

COUNCIL OF THE COUNTY OF MAUI
BUDGET, FINANCE, AND ECONOMIC
DEVELOPMENT COMMITTEE

October 21, 2022

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 April 21, 2022, August 4, 2022, and October 5, 2022, makes reference to Bill 68 (2022), entitled "A BILL FOR AN ORDINANCE ESTABLISHING A NEW CHAPTER 3.97, MAUI COUNTY CODE, CREATING A MANAGED RETREAT REVOLVING FUND."

Bill 68's purpose is to establish Chapter 3.97, Maui County Code, to create a Managed Retreat Revolving Fund to fund shoreline safety improvements; remove or relocate structures; pay for studies, programs, or permitting; and leverage funds provided by Federal, State, nonprofit, or for-profit organizations, and other non-County entities in order to optimize opportunities for shifting coastal development inland through the physical movement of existing structures.

Your Committee discussed expanding the use of the Special Management Area Revolving Fund instead of creating a new fund. Your Committee discussed concerns over using one fund for different purposes, which would require separate accounting practices for each purpose.

Your Committee also discussed using the Emergency Fund to fund some of the purposes listed; however, the funds would be limited for declared emergencies only.

The Director of Finance said he was not aware of situations where Federal funding for a natural disaster was reduced because the locality had already established a fund to cover those costs. He also said the County has used the Emergency Fund for natural disasters and sought reimbursement from the Federal Emergency Management Agency.

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Your Committee expressed support for a Managed Retreat Revolving Fund and the County's development of a Countywide Managed Retreat Strategy and Program.

Your Committee agreed the allocation of funding should be made shortly after the Fund is established to promptly address proposed solutions.

Your Committee agreed to amend the bill as follows:

- In Section 3.97.020(A)(2), insert "or infrastructure" after "structures," and delete "human" and insert "public health or safety."
- In Section 3.97.020(A)(3), delete "studies."
- Insert a new Section 3.97.020(A)(5) to read "Equivalent personnel and administrative costs."
- Insert Section 3.97.020(C), to read "The revenues in this fund must not be used for the purchase, acquisition, or rehabilitation of privately-owned property unless approved by an affirmative vote of two-thirds of the members of the council by resolution."
- Insert a new Section 3.97.030 entitled "Priorities" and renumber all following sections.
- In Section 3.97.040(A), delete "one-third" and insert "twenty percent."
- Delete Section 3.97.040(D).
- In Section 3.97.050(D), delete "department of planning" and insert "department of management."
- In Section 3.97.050(E), delete "planning director" and insert "managing director."
- In Section 2 of the ordinance, delete "approval" and insert "July 1, 2023."

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Your Committee voted 5-1 to recommend passage of Bill 68, CD1 (2022) on first reading. Committee Chair Rawlins-Fernandez, Vice-Chair Paltin, and members Lee, Molina, and Sinenci voted “aye.” Committee member Sugimura voted “no.” Committee members Johnson, Kama, and King were excused.

Your Committee is in receipt of Bill 68, CD1 (2022), approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee’s recommended revisions and nonsubstantive revisions.

Your Budget, Finance, and Economic Development Committee **RECOMMENDS** that Bill 68, CD1 (2022), as revised herein and attached hereto, entitled “A BILL FOR AN ORDINANCE ESTABLISHING A NEW CHAPTER 3.97, MAUI COUNTY CODE, CREATING A MANAGED RETREAT REVOLVING FUND,” be **PASSED ON FIRST READING** and be **ORDERED TO PRINT**.

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



KEANI N.W. RAWLINS-FERNANDEZ, Chair

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ORDINANCE NO. _____

BILL NO. 68, CD1 (2022)

A BILL FOR AN ORDINANCE ESTABLISHING A NEW CHAPTER 3.97,
MAUI COUNTY CODE, CREATING A MANAGED
RETREAT REVOLVING FUND

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

SECTION 1. Title 3, Maui County Code, is amended by adding a new chapter to be appropriately designated and read as follows:

“Chapter 3.97

MANAGED RETREAT REVOLVING FUND

Sections:

3.97.010	Fund established.
3.97.020	Purpose.
3.97.030	Priorities.
3.97.040	Deposits to the revolving fund.
3.97.050	Administration.

3.97.010 Fund established. There is established and created a fund to be known as the managed retreat revolving fund.

3.97.020 Purpose. A. The managed retreat revolving fund is established for the purpose of optimizing opportunities for shifting development inland from the coast through the physical movement of existing structures by funding:

1. Shoreline safety improvements including mitigation or removal of hazardous conditions due to shoreline erosion.
2. Removal or relocation of structures or infrastructure that pose a threat to public health or safety or the environment.
3. Programs and permitting, inclusive of environmental assessments, related to the purposes of this chapter.

4. Leveraging funds provided by federal, state, nonprofit or for-profit organizations, and other non-County entities to further the purposes identified in this chapter.

5. Equivalent personnel and administrative costs.

B. The revenues in this fund must not be used for any purpose except the purposes listed in subsection A.

C. The revenues in this fund must not be used for the purchase, acquisition, or rehabilitation of privately-owned property unless approved by an affirmative vote of two-thirds of the members of the council by resolution.

3.97.030 Priorities. In determining which projects will be funded, priority must be given in the following order:

A. Removal or relocation of County-owned structures or infrastructure that pose an imminent threat to public health or safety or the environment.

B. Removal of structurally compromised abandoned structures that pose an imminent threat to public health or safety or the environment.

C. Removal, relocation, or safety improvements to County-owned structure or infrastructure.

D. Assist in the facilitation of permitting to remove privately-owned structures.

E. Other County or privately-owned projects related to the purposes of this chapter.

3.97.040 Deposits to the revolving fund. There will be deposited into the managed retreat revolving fund:

A. Twenty percent of the Maui County transient accommodations tax collected in accordance with chapter 3.47.

B. Revenue from any applicable fees set in the annual budget ordinance.

C. Supplemental transfers set in the annual budget ordinance.

3.97.050 Administration. A. The director of finance must establish a separate account to record revenues and supplemental transfers credited to and expenses incurred by the fund.

B. Any proposed appropriation will be submitted to the council for approval as a budget appropriation in either the annual budget ordinance or a proposed amendment to the annual budget ordinance. In adopting each fiscal year's budget and capital program, the council may make appropriations to the fund.

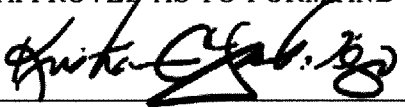
C. Any unencumbered balance at the end of each fiscal year will not lapse but will remain in the fund, accumulating from year to year.

D. The department of management must administer the fund.

E. The director of finance and managing director may adopt administrative rules necessary to carry out the purposes of this chapter.”

SECTION 2. This Ordinance takes effect on July 1, 2023.

APPROVED AS TO FORM AND LEGALITY:



Department of the Corporation Counsel
County of Maui

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INTRODUCED BY:

Tamara A.M. Paltin
TAMARA PALTIN