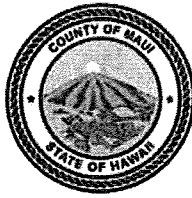


Michael P. Victorino
Mayor

Sananda K. Baz
Managing Director

Kay S. Fukumoto
Economic Development Director



OFFICE OF ECONOMIC DEVELOPMENT

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June 3, 2020

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

APPROVED FOR TRANSMITTAL

Michael P. Victorino 6/4/20
Mayor Date

For Transmittal to:

Honorable Keani Rawlins-Fernandez
Chair, Economic Development & Budget Committee
Maui County Council
200 South High Street
Wailuku, HI 96793

Dear Chair Rawlins-Fernandez:

SUBJECT: EDB-87 MAUI COUNTY GRANTS PROCEDURES

I am submitting comments on "A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE, RELATING TO THE MAUI COUNTY GRANTS PROGRAM".

The ordinance changes are focusing on small grants of under \$20,000 and eliminating several grant application and reporting requirements, as well as inserting language that would make small grants eligible for upfront disbursements of up to 100% of grant funds.

The Office of Economic Development (OED) processed about forty grants that fell under the \$20,000 per grant criteria for a total of close to \$500,000 in grant funds. OED is charged with providing accountability for all grant funds to taxpayers and the Council. Any changes to County Code should consider whether OED can continue to provide the required accountability.

The following are the sections in the County Code that would be changed:

- 1) Section 3.36.070 Applications – Section B
Provided the applicants for small grants are not required to comply with D, E, and F of this section.

- A) Section D – The reasonableness of personnel classification and compensation plans, if the application includes funding for personnel service cost.

This is the only section in the “Applications” that addresses personnel costs and the ability to determine if compensation is reasonable. OED should provide assurances to taxpayers that a grant paid a reasonable compensation but will need the information to determine that.

- B) Section E – The probable efficiency and effectiveness of the proposed grant in achieving the intended objectives, compared with other alternatives.

Writing a grant should be similar to writing a business plan which outlines a plan, objectives, and how to reach those objectives. This provides the grantee with a course of action. Having it in written form allows a more successful implementation of the plan.

- C) Section F. – The target group to be affected.

OED’s primary focus is economic development and supporting the community. Knowing the grantees target group allows OED to support the organization and recommend resources for successful implementation of the grant.

- 2) Section 3.36.110 Reports by recipients – Section A3
Provided the recipients of small grants are not required to comply with sections b, c, and e of this section. (Referring to section A2.)

- A) Section 2. b. – Program data summary.

OED will need data in order to determine if grantees reached their performance objectives.

- B) Section 2. c. – Summary of participant characteristics and
Section 2. e. – Narrative report.

Knowing who participated and having a narrative are crucial in determining what the program/project achieved. Relying on only a

program status summary does not give enough detail to make a determination of the project and its effectiveness in using grant funds.

3) Section 3.36.190 Disbursement.

Recipients of small grants are eligible for upfront disbursement of up to 100% of grant funds, and any remaining grant funds must be paid through the agency's reimbursement process.

The difficulty with awarding 100% of grant funds is the risk that is placed on the grantee that every amount spent is actually allowable under the grant. There are instances where grantee reimbursements are denied. Waiting to get the receipts approved at the end of the project leaves them vulnerable for having to come up with their own funds for reimbursements that are denied.

Awarding 100% of grant funds also leaves no incentive for grantees to close out a grant with the required documentation. Quarterly and final reports, along with receipts for funds spent, are required for grant accountability. There are numerous instances where we have held up payments because the quarterly reports or final reports were not submitted. Within current grant agreements, there is a 10% hold back on grant funds until the final report and accounting is received. OED is trying to avoid going after grantees for proof that the funds were spent appropriately or to become a bill collector. We want the grant experience to be positive on both sides. These changes could potentially create a negative impression on grantees when the County is trying to support community initiatives.

Please reconsider the changes to the County Code for Grants. OED would like to efficiently work with grantees and balance the need of accountability that our taxpayers deserve.

Please feel free to contact me if there are any questions at 270-7224.

Sincerely,



KAY S. FUKUMOTO
Economic Development Director

cc: Tyson Miyake, Chief of Staff

EDB Committee

From: Michelle Santos <Michelle.Santos@co.maui.hi.us>
Sent: Friday, June 05, 2020 7:42 AM
To: EDB Committee
Cc: JoAnn Inamasu; Josiah Nishita; Kay Fukumoto; Kayla Ueshiro; Pili Nahooikaika; Sandy Baz; Stacy Takahashi; Tyson Miyake; Zeke Kalua
Subject: MT#8281 EDB-87 Maui County Grants Procedures
Attachments: MT#8281.pdf

Michelle L. Santos

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