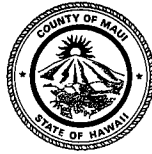


DANNY A. MATEO
County Clerk



JOSIAH K. NISHITA
Deputy County Clerk

OFFICE OF THE COUNTY CLERK

COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/county/clerk

May 23, 2016

Honorable Stacy Crivello, Chair
Housing, Human Services, and
Transportation Committee
Council of the County of Maui
Wailuku, Hawaii 96793

Dear Chair Crivello:

Pursuant to the adoption of Committee Report No. 16-84 on May 20, 2016, the matter relating to licensing animals other than dogs was referred to your Committee. Transmitted herewith is a copy of Exhibit "2" which is attached to Committee Report No. 16-84.

Respectfully yours,

A handwritten signature in black ink that reads "Danny A. Mateo". The signature is written in a cursive style with a large, sweeping "M" and "A".

DANNY A. MATEO
County Clerk

/jym

Enclosure

cc: Director of Council Services

OFFICE OF THE
COUNTY CLERK

2016 MAY 24 AM 11:05

RECEIVED

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

May 20, 2016

Committee
Report No. 16-84

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on March 30, 2016, March 31, 2016, April 4, 2016, April 5, 2016, April 6, 2016, April 7, 2016, April 8, 2016, April 11, 2016, April 12, 2016, April 13, 2016, April 14, 2016, April 18, 2016, April 19, 2016, April 20, 2016, April 21, 2016, April 22, 2016, April 25, 2016, April 26, 2016, April 27, 2016, April 28, 2016, April 29, 2016, and May 2, 2016, makes reference to the following:

1. County Communication 16-29, from Council Chair Mike White, relating to the matter of the proposed budget for Fiscal Year ("FY") 2017.
2. County Communication 16-60, from Mayor Alan M. Arakawa, relating to the proposed budget for FY 2017 for the County of Maui. Included in the Mayor's transmittal are the following:
 - a. A proposed bill entitled "A BILL FOR AN ORDINANCE RELATING TO THE OPERATING BUDGET FOR THE COUNTY OF MAUI FOR THE FISCAL YEAR JULY 1, 2016 TO JUNE 30, 2017" ("Budget bill").

The purpose of the proposed bill is to appropriate estimated revenues for the operating and capital improvement budget. Incorporated within the proposed bill are Appendix A, which lists Grant Revenues and Special Purpose Revenues; Appendix B, which is the Schedule of Revenues - Fees, Rates, Assessments, and Taxes; and Attachment B-1 (unlabeled and also referenced as Appendix C in the General Budget

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Provisions), which lists the County's concessions, leases, and licenses by department.

- b. A proposed bill entitled "A BILL FOR AN ORDINANCE RELATING TO THE CAPITAL PROGRAM FOR THE FISCAL YEAR ENDING JUNE 30, 2017" ("Capital Program bill").

The purpose of the proposed bill is to set forth the Capital Program for FY 2017 through FY 2022. Incorporated within the proposed bill are Appendix A-1, a report entitled "COUNTY OF MAUI, CAPITAL IMPROVEMENT PROJECTS REPORT, AS OF DECEMBER 31, 2015," which lists all pending capital improvement projects and appropriations, except for Water Fund projects, as of December 31, 2015; Appendix A-2, a report entitled "County of Maui, Statement of Appropriations and Expenditures, Capital Improvement Program by District, Fiscal Year Ending 6/30/2016 - as of 12/31/2015," which includes pending Water Fund capital improvement projects and appropriations as of December 31, 2015; and Appendix B, which is the proposed Capital Program for FY 2017 through FY 2022.

- c. A proposed bill entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE ISSUANCE OF FIFTY-EIGHT MILLION THREE HUNDRED NINETY-TWO THOUSAND DOLLARS (\$58,392,000) AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI FOR THE PURPOSE OF PROVIDING FUNDS TO PAY ALL OR A PART OF THE COST OF APPROPRIATIONS FOR PUBLIC IMPROVEMENTS OF AND FOR THE COUNTY OF MAUI; FIXING THE FORM, DENOMINATIONS AND CERTAIN OTHER FEATURES OF SUCH BONDS AND PROVIDING FOR THEIR SALE; AUTHORIZING THE DIRECTOR OF FINANCE TO

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DETERMINE CERTAIN DETAILS OF THE BONDS; AUTHORIZING THE ISSUANCE AND SALE OF A LIKE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS; AND PROVIDING FOR OTHER ACTIONS RELATED TO THE ISSUANCE, SALE AND DELIVERY OF SAID BONDS" ("Bond Authorization bill").

