

ALAN M. ARAKAWA
Mayor

DAVID C. GOODE
Director

ROWENA M. DAGDAG-ANDAYA
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COUNTY OF MAUI
DEPARTMENT OF PUBLIC WORKS
200 SOUTH HIGH STREET, ROOM NO. 434
WAILUKU, MAUI, HAWAII 96793

April 15, 2016

GLEN A. UENO, P.E., P.L.S.
Development Services Administration

CARY YAMASHITA, P.E.
Engineering Division

LESLI L. OTANI, P.E., L.S.
Highways Division

RECEIVED
OFFICE OF THE
COUNTY CLERK
APR 15 2016

Mr. Sananda K. Baz
Budget Director, County of Maui
200 South High Street
Wailuku, Maui, Hawaii 96793

Alan M. Arakawa 4/18/16

Honorable Alan M. Arakawa
Mayor, County of Maui
200 South High Street
Wailuku, Maui, Hawaii 96793

For Transmittal to:

Honorable G. Riki Hokama
Chair, Budget and Finance Committee
Maui County Council
200 South High Street
Wailuku, Maui, Hawaii 96793

Dear Chair Hokama:

SUBJECT: FISCAL YEAR ("FY") 2017 BUDGET (PW-1) (BF-1)

This is in response to your April 12, 2016 letter regarding Public Works' proposed Fiscal Year (FY) 2017 budget. Our Department offers the following responses to your questions:

1. *Provide the status of the Engineering Program FY 2016 grant awards, for the following grants:*
 - a. *Maui Timeshare Venture, LLC (SM1 2006/0001), \$715,000; (EC)*

A total of \$715,000 was received in February 2015 to satisfy County Resolution 14-133 and Condition Nos. 22 and 28 of Special

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Management Area Permit SM1 2006/001. At this time, funds from this grant award have not been expended.

b. Starwood Vacation Ownership Properties, \$1,700,000. (EC)

A total of \$1.7M was received in July 2015 to satisfy Condition No. 26 of Special Management Area Permit SM12006/0018. At this time, funds from this grant award have not been expended.

2. *Have you considered leasing, rather than purchasing for \$100,000, the slope mower for Lahaina identified on page 628 of the Program Budget and page 17-35 of the Budget Details? What would the terms of a lease be? (RH)*

The manufacturer does not offer leasing, so leasing would be through a third party such as a local bank. Leasing rates would not be as attractive as bond rates or cash. Additionally, we traditionally hold on to equipment longer than lease terms, when a new replacement purchase or lease is typically entered into.

3. *Referring to page 17-106 of the Budget Details, the proposed transfer of positions PW-0110 and PW-0525 from the General Fund to the Plan Review, Permit Processing, and Inspection Revolving Fund (Section 16.26B.108.2.1, Maui County Code) ("Building Permit Revolving Fund"):*

a. Are these transfers permitted under the Maui County Code? Please explain. (RH)

Yes, all of the 14 existing positions in this Revolving Fund were previously transferred from the General Fund at one time or another.

b. Will the Building Permit Revolving Fund be able to accommodate all expenses relating to such a transfer in the future? (RH)

Salary Costs are the only costs that would be transferred to the Building Permit Revolving Fund based on the code language for this fund. Fringe and administrative overhead costs are not charged to this fund. Annual salary costs for these two positions are approximately \$90,000. Average annual excess revenue over expenses between

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2012 and 2015 within the fund has been \$70,000. This indicates a \$20,000 annual shortfall/year with this change during average years. In addition, this fund has not purchased replacement vehicles in the past four years, so these historical expenses do not include vehicle replacement costs. On average, the Development Services Administration (DSA) will replace about three vehicles per year from this fund for an additional \$90,000 in annual costs. Taking all of these costs into account indicates an annual shortfall of approximately \$110,000 during average years if the positions are transferred and vehicle purchases occur at normal historical rates.

Revenue for this fund is generated from plan review fees associated with building permits. Since the fee is 25% of the building permit fee, the fund's revenue will fluctuate with the volume and value of building permit applications that require a plan review, making it difficult to accurately determine if all costs could be covered in any given year. Most likely, shortfalls of approximately \$100,000 would occur in the majority of years (normal business level years), but occasional years with larger revenues such as 2007, 2008, 2009, and 2016 (current year) would cover most, if not all of these shortfalls. Higher than average revenue in 2016, for instance, will result in revenue exceeding costs by over \$400,000. These trends indicate a long term break even state for the fund if the positions are transferred. This, coupled with the fund's current balance of just over \$4,000,000, indicates additional funding from outside sources would not be required in the near future if historical trends for revenue and costs continue.

4. *Regarding the request for four new vehicles from the Building Permit Revolving Fund on page 636 of the Program Budget, and page 17-110 of the Budget Details:*

a. *Are any of these new vehicles intended for Lanai or Molokai? (RH)*

All four new vehicles being requested are intended for use on Maui island. The existing vehicle on Lanai will be traded in and another existing vehicle from Maui will be shipped to Lanai.

