

ALAN M. ARAKAWA  
Mayor

WILLIAM R. SPENCE  
Director

MICHELE CHOUTEAU McLEAN  
Deputy Director



COUNTY OF MAUI  
**DEPARTMENT OF PLANNING**

November 1, 2016

**MEMO TO:** Economic Development, Energy, Agriculture, and Recreation Committee

**FROM:** Erin Wade, Small Town Planner

**SUBJECT:** Special Improvement Districts (EAR-36)

The County of Maui enjoys an exceptional bond rating, and therefore has tremendous borrowing power. The Council has noted that by and large, the simplest and easiest way to pay for the investments the County makes in the community is General Obligation bonds. For the vast majority of projects the County will undertake GO bonds are the financing tool of choice.

However, there are a small percentage of projects or services that benefit a finite group of property owners far more than the rest of the County taxpayers. This might include projects like joint marketing efforts in a business district, or on-going beach restoration adjoining a series of shorelines properties. The Special Improvement District (SID) tool allows projects like this to move forward without spending countywide taxpayer dollars or requiring additional County staff time to manage the projects.

An SID is tool for a community to take on some of the responsibility of improving their neighborhood. This can have positive benefits that reach far beyond the projects themselves. When property owners come together to make a plan for their neighborhood, determine how to pay for it, do the work of getting the majority of the property owners to support the plan and the assessment, and then undertake the improvements - all kinds of wonderful things happen. People meet their neighbors and become accountable to one another. They develop a system of working together that did not exist before and have a venue to collaborate. It is an empowerment tool as much as a financing tool and a mechanism for community-based problem solving.

The County's role in the SID is minimal. Since the community decides for itself what it will do with the funds and executes the projects, there is very little County staff time other than for permitting or advising. The tax collection is the only burden taken on by the County, but the financial management can be contracted and paid for with funds from the SID. Having spoken with municipal financing experts about this, none of them have seen a case where a property owner was paying his or her property tax but not paying the special assessment.

Many of the projects that would be likely candidates for developing a SID can be done faster, cheaper and better by the private and non-profit sector. Letting the communities prioritize their needs and take on the responsibility to make the improvements builds capacity, improves property values and ultimately saves the County money.