The purpose of the proposed bill is to authorize the issuance of \$58,392,000 in general obligation bonds for various capital improvement projects.

- d. A proposed bill entitled "A BILL FOR AN ORDINANCE DETERMINING THAT PART OF THE PROCEEDS OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI HERETOFORE ISSUED IS IN EXCESS OF THE AMOUNTS REQUIRED FOR THE PURPOSES FOR WHICH SUCH BONDS WERE INITIALLY ISSUED, OR MAY OR SHOULD NOT BE APPLIED TO THOSE PURPOSES, AND DIRECTING SUCH PROCEEDS TO OTHER PUBLIC IMPROVEMENTS OR AUTHORIZED PURPOSES OF THE COUNTY OF MAUI" ("Lapsed Bond bill").

The purpose of the proposed bill is to reauthorize the use of \$6,103,000 in lapsed bond proceeds for the following projects: Piilani Highway Road Improvements at Nuanualoa, \$2,003,000; Kokomo Road and Makawao Avenue Pavement Reconstruction, Phase 2, \$2,400,000; and Kalana O Maui Building Electrical Upgrade, \$1,700,000.

- e. A proposed bill entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO INTERGOVERNMENTAL AGREEMENTS FOR LOANS FROM THE STATE OF

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HAWAII'S WATER POLLUTION CONTROL REVOLVING FUND FOR VARIOUS WASTEWATER PROJECTS, FISCAL YEAR 2017 BUDGET ORDINANCE" ("Water Pollution Control Loan bill").

The purpose of the proposed bill is to authorize the Mayor to enter into intergovernmental agreements to finance the following wastewater projects: South Maui Recycled Water System Expansion, with funds not to exceed \$6,500,000; Kulanihakoi Street Recycled Water Line Extension, with funds not to exceed \$1,700,000; Lahaina Wastewater Reclamation Facility ("WWRF") Modifications, Stage 1A, with funds not to exceed \$12,500,000; Sheraton Wastewater Pump Station Modifications, with funds not to exceed \$1,000,000; Countywide WWRF Chlorination System Upgrade, with funds not to exceed \$2,000,000; and Wailuku-Kahului WWRF Solids Building Renovation, with funds not to exceed \$1,000,000.

- f. A proposed bill entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR A LOAN FROM THE STATE OF HAWAII'S DRINKING WATER TREATMENT REVOLVING LOAN FUND FOR VARIOUS WATER PROJECTS, FISCAL YEAR 2017 BUDGET ORDINANCE" ("Drinking Water Treatment Loan bill").

The purpose of the proposed bill is to authorize the Mayor to enter into an intergovernmental agreement to finance the following water projects: Countywide Upgrades and Replacements, Omaopio Tank Booster Pump Replacement, with funds not to exceed \$2,000,000; Upcountry Reliable Capacity, Pookela Well #2 Exploratory, with funds not to exceed \$2,500,000;

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and West Maui Reliable Capacity, Mahinahina Well #1 Development, with funds not to exceed \$13,000,000.

- g. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING CHAPTER 12.24A, MAUI COUNTY CODE, RELATING TO THE MAUI COUNTY ARBORIST."

The purpose of the proposed bill is to amend Section 12.24A.070, Maui County Code ("MCC"), to reallocate responsibilities for planting and maintenance of trees and landscape plantings between the Department of Parks and Recreation and the Department of Public Works, and to remove the requirement for a County arborist.

- h. Mayor's Budget Message.
- i. Booklets entitled "FISCAL YEAR 2017, MAYOR'S BUDGET PROPOSAL SYNOPSIS"; and "FISCAL YEAR 2017, MAYOR'S BUDGET PROPOSAL."
- j. Compact disc entitled "FISCAL YEAR 2017 MAYOR'S PROPOSED BUDGET."

