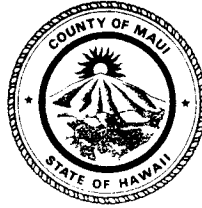


ALAN M. ARAKAWA
MAYOR



KEITH A. REGAN
MANAGING DIRECTOR

OFFICE OF THE MAYOR

Ke'ena O Ka Meia

COUNTY OF MAUI – Kalana O Maui

April 13, 2017

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

For Transmittal to:

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

A handwritten signature in black ink, appearing to be "Keith A. Regan", with the date "4/13/17" written to the right of the signature.

Dear Chair Hokama:

SUBJECT: FISCAL YEAR ("FY") 2018 BUDGET (BD-15) (BF-1)

Pursuant to your letter dated April 6, 2017, I am transmitting responses for the following requests/questions:

1. Explain how the source of funds was determined for all capital improvement projects.

Response: The source of funds for capital improvement projects (CIP) is determined through an internal analysis of the project that includes projected cost, lifespan, department, and available non-county financial resources such as matched and grants. The proposing department provides information that is critical in making the final determination for funding source(s) for projects that are included in the mayor's annual budget proposal. Departments are encouraged to identify potential non-county sources of funding for CIP prior to submitting their requests for CIP. Other than grant and state revolving loan funds, cash by fund is utilized first. Project funds may be reallocated based on availability of resources.

In addition, projects to be funded by General Obligation bond are reviewed by both the Budget Office and the Capital Improvement Coordinator in the Department of Management to determine if a project meets general obligation bond standards. Prior year bonded projects were utilized as a basis for comparison as well.

2. Provide the estimated cost to operate an asphalt plant. Include the advantages and disadvantages of the County having its own asphalt plant.

Response: The Department of Public Works will provide a written response to this question.

3. If the plans proposed for the Waiehu Golf Course to shut down on December 31, 2017 are implemented, explain what will happen to the liability related to debt service for capital improvement projects completed and post-employment benefits.

Response: If the Waiehu Golf Course was to shut down operations on December 31, 2017, the liabilities related to debt service and post-employment benefits would be absorbed by the general fund or if a third-party is procured to manage the golf course, these liabilities would be incorporated into the negotiated agreements.

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me at Ext. 7212.

Sincerely,



LYNN ARAKI-REGAN
Budget Director

xc: Mayor Alan M. Arakawa

DEPT: BUDGET
CODE: BD-15
DATE: 4/13/17