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Traci N. T. Fujita, Esq.

Deputy Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

April 5, 2023

Mr. Scott Teruya, Director
Department of Finance
County of Maui
Wailuku, Hawaii 96793

Dear Mr. Teruya:

SUBJECT: **FISCAL YEAR ("FY") 2024 BUDGET** (BFED-1) (FN-4)

Thank you for participating in the Committee's discussions on April 3, 2023. The Committee respectfully submits the follow-up questions listed below. May I further request that, after approval by the Office of the Mayor, you transmit a written response to bfed.committee@mauicounty.us by **April 12, 2023**.

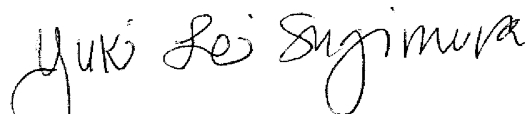
1. The following questions relate to the American Rescue Plan Act funds received by the County:
 - a. What is the current balance, and when do the funds need to be used?
 - b. What will the remaining funds be allocated for?
 - c. Can these funds be used by the County for revenue losses?
2. Can the General Fund, instead of the Highway Fund, be used for pedestrian improvements?
3. Regarding the Emergency Fund, please clarify that the amount allocated for the last several fiscal years has been approximately 5 to 6% of the General Fund total.
 - a. How much of an impact would it be on the County's bond rating if the total was 10% of the General Fund for FY 2024? (YLS)

Mr. Scott Teruya
April 5, 2023
Page 2

4. How are the County's unfunded liabilities affected by making lump sum payments?
 - a. How much in interest do we save by making lump sum payments instead of paying monthly? (YLS)
5. Is the amount budgeted for the Employees' Retirement System sufficient? How much did the Administration budget for spiking? And is the amount budgeted for spiking sufficient based on historical data?
6. It was stated that carryover savings indicated in the proposed FY 2024 Budget was derived from FY 2021. Please confirm that this is accurate. (TC)
7. Please confirm that the certified \$7 million for the Temporary Hazard Pay, as amended in the FY 2023 Budget, was not included in the calculation of the FY 2024 Budget's carryover savings. (TC)
8. Please provide additional information on the Countywide Retention/Recruitment Campaign and how the \$250,000 will be used. (Page 16, Finance Director's Countywide Costs presentation) (YLS)

Thank you for your attention to this request. Should you have any questions, please contact me or the Committee staff (Lesley Milner at ext. 7886, Kasie Apo Takayama at ext. 7665, or Yvette Bouthillier at ext. 7758).

Sincerely,



YUKI LEI K. SUGIMURA, Chair
Budget, Finance, and Economic
Development Committee

bfed:2024bgt:230404afn04:alkl

cc: Mayor Richard T. Bissen, Jr.
Budget Director

BFED Committee

From: BFED Committee
Sent: Wednesday, April 5, 2023 5:02 PM
To: Scott.Teruya@co.maui.hi.us
Cc: 'Michelle Santos'; 'Zeke Kalua'; 'Maria Zielinski'; 'Desiree Echallas'; 'Janina Agapay'; BFED Committee; Didi Hamai
Subject: PLEASE READ attached letter re: Fiscal Year ("FY") 2024 Budget (BFED-1) (FN-4)
Attachments: (FN-4) Correspondence to Finance 04-05-2023.pdf

Mr. Teruya: Please refer to the attached letter from the Budget, Finance, and Economic Development (BFED) Committee Chair, dated 04/05/2023.

Mayor's Office (Attention: Michelle Santos and Zeke Kalua): Please forward the attached letter to Mayor Bissen for his information.

Ms. Zielinski: FYI

Mahalo, Clarita Balala

RICHARD T. BISSEN, JR.
Mayor

KEKUHAUPIO R. AKANA
Managing Director



SCOTT K. TERUYA
Director

STEVE A. TESORO
Deputy Director

DEPARTMENT OF FINANCE
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

April 10, 2023

Ms. Maria Zielinski
Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

A handwritten signature in black ink, appearing to be "my", is written over the address of Ms. Maria Zielinski.

Honorable Richard T. Bissen, Jr.
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

A handwritten signature in black ink, appearing to be "Richard T. Bissen", is written over the word "Mayor".
Mayor **4-11-23**
Date

For Transmittal to:

Honorable Yuki Lei K. Sugimura, Chair
Budget, Finance, and Economic Development Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Sugimura:

SUBJECT: FISCAL YEAR ("FY") 2024 BUDGET (BFED-1) (FN-4)

Pursuant to your letter dated April 05, 2023, regarding the Fiscal Year 2024 Budget, below are the responses to the following:

1. The following questions relate to the American Rescue Plan Act funds received by the County:
 - a. What is the current balance, and when do the funds need to be used?