Your Committee is in receipt of the following:

- 1. Correspondence dated March 30, 2016, from the Department of the Corporation Counsel, transmitting a proposed resolution entitled "ADOPTING THE FUEL TAX RATES FOR THE COUNTY OF MAUI, EFFECTIVE JULY 1, 2016" ("Fuel Tax resolution"). The purpose of the proposed resolution is to adopt the fuel tax rates, effective July 1, 2016, for the following: (1) Gasoline & Diesel Oil, \$0.230 per gallon; (2) Biodiesel, \$0.115 per gallon; (3) Ethanol, \$0.054 per gallon; (4) Methanol, \$0.041 per gallon; and (5) Liquefied Petroleum Gas, \$0.060 per gallon. The proposed rates were included in the Mayor's proposed FY 2017 Budget.

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2. Correspondence dated April 15, 2016, from the Department of the Corporation Counsel, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 18.24.010, MAUI COUNTY CODE, TO ELIMINATE THE CONSTRUCTION PLAN REVIEW REVOLVING FUND." The purpose of the proposed bill is to eliminate the Construction Plan Review Revolving Fund and transfer any balance remaining in the Fund as of June 30, 2016, to the General Fund.
3. Correspondence dated April 20, 2016, from the Department of the Corporation Counsel, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.35, MAUI COUNTY CODE, RELATING TO THE AFFORDABLE HOUSING FUND." The purpose of the proposed bill is to amend Chapter 3.35, MCC, to make it consistent with the extension through FY 2021 authorized by the Revised Charter of the County of Maui (1983), as amended ("Charter"), and to insert a definition of "gap income" because the definition has been deleted from Chapter 2.96, MCC, and the Charter provision relies upon a definition by ordinance.
4. Correspondence dated April 21, 2016, from the Department of the Corporation Counsel, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE TO REPEAL CHAPTER 14.29, MAUI COUNTY CODE, RELATING TO PUMPING OF CESSPOOLS AND SEPTIC TANKS." The purpose of the proposed bill is to repeal Chapter 14.29, MCC, relating to pumping of cesspools and septic tanks, because the services described in the Chapter are being handled by private entities, and the County has not provided the service for the past three years.
5. Correspondence dated April 21, 2016, from the Department of the Corporation Counsel, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE RELATING TO THE HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED

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VEHICLES REVOLVING FUND AND THE LITTER CONTROL REVOLVING FUND.” The purpose of the proposed bill is to amend the fund to which costs of litter control authorized by the MCC are deposited, and amend the name of the highway beautification fund for consistency with Section 286-51(b), Hawaii Revised Statutes (“HRS”).

6. Correspondence dated April 22, 2016, from Councilmember Don S. Guzman, transmitting a proposed bill entitled “A BILL FOR AN ORDINANCE AMENDING SECTION 3.81.050, MAUI COUNTY CODE, TO EXTEND THE ECONOMIC DEVELOPMENT REVOLVING FUND.” The purpose of the proposed bill is to extend the Economic Development Revolving Fund, which will expire on June 30, 2016, by five years, to June 30, 2021.
7. Correspondence dated April 25, 2016, from the Department of the Corporation Counsel, transmitting the following:
 - a. A proposed bill entitled “A BILL FOR AN ORDINANCE REPEALING CHAPTER 3.97, MAUI COUNTY CODE, RELATING TO THE POST-EMPLOYMENT OBLIGATIONS FUND.” The purpose of the proposed bill is to repeal Chapter 3.97, MCC, relating to the Post-Employment Obligations Fund, and transfer any remaining balance in the Fund as of June 30, 2016, to the General Fund.
 - b. A proposed bill entitled “A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE, RELATING TO THE REAL PROPERTY TAX APPLICABLE TO REMNANT PARCELS.” The purpose of the proposed bill is to authorize a real property tax exemption for a remnant parcel, so that the parcel is levied a real property tax of \$150 per year, rather than the standard minimum real property tax set forth in the annual budget. For purposes of this exemption, a remnant

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parcel is a vacant, undeveloped parcel that is less than 5,000 square feet in size with a fair market value below \$7,500.

