

4. Compare the proposed cost for the first, second, and third or more child to attend the PALS Program summer and winter sessions versus the cost under the daily rate for FY 2017. (Page 24.)

Response:

Please refer to the attached PALS Program Fee Comparison which provides a cost comparison between FY 2017 and the proposed FY 2018 rates.

5. With respect to the reduced rates offered for the PALS Program to free and reduced lunch program participants (Page 24):
 - a. Estimate the fiscal impact of the proposal to eliminate this rate;
 - b. Indicate the number of reduced rate participants for the summer and winter sessions for 2014, 2015, and 2016; and
 - c. Explain the rationale for eliminating the rate.

Response:

- a. *The fiscal impact of eliminating the current rate fee would see a possible increase of revenue estimated at around \$151,000 for Summer sessions and \$16,000 for Winter sessions. This estimate was based on participant enrollment numbers for Summer 2016 and Winter 2016 Sessions. In order to determine the dollar amount, calculations were done using the number of participants multiplied by the new proposed single child program rate. Then, the final dollar amounts in each existing rate category were determined by taking 75% of that total. The 25% not included would be an approximate estimate for any savings occurring when families with multiple children apply.*
- b. *The number of reduced rate participants for the summer and winter sessions for 2014, 2015, and 2016 are as follows:*

<u>SUMMER SESSION</u>	<u>Reduced/Free Rate Participants</u>
2014	1,089
2015	1,138
2016	1,154

<u>WINTER SESSION</u>	<u>Reduced/Free Rate Participants</u>
2014	653
2015	533
2016	500

- c. *Rationale behind eliminating the current rate is based on a few factors. The first factor is to help the PALS program to increase and show more of a substantial program cost recovery system, while still remaining an affordable option for Maui county children. An effective program cost recovery plan is essential for DPR's PALS program.*

Additionally, the elimination of the current rate will help provide additional funding to support new positions within the PALS office that are essential in maintaining the organization and efficiency of the program. With the increasing demand of the PALS program every year, in order to continue providing exceptional services to every child who participates, additional staffing in the PALS office is necessary.

Finally, eliminating the current rate will help with the expediting of a complete online registration process for families who want their children to participate in the PALS program. DPR recently moved to a well-received online process for registration, however confirmation of each family's eligibility for reduced rates was made impossible without staff having to verify each of those documents in person. Having a flat program rate for all participants would eliminate any need for in-person verification of eligibility and allow for an online payment system, which will provide a much quicker and easier registration experience for our community.

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me at Ext. 7212.

Sincerely,



LYNN ARAKI-REGAN
Budget Director

Attachment

xc: Mayor Alan M. Arakawa

PALS Program Fee Comparison

(Fiscal Year 2017 vs. Proposed Fiscal Year 2018)

Comparison between the proposed cost for the first, second, and third or more child to attend the PALS Program summer and winter sessions in FY 2018 versus the cost under the daily rate for FY 2017.

COMPARISON

*If we were collecting for SUMMER 2017 Program Dates

(NEW PROPOSED Flat Program Rate)

SUMMER

Child 1.....\$160
 Child 2.....\$120
 Every additional child.....\$80

(CURRENT Daily Rate)

SUMMER (REGULAR)

1 Child.....\$114
 2 Children.....\$152
 3 Children.....\$171
 4 or more Children.....\$180.50

(REDUCED)

1 Child.....\$57
 2 Children.....\$76
 3 Children.....\$85.50
 4 or more Children.....\$85.50

(FREE)

1 Child.....\$28.50
 2 Children.....\$38
 3 Children.....\$38
 4 or more Children.....\$38

Here are the direct comparisons for additional revenues generated by Flat Program Rates

Number of Children	Rate	Increase in Revenue
1 Child	Regular	+\$46
2 Children	Regular	+\$128
3 Children	Regular	+\$189
4 Children	Regular	+\$259.50
1 Child	Reduced	+\$103
2 Children	Reduced	+\$204
3 Children	Reduced	+\$274.5
4 Children	Reduced	+\$354.50 (Dollar amount would increase by \$80 for each additional child.)
1 Child	Free	+\$131.50
2 Children	Free	+\$242
3 Children	Free	+\$322
4 Children	Free	+\$402 (Dollar amount would increase by \$80 for each additional child.)