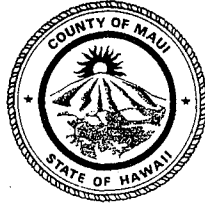


ALAN M. ARAKAWA  
MAYOR



KEITH A. REGAN  
MANAGING DIRECTOR

**DEPARTMENT OF MANAGEMENT**

COUNTY OF MAUI

April 19, 2017

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

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

APPROVED FOR TRANSMITTAL

*Alan Arakawa* 4/19/17  
\_\_\_\_\_  
Mayor Date

RECEIVED  
2017 APR 19 PM 4:12  
OFFICE OF THE  
COUNTY COUNCIL

For Transmittal to:

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

Dear Chair Hokama:

**SUBJECT: REQUESTS/QUESTIONS FROM THE APRIL 12, 2017  
MEETING (MD-5) (BF-1)**

This is in response to your letter dated April 13, 2017 requesting response/answers to requests made by the Budget and Finance Committee. We have provided you with the following answers to your questions:

1. For CBS-2324, relating to the New County Service Center project, is your Department seeking \$400,000 for design costs in FY 2018, as noted in the project sheet?

**Response:** For CBS-2324 New Service Center, the total funding requested is \$28.5 M. Of this total, the \$400,000 classified under Design is for the Architect's services during construction, which includes responding to RFI's, reviewing submittals, conducting occasional inspections with the design team, reviewing

change orders, preparing as-built record drawings and other agency submittals, and other ancillary services.

2. What are the plans for the second floor of the Kalana O Maui Building, if the Department of Finance is relocated to a new facility?

**Response:** At this time, the Department of Finance's operations, located on the second floor of the Kalana O Maui Building, are not slated to move into the proposed New County Service Center. The Department of Finance's operations, located at the existing leased Service Center in the Maui Mall, have been identified as the best possible candidates for inclusion in the proposed New County Service Center.

3. What is the anticipated annual debt service on the New County Service Center project compared to the amount currently spent in annual rental expenses for the departments that will be housed in the new Center? When is the County anticipated to "break event"?

**Response:** For the proposed \$28.5 M request, the annual debt service is calculated to be \$1.91 M. Note that the actual amount is dependent on the interest rate that the underwriters will bid on. For our purposes, we used a conservative 3.0% rate. For the last County bond issue for 2015, rates ranged between 2.1 to 2.25%. Through some value engineering, it is estimated that project costs can be reduced to approximately \$26M. At this amount, the annual debt service is calculated to be \$1.74M. Both scenarios have been presented graphically on the attached Exhibit A.

4. Pursuant to a proviso on page 13 of the FY 2017 Budget (Ordinance 4334, as amended), 3.0 equivalent personnel under the Department of Management were assigned to "assist with projects furthering the goal of resolving the Upcountry water meter wait list, specific projects such as the restoration of Moku`ula and Mokuhinia, and other capital improvement projects as needed."

*4 (a): How effective has the assignment of these equivalent personnel been on the tasks assigned?*

**Response:** The instructions, per the Managing Director, to the identified staff in the referenced proviso were to comply with the proviso, contact the Department of Water Supply, and offer assistance to the department in accordance with the proviso. Our office is unable to speak to the effectiveness of the work performed by the employees while assigned to this task. We respectfully request that the receiving department, the Department of Water Supply, provide a response to the committee.

In terms of our work on the restoration of Moku`ula and Mokuhinia, our office has continued to be involved in the project, as requested by the Maui County Council, to the best of our ability considering the competing priorities established by the proviso. The Moku`ula and Mokuhinia project is moving forward; however, there have been delays due to challenges with the Archeological Inventory Survey (AIS). The data analysis and interpretation is anticipated to be complete this month (April 2017) and a report submitted to SHPD in May 2017.

With regards to our other capital improvement projects, we have done our best to assist departments that have requested our assistance over the past fiscal year. The added stress of balancing the proviso requirements along with the associated additional work plus the normal work load, has meant that we have declined assistance requests from departments.

*4 (b): Is your Department seeking an improvement in the processing of Upcountry water meter applications? How many people have obtained water meters because of the staff time set aside by this proviso?*

**Response:** We would have to defer to the Department of Water Supply as they would be able to provide more specific information. Our department has been supportive of the Department of Water Supply in their attempt to address the Upcountry water meter issue as exhibited by our compliance with the proviso.

*4 (c): What kinds of work in your Department are being negatively impacted because staff hours are being dedicated to tasks assigned under this proviso?*

**Response:** Over the past fiscal year, departments have requested our assistance with capital improvement projects but we have had to decline due to the lack of available hours. Unfortunately, we did not maintain a list of specific departments and specific projects.

*4 (d): How often did the Upcountry water meter wait list committee meet, what was discussed, and what were the results of the meetings, in connection with this proviso?*

**Response:** We apologize but we are unaware of a specific committee created for this issue. The employees identified in the proviso were instructed to contact the Department of Water Supply and provide assistance in accordance with the proviso.

*4 (e): Did the committee discuss options such as whether those on the wait list were willing to pay more if the water was pumped from a central well, in an effort to have water meters realized?*

**Response:** We apologize but we are unaware of a specific committee created for this issue. The employees identified in the proviso were instructed to contact the Department of Water Supply and provide assistance in accordance with the proviso.

5. Provide a plan and cost estimate to improve exterior lighting on the Kalana O Maui campus to enhance after-hours security.

**Response:** Our office has initiated a discussion with the Department of Public Works to develop a plan which will address exterior lighting on the Kalana O Maui campus. We have tasked our staff to work with Public Works in the development of this plan. We apologize but we were unable to develop a campus lighting plan in time to transmit to the committee by the deadline. However, in our initial discussion with Public Works, a rough estimate of \$50,000 was mentioned to install additional lighting throughout the campus. Please understand that this estimate was based on past experience and without a formal detailed analysis of existing infrastructure.