8. Correspondence dated April 25, 2016, from the Department of the Corporation Counsel, transmitting the following:
 - a. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE, TO ESTABLISH A FIREWORKS AUDITOR FUND." The purpose of the proposed bill is to establish a fund to receive certain fireworks license or permit fees authorized by Section 132D-7, HRS, for the salary of an auditor of fireworks and other purposes provided by Section 132D-11, HRS.
 - b. A proposed bill entitled "A BILL FOR AN ORDINANCE TO AMEND SECTION 3.48.450, MAUI COUNTY CODE, RELATING TO THE REAL PROPERTY TAX HOME EXEMPTION AMOUNT." The purpose of the proposed bill is to change the amount of the real property tax home exemption to \$175,000, for tax years beginning July 1, 2017.
9. Correspondence dated April 25, 2016, from the Department of the Corporation Counsel, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE TO AMEND CHAPTER 13.16, MAUI COUNTY CODE, RELATING TO THE WAIEHU MUNICIPAL GOLF COURSE." The purpose of the proposed bill is to establish definitions for "Maui County resident card," "nine-hole rate," and "twilight rate," amend the definitions of "daily rate" and "student," and establish a replacement card fee for users of the Waiehu Municipal Golf Course.
10. Correspondence dated April 26, 2016, from the Department of the Corporation Counsel, transmitting a revised proposed Fuel Tax resolution. The purpose of the revised proposed

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resolution is to adopt the fuel tax rates, effective July 1, 2016, for the following: (1) Gasoline & Diesel Oil, \$0.230 per gallon; (2) Biodiesel, \$0.115 per gallon; (3) Ethanol, \$0.115 per gallon; (4) Methanol, \$0.115 per gallon; and (5) Liquefied Petroleum Gas, \$0.115 per gallon.

Your Committee notes public meetings were held in eight of the Councilmembers' residency areas to receive public testimony on the Mayor's proposed FY 2017 Budget. The public meetings were held as follows: (1) April 5, 2016, South Maui; (2) April 6, 2016, West Maui; (3) April 8, 2016, Lanai; (4) April 11, 2016, Molokai; (5) April 13, 2016, Upcountry; (6) April 14, 2016, Makawao-Haiku-Paia; (7) April 18, 2016, East Maui; and (8) April 19, 2016, Kahului.

Your Committee further notes the Council held a public hearing on the Mayor's proposed FY 2017 Budget, pursuant to Charter Section 9-4, on April 21, 2016.

Your Committee also notes the Council held a public hearing on real property tax rates, pursuant to Section 3.48.565, MCC, on April 27, 2016, and reconvened on May 13, 2016, to adopt a resolution fixing the real property tax rates for FY 2017.

Your Committee notes the Council held a public hearing on motor vehicle weight tax rates, pursuant to Section 249-13, HRS, and Section 3.24.030, MCC, on May 13, 2016.

Your Committee also notes the Council held a public hearing on fuel tax rates, pursuant to Section 243-5, HRS, and Section 3.20.010, MCC, on May 13, 2016.

Your Committee also conducted a community survey, which yielded the following top three spending priorities, ranked in descending order: highways and roads, water resources, and audit of County departments and programs.

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Your Committee extensively reviewed the proposed FY 2017 Budget with the Administration from March 30, 2016 to April 22, 2016. Decision making on the proposed FY 2017 Budget began on April 25, 2016, and was completed on May 2, 2016.

GENERAL

The Mayor's proposed budget estimated revenues of \$711,485,544 for FY 2017. Of that amount, \$563,557,344 was appropriated for operations, and \$147,928,200 was appropriated for capital improvement projects.

Your Committee's recommendation for the FY 2017 Budget decreased the Mayor's proposed budget by \$51,945,487, or approximately 7.3 percent, to \$659,540,057. Your Committee decreased operating appropriations by \$17,887,201, to \$545,670,143, and decreased capital improvement project appropriations by \$34,058,286, to \$113,869,914.

Your Committee decreased "Other Intergovernmental" revenue by \$9,500,000, from \$42,275,000 to \$32,775,000, because of a reduction in borrowing from the State revolving loan funds. Your Committee declined to authorize a State revolving loan fund appropriation for the South Maui Recycled Water Line Extension project and reduced the appropriation for the Mahinahina Well #1 Development project.

Your Committee decreased General Fund operating expenditures by \$16,737,327, or approximately 4.5 percent, from \$372,665,500 to \$355,928,173. Your Committee was especially interested in reducing operating expenditures because General Fund requirements impact real property tax rates.

The Mayor proposed borrowing \$100,592,000 to finance capital improvement projects. Your Committee reduced proposed borrowing through general obligation bonds and State revolving loan funds by \$26,366,000, or 45.2 percent, and \$9,500,000, or 22.5 percent, respectively. Your Committee recommended using cash where feasible to

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fund capital improvement projects rather than increasing the County's debt.