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- b. *How many vehicles are currently in use that were purchased using the Building Permit Revolving Fund? (RH)*

All of the existing DSA vehicles were purchased using the Building Permit Revolving Fund.

- c. *By Ordinance 4260, effective November 20, 2015, the Council approved an \$81,000 disbursement from the Building Permit Revolving Fund to purchase three vehicles. Were they purchased? (RH)*

No, we are in the process of purchasing them. Bid results were received in March, 2016 and the Highways Division is currently in the process of awarding the contract and encumbering the funds.

5. *Provide your Department's response to the recommendations in the County Auditor's report on road resurfacing. (RH)*

Please see attached letter.

6. *What types of revenue are deposited into the Construction Plan Review Revolving Fund? How often and from what sources? Can this Fund be combined with the Building Permit Revolving Fund? (RH)*

Revenue is currently derived from a fee of \$50/lot for subdivision applications that include infrastructure improvements which require a construction plan review. Fees are collected as subdivision construction plan applications are received. Prior two years indicate approximately 15 such subdivisions are applied for each year with annual revenue from these fees of approximately \$9,000. Maui County Code, Section 18.24.010E states that revenue from these fees can be used for the hiring of persons employed on a fee, contract, or piecework basis, or independent contractors to assist in plan checking, permit processing, and inspections. The fees may also be expended for payment of overtime for plan checking, permit processing, and inspections. The work covered by this fee has historically been done by DSA employees funded by either the General Fund or Building Permit Revolving Fund.

We have previously suggested that this fund be closed and the current fund balance, along with future fees collected, be transferred to either the Building

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Permit Revolving Fund or to the General Fund where the funds could be used to assist with Municipal Separate Storm Sewer System (MS4) program costs which will include activities such as subdivision construction plan reviews.

7. *The Highway Beautification Fund is being proposed as the revenue source for the new E/P Arborist. Is this an authorized use of the Fund? Refer to the Hawaii Revised Statutes for specific detailed justification. (RH)*

Section 285-51(b)(1) of the Hawaii Revised Statutes (HRS) relating to certificates of registration for motor vehicles, states that \$2 for each certificate of registration for all motor vehicles may be established by ordinance and collected annually by the director of finance of each county, to be used and administered by each county for the purpose of beautification and other related activities of highways under the ownership, control, and jurisdiction of each county.

The new arborist assigned to the new section being formed under the Special Maintenance Program will oversee and coordinate the planting and maintenance of all trees and landscape plantings in the County right-of way.

The Department of Public Works believes that this new section under the Special Maintenance Program and the responsibilities of the new arborist align with the intent of the Highway Beautification Fund as stated in Section 3.25.030, Maui County Code and Section 285-51(b)(1), HRS. We, however, defer to Corporation Counsel for confirmation that the activities of this new section are an authorized use of the fund.

8. *Based on current data and projects completed by your in-house paving crew, please provide the mean, median, mode, and range cost to pave a lane-mile, include all costs such as materials, labor, and fringe benefits. (MW)*

Yes, as the audit identified, we were not keeping the data required to make the evaluations requested. We are working on populating iWorQ to extract the information needed, and this is a work in progress. iWorQ is an asset management program and does not have the setup for project management, however, we are working on manipulating the data to extract this information.

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9. *What is the status of improvements to the Maui Veterans Cemetery, also known as the Makawao Veterans Cemetery, as coordinated by the State Department of Defense, to achieve "Shrine Status"? If the improvements have not been completed, when is the anticipated completion date? Does your Department require additional funding and staffing to complete the improvements? Please explain. (MW)*

The Makawao Veterans Cemetery construction continues on in the back portion of the property and that work is expected to be completed in June of this year, with turnover of the improvements to the County in September, 2016. This will include about 356 full burial plots and about 327 urn burial plots, and a few acres of improved landscaping. The front portion of the improvements is subject to the ongoing lawsuit and we would expect that to be turned over within the next year or two. The remaining five or so unimproved acreage will also require periodic maintenance starting in September of this year.

Please note that we already have Highways employees helping out at the cemetery, and the additional position is absolutely needed in FY 2017.

10. *Provide detailed documentation of the revised cost to purchase the slope mower for Lahaina in the State Dam Inspection Program. (MW)*

AEBI TT280 Tractor & mower:	\$180,000
Estimated Shipping:	\$ 5,000
<u>Estimated Taxes:</u>	<u>\$ 7,800</u>
TOTAL:	\$192,800 (request \$200,000 budget)

Please note this does not include a trailer. We will use our existing trailers to move the mower when required. A trailer costs in the \$25,000 range.

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11. *Provide actual revenues for the Plan Review, Permit Processing, and Inspection Revolving Fund (Section 16.26B.108.2.1, Maui County Code) for FY 2014, FY 2015, and FY 2016, to date. (MW)*

<u>YEAR</u>	<u>REVENUE</u>
2014	\$1,091,594
2015	\$ 932,320
2016	\$1,302,265 (through March 31, 2016)

Should you have any questions, please feel free to contact me at Ext. 7845.