Response: As provided for in our response to BFED-1 FN-3, the remaining balance of the American Rescue Plan Act ("ARPA") Coronavirus State and Local Fiscal Recovery Fund ("CSLFRF") is approximately \$27 million. The deadline for costs to be incurred, of which

the Final Rule clarifies means obligated—December 31, 2024, is specified in the ARPA statute, and U.S. Treasury will retain December 31, 2026 as the end of the period of performance to provide a reasonable amount of time for recipients to liquidate obligations incurred by the statutory deadline.

- b. What will the remaining funds be allocated for?

Response: Please refer to our response to BFED-1 FN-3.

- c. Can these funds be used by the County for revenue losses?

Response: Yes, the County of Maui has elected the standard allowance of \$10 million for the revenue loss. The remaining balance of \$27 million in the ARPA CSLFRF reflects the County's allocation of \$10 million as the standard allowance for the revenue loss.

2. Can the General Fund, instead of the Highway Fund, be used for pedestrian improvements?

Response: The Department is not aware of any County law that prohibits the use of General Fund for pedestrian improvements. The Department recommends that this question be deferred further to the Department of Corporation Counsel. However, historically, pedestrian improvements are funded by the Highway Fund.

3. Regarding the Emergency Fund, please clarify that the amount allocated for the last several fiscal years has been approximately 5 to 6% of the General Fund total.

- a. How much of an impact would it be on the County's bond rating if the total was 10% of the General Fund for FY 2024? (YLS)

Response: Based on the Department's discussion with PFM, the County's bond rating is affected by a broad range of factors. Financial performance and policies are one aspect of the overall credit review. A policy of maintaining reserves at a certain level is considered best practice. Stronger reserve levels are looked favorably upon by the rating agencies. This in conjunction with other factors can help improve the County's credit.

4. How are the County's unfunded liabilities affected by making lump sum payments?

- a. How much in interest do we save by making lump sum payments instead of paying monthly? (YLS)

Response: Lump sum payments made in advance are invested by the EUTF when received. This allows the County to earn investment return at an estimated rate of 7%.

5. Is the amount budgeted for the Employees' Retirement System sufficient? How much did the Administration budget for spiking? And is the amount budgeted for spiking sufficient based on historical data?

Response: Yes, the amount budgeted for the Employees' Retirement System is sufficient. The \$6 million budgeted for the spiking bill is an estimate and should be sufficient based on historical data.

6. It was stated that carryover savings indicated in the proposed FY 2024 Budget was derived from FY 2021. Please confirm that this is accurate. (TC)

Response: According to the Budget Office, the carryover savings for the FY 2024 Budget was derived from FY 2022 and not FY 2021. The carryover savings reflected in the FY 2024 budget are based on the Unrestricted Fund Balance as reported in the Annual Comprehensive Financial Report for the period ended 6/30/22. This amount is then adjusted for FY 2023 budget amendments, carryover savings appropriated in the FY 2023 budget, estimated surplus/deficit revenue for FY 2023, and estimated FY 2023 operational savings, if any.

7. Please confirm that the certified \$7 million for the Temporary Hazard Pay, as amended in the FY 2023 Budget, was not included in the calculation of the FY 2024 Budget's carryover savings. (TC)

Response: According to the Budget Office, the \$7 million for the Temporary Hazard Pay was not included in the calculation of the FY 2024 carryover savings.

8. Please provide additional information on the Countywide Retention/Recruitment Campaign and how the \$250,000 will be used. (Page 16, Finance Director's Countywide Costs presentation) (YLS)

Response: Please refer to the Mayor's Office.

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me at Ext. 7474.

Sincerely,



SCOTT K. TERUYA
Director of Finance

SKT:sat

BFED Committee

From: Desiree Echalas <Desiree.B.Echalas@co.maui.hi.us>
Sent: Tuesday, April 11, 2023 4:10 PM
To: BFED Committee
Subject: FY 2024 (BFED-1)(FN-4)
Attachments: FY24 (BFED-1)(FN-4) Response.pdf

Attached is response FN-4 from Department of Finance.

Desiree Echalas
Budget Specialist
County of Maui
Office of the Mayor
Desiree.B.Echalas@co.maui.hi.us
Phone: (808) 270-8239