The Mayor's proposed budget anticipated receiving \$60,776,579 in grant revenue from Federal, State, and private sources. Your Committee estimated an increase of grant revenue of \$2,005,000 for the Maui Motor Sports Park and Wailuku Heights Park.

Your Committee noted the General Budget Provisions contained in the Budget bill provide binding policy statements and principles to implement the Budget. The FY 2016 Budget incorporated revisions to Section 7 of the General Budget Provisions to increase transparency by restricting disbursements for each program by category of use, with allocations specified for: (a) salaries, premium pay, or reallocation pay ("A" category); (b) operations or services ("B" category); and (c) equipment ("C" category). Allocations for each category were fixed in Appendix C to the Budget bill. The Mayor eliminated this appendix from his proposed FY 2017 Budget.

Your Committee notes these restrictions have allowed the Council to make its policy decisions concerning the spending of taxpayer dollars clear. Over the course of the past fiscal year, these restrictions have achieved the purpose of increased accountability across departments. Your Committee also notes amendments to the FY 2016 Budget were handled efficiently and did not appear to hamper the functioning of departments.

Your Committee recommended language to accommodate these restrictions again be added to Section 7 of the General Budget Provisions. Both Exhibit "1" to this report and the Budget bill contain the types of restrictions previously reflected in Appendix C to the FY 2016 Budget.

With respect to grants awarded by the County, your Committee notes grants represent operational expenses for the County and, therefore, fall within the "B" category. This designation shall not limit a recipient's use of funds beyond any restrictions imposed by law or by the grant agreement. In addition, grant revenues received by the County have been

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omitted from the category allocations. Typically, grant revenues are subject to agreements that contain their own restrictions on how the County may use the funds. Furthermore, Section 11 of the General Budget Provisions prohibits the use of grant revenues for County salaries and personnel services unless specifically authorized.

Your Committee notes it relies upon representations made in the Mayor's Budget Proposal, including the information contained in the capital improvement project sheets, in making decisions to approve or disapprove appropriations.

Your Committee received from the County Auditor a copy of a written opinion from the Department of the Corporation Counsel, dated July 31, 2015, stating the description and justification for a capital improvement project contained in the Mayor's Budget Proposal are not incorporated into the fiscal year budget by virtue of the language in Section 10 of the budget ordinance (in that case, Ordinance 3840 (2011)). The opinion said the reference to "program objectives and performance plans" was insufficient to incorporate the information in the Mayor's Budget Proposal.

Your Committee created a new Appendix C containing the description and amount of funding for each capital improvement project for which an appropriation has been made, by project name, for attachment to the Budget bill. Your Committee has also incorporated the new appendix by reference in Section 10 of the General Budget Provisions.

Your Committee notes Appendix C describes how each capital improvement project appropriation can be used. Capital improvement project funding may not be used for any purpose other than as described in the appendix.

Appendix C contains a designation of work phase in the right-most column for acquisition of land, construction, design, equipment, general, management, and planning. These designations shall not be construed as restricting the allocation of monies among the work phase appropriations.

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If multiple designations are included for a project with amounts for each, your Committee is providing flexibility to use the total funding for completion of all indicated phases. For example, for CBS-3210, the Countywide Division of Motor Vehicles & Licensing Satellite Office Upgrade, \$10,000 has been appropriated for design, \$39,700 for equipment, and \$87,500 for general, based on the estimates provided your Committee, for a total of \$137,200. Your Committee intends that this would still allow for more than \$10,000 to be used for design, without a budget amendment, provided the phases for which funding has been appropriated can be completed within the total amount appropriated, as detailed in Appendix C.

Your Committee reversed a number of revisions to the General Budget Provisions proposed by the Mayor. Your Committee recommended the General Budget Provisions be referred to the appropriate standing committee for a comprehensive discussion.

Your Committee's revisions to the Mayor's proposed FY 2017 Budget appropriations are identified in Exhibit "1," which is hereby incorporated as part of this report.

The following is a summary of your Committee's recommendations as they relate to revenues, expenditures, and special purpose revenue funds.

REVENUES

On April 19, 2016, the Council received the Certification by the Director of Finance of the net taxable real property valuations within the County of Maui, pursuant to Sections 3.48.135 and 3.48.535, MCC. Your Committee received a copy of the Certification on April 20, 2016. The Director of Finance certified that for FY 2017, the net taxable real property valuation is \$44,363,536,700, and is expected to generate revenues of \$275,421,504, without considering the circuit breaker program, and assuming the tax rates proposed by the Mayor are adopted by the Council. The certified net real property tax revenues were lower than the Mayor's proposed FY 2017 Budget estimates by \$121,599.

