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**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.MauiCounty.us](http://www.MauiCounty.us)

July 3, 2017

Ms. Lynn Araki-Regan, Budget Director  
Office of the Mayor  
County of Maui  
Wailuku, Hawaii 96793

Dear Ms. Araki-Regan:

**SUBJECT: WAIEHU MUNICIPAL GOLF COURSE OPERATIONS  
AND IMPROVEMENTS (PRL-30)**

At its meeting of June 27, 2017, the Parks, Recreation, Energy, and Legal Affairs Committee discussed the Waiehu Municipal Golf Course and ways to promote its sustainability. The Committee received valuable input from representatives of the County of Kauai and the City and County of Honolulu concerning their municipal golf course operations.

One aspect that has proven troubling during Fiscal Year 2018 Budget deliberations and the deliberations of the PRL Committee is the administrative overhead cost.

To recap, for FY 2018, the Council appropriated \$1,176,047. For FY 2017, administrative overhead costs for the golf course totaled \$1,244,733, and for FY 2016, \$1,143,006. The Committee was informed that in 2014, the administrative overhead cost rose from approximately \$200,000 to \$900,000 based on an updated cost allocation study.

The Committee was also informed that the enterprise charge for the Wailua Golf Course on Kauai is approximately \$130,000, and the centralized administrative service expense for the City and County of Honolulu's six municipal golf courses is \$836,000, or five percent of their fund.

The Committee appreciates your Office's willingness to explore the components of the cost allocation as they relate to the Waiehu Golf Course and to consult with the other municipalities concerning the components that are included in the administrative cost allocation for their golf courses. I understand

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your Office has already obtained contact information for representatives on Oahu and Kauai to pursue these discussions.

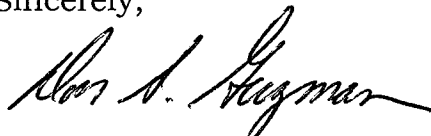
May I please request the following:

1. When contacting representatives on Oahu and Kauai, could you please inquire: (a) if they performed a cost allocation study, and if so, when the study was last updated and by whom; (b) what components are included in their administrative cost overhead; and (c) any other information you feel would be germane to your evaluation of how the municipalities calculate administrative cost overhead for their golf courses and a comparison to the County of Maui's calculation.
2. Provide an analysis of how the administrative overhead costs and components compare between these municipalities.
3. Provide an analysis of the escalation in 2014 of the administrative overhead costs.
4. Provide your recommendation, in consultation with the Department of Finance, for adjustments to the administrative overhead cost calculation for FY 2019, along with an explanation.

I would appreciate receiving your response by **Friday, July 21, 2017**. To ensure efficient processing, please include the relevant Committee item number in the subject line of your response.

Should you have any questions, please contact me or the Committee staff (Carla Nakata at ext. 7659, or Pauline Martins at ext. 8039).

Sincerely,



DON S. GUZMAN, Chair  
Parks, Recreation, Energy, and Legal  
Affairs Committee

prl:ltr:030abd01:cmn

cc: Mayor Alan M. Arakawa  
Marci Sato, Budget Specialist  
Danilo Agsalog, Director of Finance  
Steve Tesoro, Accounts System Administrator, Department of Finance