

**TESTIMONY FOR THE WAIIEHU MUNICIPAL GOLF COURSE OPERATIONS AND  
IMPROVEMENTS TO THE MAUI COUNTY COUNCIL PARKS, RECREATION,  
ENERGY, AND LEGAL AFFAIRS COMMITTEE MEETING  
FOR JUNE 27, 2017**

Prepared and submitted by Lloyd Ginoza

Re: PRL-30 - Administration Overhead Charge

The discussion for making Waiehu Golf Course self-supporting should first start with discussions on whether the operating expenses of the golf course, including the Administrative Overhead Charge, are reasonable. Then discussions for actions required to generate the level of revenue to meet those operating expenses should follow.

The operating expenses of the golf course were thoroughly discussed in the Budget and Finance Committee Budget meetings. However, the Administrative Overhead Charge seems extraordinarily large as a percentage of the total operating expenses.

A summary of the fiscal year 2018 appropriations for the Waiehu Golf Course Program follows:

Salaries	920,810	
Operations	766,060	
Equipment	185,000	
General Fund Contributions -		
ERS and FICA	272,024	
EUTF	173,443	
OPEB	80,853	
Debt Service	<u>231,022</u>	
	2,629,212	69%
Administrative Overhead Charge	<u>1,176,047</u>	31%
Total Operating Expenses	<u>\$3,805,259</u>	100%

The Administrative Overhead Charge of \$1,176,047 represents 31% of the total operating expenses of \$3,805,259.

Please discuss the reasonableness of the Administrative Overhead Charge with the representatives from Oahu and Kauai by discussing whether an administrative overhead charge of 31% of the total operating expenses would be reasonable in their respective golf course operations and whether their respective golf course operations would be self-supporting with such a charge.