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Your Committee notes the Mayor did not propose any increases to real property tax rates in FY 2017. Nonetheless, increased real property assessments would result in higher tax bills for property owners. Your Committee, therefore, recommended that the real property tax rates be decreased for all classifications except Apartment, Commercial, and Commercialized Residential. For those three classifications, your Committee recommended the real property tax rates remain at FY 2016 rates.

Your Committee recommended the minimum real property tax be increased from \$250 to \$300. Prorated over a period of 12 months, your Committee noted that the increase would raise real property tax bills by a small amount while generating approximately \$400,000 in additional revenue. The additional revenue would help to offset increased costs for providing basic services (such as police, fire, and social services) to the community.

Your Committee also recommended an exemption from the minimum tax be created for a remnant parcel, defined as a parcel that is vacant and undeveloped, less than 5,000 square feet in size, with a fair market value below \$7,500. Your Committee recommended the tax for a remnant parcel be set at \$150.

Your Committee discussed adjusting the current \$200,000 home exemption. However, your Committee was unable to make an adjustment until the tax year starting July 1, 2017; therefore, your Committee recommended the proposed bill to adjust the home exemption be referred to the appropriate standing committee for further consideration.

Your Committee notes the Mayor's proposed budget relied upon receipt of \$36,940,000 in transient accommodations taxes ("TAT"), based on the recommendations of a working group created by the State Legislature. The working group was tasked with evaluating the counties' fair share of TAT. Contrary to the working group's recommendation and Council Resolution 16-15, which urged a 50 percent share of total TAT revenue be provided to the counties, the State Legislature capped the

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County of Maui's share, as it did last year, at 22.8 percent of \$103,000,000, or \$23,484,000, leaving your Committee with the need to adjust for \$13,456,000 less in revenues than anticipated by the Mayor. Your Committee further notes that, without an increase in TAT, the County is constrained in its ability to fund its own requirements, let alone mandates that should be borne by the State.

Your Committee notes the Mayor reorganized the fees, rates, assessments, and taxes in Appendix B to the Budget bill to sort them by department. The Mayor also removed concession agreements such as the Waiehu Municipal Golf Course pro shop and food and liquor concessions, the Helene Hall concession, and the blind vendor concession from Appendix B and placed them in a separate appendix, now known as Appendix B-1.

Your Committee concurred with the Mayor's proposed water service rate increases for general consumers and agricultural consumers. The modest increases are intended to recover a higher portion of the costs of supplying water. Your Committee also concurred with the Mayor's proposed monthly water meter service charge increases.

Your Committee supported the Mayor's proposed increase in the water system development fee for 5/8-inch meters, which would double the fee, from \$6,030 to \$12,060, to recover some of the cost of developing additional source.

Your Committee accepted the Mayor's proposed rate increases for both residential and non-residential sewer fees and for residential refuse disposal fees. Your Committee recommended a \$1-per-ton increase over the Mayor's proposed landfill disposal fee, to cover the cost of the service.

Your Committee debated whether to continue the curbside recycling pilot project, also known as the "3-Can Plan," being implemented in a segment of South Maui. The 3-Can Plan provides weekly collection of household trash, twice-monthly collection of recyclables, and twice-monthly collection of green waste. Your Committee received comments from residents who participated in the project, asking that

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curbside recycling be retained. Your Committee recommended the project continue with a \$3 increase, amounting to \$9 per account per month, rather than the \$12 per account per month proposed by the Mayor. Your Committee also recommended the matter be referred to the appropriate standing committee for further evaluation.

The Department of Environmental Management informed your Committee it had not serviced a cesspool or septic tank in the last three years. Therefore, your Committee rejected proposed fee increases for those services and instead proposed a bill to repeal Chapter 14.29, MCC, "Pumping of Cesspools and Septic Tanks." Your Committee recommended fees to pump cesspools or septic tanks be correspondingly removed from Appendix B.

Your Committee discussed the Mayor's proposed revisions to the fee structure for use of the Department of Parks and Recreation's facilities and equipment. Your Committee notes Ordinance 4302, effective July 1, 2016, established a new Chapter 13.04A, MCC. Among other things, the Chapter overhauled the Department's facility permit and equipment rental procedures, and authorized certain fees and deposits as set forth in the annual budget ordinance. Your Committee noted that although permit types have changed, most fees remain the same. Your Committee supported the proposed changes, as revised to be consistent with the new Chapter 13.04A, MCC.

