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Development Services Administration

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Highways Division

April 18, 2017

W
Ms. Lynn A.S. Araki-Regan
Budget Director, County of Maui
200 South High Street
Wailuku, Maui, Hawaii 96793

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

Alan Arakawa 4/18/17

For Transmittal to:

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

Dear Chair Hokama:

**SUBJECT: REQUESTS/QUESTIONS FROM THE APRIL 11, 2017
MEETING (PW-2) (BF-1)**

This is in response to your April 13, 2017 letter regarding the above subject matter. Our Department offers the following responses:

1. *Are the Canon & Xerox copy machines referenced on page 17-12 of the Budget Details (Index Code 916023B, sub-object 6138, R&M – Services/Contracts) purchased or leased? Provide the amount requested for each machine and the useful life of each machine. (RH)*

The Canon and Xerox copy machines are purchased. The following are the amounts requested for each machine and the useful life:

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Canon	\$8,800	Seven (7) years
Xerox W7830	\$900	12 years
Xerox W7835	\$900	12 years
Iworq Systems	\$3,700	Online Services Customer and Access Fee

2. *Explain the reduction to Gasoline, Diesel, Oil, Etc. for the Molokai County Garage Operation (Index Code 916213B, sub-object 6022, and Index Code 916213B, sub-object 6023, on page 17-22 of the Budget Details) based on inflationary factors. (RH)*

According to the Budget Office, inflationary adjustments were based on the average of Fiscal Year (FY) 2015 and FY 2016 actual usage multiplied by a compounded rate of 0.05 for water, sewer, and electricity and 0.03 for gasoline and diesel fuel (less) the FY 2017 adopted amount. Attached is the inflationary factor schedule that was used to calculate the adjustments which can also be found on page 4 of the Program Budget under Reader's Guide to the Budget.

Please note that FY 2015 and FY 2016 actuals may differ due to the timing differences between extraction of the report(s) from IFAS and release of the budget instructions to the departments in August.

In addition, if a department did not agree with the calculations reflected in the analysis, a justification was provided to the Budget Director and adjusted appropriately in the FY 2018 proposed budget.

3. *If the estimated useful life for the Lanai Fuel Storage Tank (Index Code 916364C on page 17-24 of the Budget Details) is 30 years, why is the proposal to replace a 15-year-old tank? Further, why is it requested as an equipment purchase instead of a capital improvement project? (RH)*

The fuel tank put out to bid was for a Fireguard Tank which comes with a 30 year manufacturer's warranty. Assuming a useful life of 30 years, this asset could be categorized as CIP and funded using General Obligation Bond. Highways Division is unable to locate any warranty information for existing fuel tanks located on Lanai which were installed approximately 17 years ago.

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4. *Are salary adjustments budgeted in the Highways program for projected bargaining unit contracts? If so, where are the adjustments reflected? (MW)*

Per the Budget Office, salary adjustments for projected bargaining unit increases are not budgeted in the Highway Fund and are included in salary adjustments under Countywide Costs.

5. *Under the Highway Administration Program, does the increase for ERS/FICA/Health Fund/OPEB (Index Code 916619B and 916627B on page 17-36 of the Budget Details) factor in potential bargaining unit pay increases? (RH)*

The increase in the Highways Administration Program related to ERS/FICA/Health Fund/OPEB includes the potential bargaining unit increases. Adjustments will be made upon analysis and in conjunction with the finalization of the bargaining unit negotiations.

6. *Provide the Debt Service Schedule for FY 2018. Explain why there is a decrease of \$269,756 for debt service for the Highway Fund. (RH)*

In speaking with the Budget Office and the Department of Finance, the Highways Fund debt service decline is due to the retirement of General Obligation Bonds for Highways' projects.

7. *How are administrative overhead charges (on page 17-37 of the Budget Details) for the Highway Fund calculated since there hasn't been a recent study? Are the administrative overhead charges geared to generate carryover savings? (MW)*

Highways' administrative overhead cost is currently calculated as 63.88% of the Highways Fund Wages & Salaries. FY 2018 Proposed Wages & Salaries for Highways Fund employees is approximately \$7,276,294. The current Highways Fund administrative overhead rate of 63.88% will stay in effect until a new rate is determined as part of the ongoing indirect cost analysis being completed by Matrix Consulting Group. Administrative overhead charges are not geared to generate carryover savings.