Sincerely,



DAVID C. GOODE
Director of Public Works

DCG:jso

Attachments

xc: Cary Yamashita, Engineering Division Chief
Glen Ueno, Development Services Administrator
Lesli Otani, Highways Division Chief
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GLEN A. UENO, P.E., P.L.S.
Development Services Administration

CARY YAMASHITA, P.E.
Engineering Division

BRIAN HASHIRO, P.E.
Highways Division

October 9, 2015

Mr. Lance T. Taguchi
County Auditor
Office of the County Auditor
2145 Wells Street, Suite 106
Wailuku, Maui, Hawaii 96793

Dear Mr. Taguchi:

**SUBJECT: AUDIT OF THE COUNTY'S ROAD RESURFACING,
IMPROVEMENT, AND MAINTENANCE PRACTICES
(PROJECT 15-01)**

Thank you for the opportunity to comment on the draft report.

In general, the audit notes that the Department's road resurfacing, improvement, and maintenance programs have many solid elements that could use buttressing with longer term plans, database updates, and better maintenance and complaint logging. We generally agree with the findings and will look to implement most of the findings as time and funding becomes available.

FINDING 1 – Comprehensive Long-Range Plan to maintain all County roads is needed

As discussed in the audit, we have a number of existing plans that look into various aspects of our Capital Improvement Program (CIP) projects, but not a comprehensive long-range plan. Such a plan will take a number of years to generate, as it will be dependent on time and funds available to put towards the plan, as well as a better understanding of the costs and capabilities of our nascent in-house Pavement Preservation Program. Once produced, the plan will require annual revisions as new road issues come up, funding availability changes, and pavement preservation results over time can be accurately measured.

Recommendation 1 – Implementing a long-range plan is something we will look to do once pavement preservation costs and effectiveness are understood (next 2-3 years), and funding for this effort is provided in an annual budget.

Recommendation 2 – Better utilizing the iWorQ system between Engineering and Highways Divisions is something we can implement immediately.

FINDING 2 – Pavement Preservation Program

We are pleased to see this audit recognizes the importance of Pavement Preservation to economically extend the life of our roads and that we are on the right track in this regard.

Recommendation 1 – We agree that updates to iWorQ should happen more regularly and will implement this right away.

Recommendation 2 – After participating in the research for the audit, we have worked with the developers of the iWorQ program and discovered that a Work Management module work order initiated from the Pavement Management module roadway segment will link the work management treatment application to the pavement management segment history upon completion, and adjust the estimated remaining service life for the roadway segment. All highway districts are aware of this link and are initiating pavement preservation (sealcoat, slurry seal & mill/fill/overlay) work orders through the pavement management module.

Recommendation 3 – We will do a full-cost analysis after the end of Fiscal Year 2016 and refine it annually.

Recommendation 4 – As noted in Finding 1, we will integrate the Pavement Preservation Program into a long-range plan.

FINDING 3 – Pothole Database

Recommendation 1 – We believe that any standardized method to record pothole repairs needs to take into account how the work is typically done, which is often not by request, but by immediate observations in the field by our crews who cannot take the time to chronicle each and every repair.

Recommendation 2 – We would agree that analysis should be done on pothole repair techniques, effectiveness, and cost. This analysis could be done in the next few years as time and budgets allow.

Recommendation 3 – As data becomes available on pothole frequency and repairs that data will be assimilated into the road maintenance plans.

Recommendation 4 – We will look to better track pothole complaints.

FINDING 4 – Road-Related Complaints from the Public

Recommendation 1 and 2 – We will look into options on how better to track all road-related complaints and response to the complainant.

Recommendation 3 and 4 – We will look into providing data on the road-related complaints if it can provide information at reasonable cost benefit ratio, and should it be implemented, it would feed into highway improvement project plans.

Recommendation 5 – Informing the public has been and will continue to be done at appropriate intervals and opportunities.

FINDING 5 – CIP Coordination with other Departments

In general, this is an issue the Department embarked on with the Department of Water Supply (DWS) and the Department of Environmental Management (DEM) five years ago. However, though a half dozen or more projects were coordinated to successfully avoid rework, the process has not yet been institutionalized.

Recommendation 1 – The Department does not believe a centralized employee needs to coordinate the work of the three (3) main CIP departments. This can be done by Recommendation 2, below.

Recommendation 2 – We will institutionalize meetings with DWS and DEM to analyze opportunities to coordinate overlapping CIP projects.

Recommendation 3 – We will consider the use of GIS in implementing Recommendation 2, above.

Thank you for the audit as it does highlight areas where we can improve on the maintenance, improvement, and planning of capital projects for our roads. The Department has a lot of pride in our ability to deliver projects, both in-house and contracted out, that already are delivering very good results.

Sincerely,



DAVID C. GOODE
Director of Public Works

DCG:jso

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