6. Research and provide information on whether Sandwich Isle Communications would be a viable entity to help improve networking capabilities at the Waiehu Golf Course.

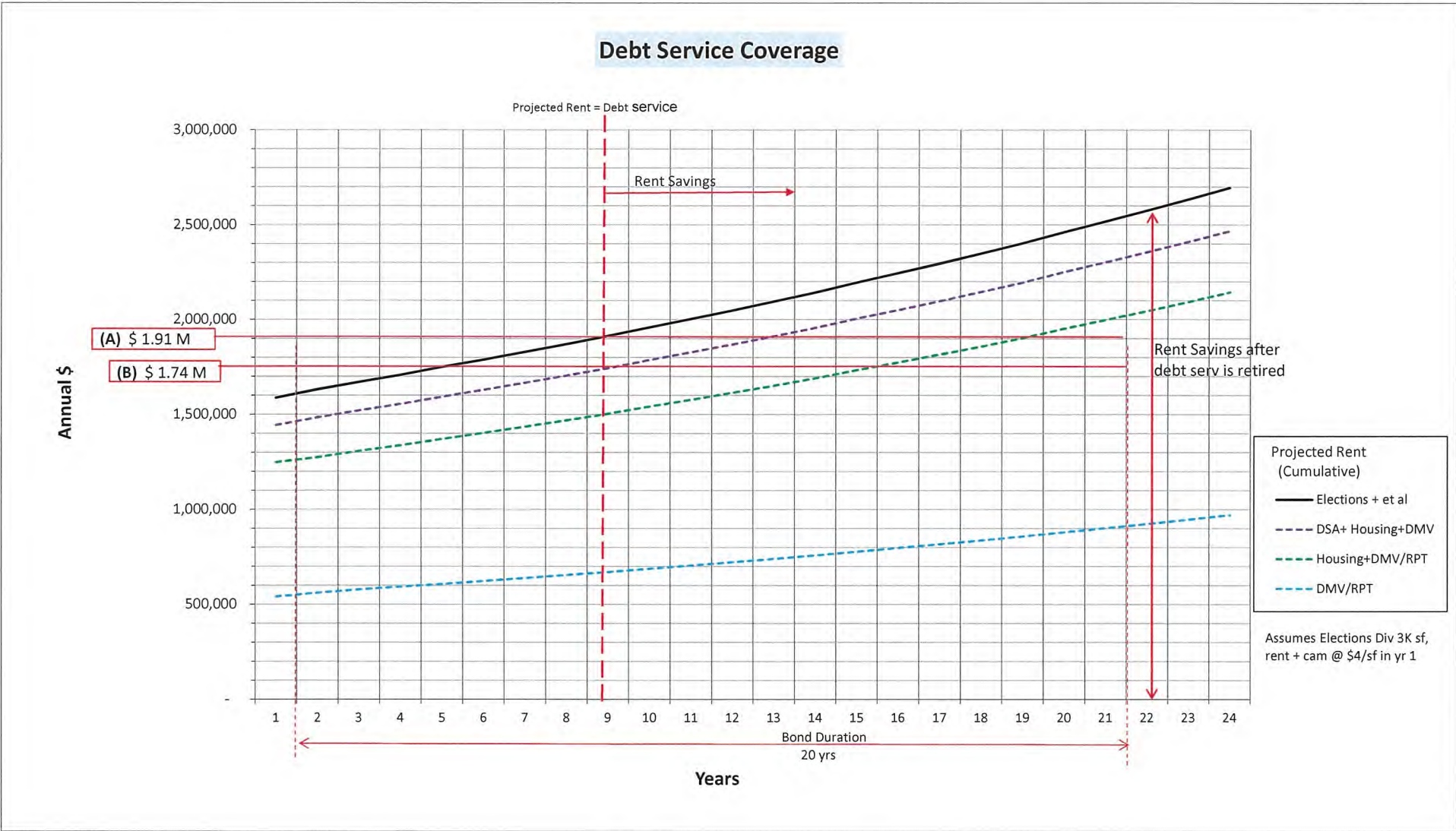
**Response:** We inquired with Sandwich Isle Communications and the response, according to the Information Technology Services Division, was that they are restricted to providing services to homes within Department of Hawaiian Home Land (DHHL) designated communities. We will continue to work with the Parks Department to determine alternative solutions for hardwired connectivity to the golf course.

We thank you for your inquiry and would be happy to address any further questions you may have regarding this subject.

Sincerely,

  
KEITH A. REGAN  
Managing Director

Attachment (Exhibit A)



Givens : 60,000 SF bldg @ \$ 28.5 M  
 DMV and DHHHC on 1st floor; RPT (temp), DSA Inspectors, Elections on 2nd floor  
 Projected Rent increases @ 2% annual. (Rent includes CAM, taxes). Initial year based on 2017 actuals.  
 Elections Div projected rent estimated 3,000 sf at \$4/sf (rent + cam). Comparable based on rail complex with adequate parking.  
 Bond Rate assumed at 3% for 20 yr term. (In 2015, bond rate was at 2.1%)  
 Debt Service : \$28.5 M = \$1.91 M annual debt service (A) original design  
 \$26 M = \$1.74 M annual debt service (B) value engineered

Note: For true comparison between Rent vs Own, operational costs for maintenance (CAM) should be included for the ownership option. These expenses are unknown, but personnel expected to include 2 custodians and 1 groundskeeper at total expense of \$200 K (wages+benefits). This should be added to the annual debt service for more accurate cost outlay by the County.