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8. *What is the basis for the Supplemental Transfer to the General Fund (index 916640B on page 17-36 of the Budget Details)? Explain how it was calculated. (RH)*

Based on discussions with the Budget Office, this transfer is calculated as 50% of FY 2018 proposed Engineering Division salaries for Index Code 916023A, Sub-object 5101.

9. *Does the Highway Division utilize the Police Radio system? If so, does the Highway Fund contribute to the cost of the upgrades? (RH)*

Highways Division does share radio frequency with other departments on the 800 MHz band (Fire, Police, etc.). Highways Division does not contribute to the cost of upgrades or radio equipment for other departments.

10. *Explain the decrease of \$25,000 for Computer Software (Index Code 916601B, sub-object 6244, on page 17-73 of the Budget Details). Was it based on a one-time purchase? Is there an annual license fee for the software? (RH)*

Monies transferred from Traffic Signals (Index Code 916601B) to Administration (Index Code 916502B) were a one-time transaction for mainland training for the Traffic Signals Section.

11. *Provide the actual gallons of fuel used for general fund and special funds for FY 2015, 2016, and 2017 to date.*

Please see attached table entitled, "Maui County Fuel Use by Department".

12. *Provide the lane miles by district to justify additional positions in the Highway Fund. (MW)*

Total lane miles under the County of Maui's jurisdiction, broken down by districts:

Lanai: 67.600
Makawao / Pukalani / Kula: 90.660
Molokai: 166.880

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South Maui: 91.774
Wailuku / Kahului: 228.432
West Maui: 46.744
Rural route: 457.342

13. *Explain why there is no request for Fringes, payroll (index 101303B, sub-object 6275, on page 17-88 of the Budget Details) for FY 2018. (RH)*

For FY 2018, the fringe benefits were removed from the revolving fund as the incorrect rate was used in the calculation of the fringe benefit amount in FY 2017. In addition, the fund would not be able to sustain the additional \$715k and services and/or personnel would potentially need to be reduced in the near future.

14. *Why is additional funding for anticipated FY 2018 bargaining unit increases for Salary Adjustments (index 101303A, sub-object 5250, on page 17-87 of the Budget Details) reflected in the Building Permit Plan Review Revolving Fund but not for other special funds? (MW)*

The salary adjustments for the potential bargaining unit increases were only budgeted in the respective departments for the Enterprise, Liquor and Revolving Funds. The salary adjustments for the remaining Special Funds were budgeted in the salary adjustment for Countywide Costs and will be transferred, if needed, by the departments in the coming fiscal year. Any adjustments will be made upon analysis and in conjunction with the finalization of the bargaining unit negotiations.

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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: Engineering Division
Highways Division

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MAUI COUNTY FUEL USE BY DEPARTMENT

AS OF MARCH 2017

DEPT. OF PUBLIC WORKS SUPPLIED FUEL ONLY

	FY 2014	FY 2015	FY 2016	FY 2017
	Actual Gallons	Actual Gallons	Actual Gallons	YTD Actual Gallons
Civil Defense	314	522	371	222
Corp. Council	90	54	118	111
Council Services	136	178	123	75
County Clerks	279	355	174	258
Finance	2,057	2,329	2,321	1,835
Human Concerns	11,711	12,155	12,189	10,073
Mayor's Office/ MIS	833	1,045	965	866
Parks	89,184	97,420	97,066	64,168
Planning	1,283	2,121	2,251	1,512
Prosecutor	458	624	662	300
Public Works	11,558	13,306	13,028	8,716
Outside Users*	6,499	8,831	7,693	5,831
GEN FUND TOTAL	124,402	138,940	136,961	93,966
WATER	30,756	33,151	32,499	24,489
HIGHWAYS	97,021	106,678	104,931	91,136
FIRE	2,243	1,605	3,125	931
POLICE	32,188	32,302	42,734	32,671
SOLID WASTE	111,166	123,268	125,923	95,520
WASTEWATER	19,172	24,882	24,453	28,888
GRAND TOTAL	416,948	460,824	470,625	367,602
% CHANGE		11%	2%	4%

* Outside users are Maui Humane Society, Hana MEO, and Hana Public Nurse
 Outside users are billed directly for their fuel use by Finance Dpt.