Your Committee recommended the Commercial Ocean Recreational Activity ("CORA") permit fees be increased to \$1,500 per permit per park per activity, annually, for the first two permits issued per business, and \$750 for each permit thereafter. Your Committee noted limited availability of CORA permits and the significant business opportunities they create for the permit holder. Your Committee notes the permit fees help to offset some of the costs associated with regulating ocean recreational activities and optimizing use of County beach parks for the community's recreational, environmental, and economic benefit.

Your Committee supported the Mayor's proposed creation of seasonal non-resident golf fees and the creation of daily student, twilight,

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and nine-hole playing fees. Your Committee, however, rejected the proposed deletion of a monthly student playing fee. Your Committee also noted the need to incorporate amendments to Chapter 13.16, MCC, to establish or amend definitions for rates and establish authority for a Maui County resident replacement card fee. Your Committee, therefore, recommended the proposed bill relating to the Waiehu Municipal Golf Course be passed.

The Planning Director advised your Committee that the authority for two new fees for building permit reviews and commercial agricultural structure registration, respectively, had not yet been established in Title 19, MCC. Your Committee, therefore, recommended these fees be removed. Anticipating the passage of Bill 43 (2016), relating to short-term rental homes, your Committee proposed an after-the-fact permit fee of \$1,850, noting a desire for a late permit application to be charged a higher fee than a timely one.

Your Committee notes the Mayor proposed an increase to the gasoline and diesel tax of five cents per gallon. He also proposed an increase to the biodiesel tax to \$0.115 per gallon, to offset the increasing costs of road maintenance. Your Committee debated these adjustments, as well as possible adjustments to the taxes for ethanol, methanol, and liquefied petroleum gas to the same level as biodiesel. Your Committee deferred a recommendation on the proposed fuel tax resolution, pending the public hearing scheduled for May 13, 2016.

Your Committee also supported an increase, from \$5 to \$10, in the fee for new and duplicate certificates of registration for all motor vehicles other than rental cars, to be deposited into the Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund. The increase, coupled with annual increases in the number of vehicle registrations, are estimated to generate \$720,000 in additional revenues. Revenues generated by the increase will help to defray the cost of towing, handling, storage, and other activities relating to abandoned or derelict vehicles.

Your Committee discussed the community's increasing need for transit services, but expressed concerns that significant subsidy from the

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Highway Fund is required to meet the costs of public transit and paratransit systems. Your Committee noted it recommended fares be reorganized and modestly increased in the FY 2016 Budget, but agreed to delay these adjustments pending completion of the Department of Transportation's transit plan study, which your Committee was assured would be completed by December 2015. In April 2016, the Deputy Director of Transportation advised your Committee the Department was only recently made aware of the requirement that it receive comments from the State on the transit plan update, that the Department was, therefore, unable to finalize the transit plan, and that no new service expansions, capital improvement projects, or fare changes were being proposed as a result. Your Committee again withheld adjusting bus fares. Your Committee did, however, decide it was appropriate to conduct an audit of the Department of Transportation using funds appropriated for audits under the Office of Council Services.

Your Committee notes the disabled persons parking placard fees approved by the Council by Ordinance 4291 (2016) have been incorporated into the FY 2017 Budget.

Your Committee recommended that Appendix B, Schedule of Revenues - Fees, Rates, Assessments and Taxes, be revised to incorporate your Committee's suggested changes.

EXPENDITURES

Over the course of your Committee's meetings, your Committee heard testimony from the community expressing priorities for spending taxpayer dollars.

Your Committee struggled with the rising costs of employment. Your Committee noted salaries and fringe benefits are projected for FY 2017 to be \$64,900,000 over FY 2013. This increase is more than the real property taxes projected to be collected in FY 2017 for all of Kahului, Wailuku, Makawao, Paia, Haiku, and Upcountry. The latest report from the State Department of Labor and Industrial Relations shows that from 2007 to 2014, County government wages have grown by 30.5 percent and jobs

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have grown by 10.3 percent, in stark contrast to the private sector, which has seen wage growth of 3.6 percent and job losses of 3.2 percent.

To slow the escalation of County employment costs, your Committee limited the number of expansion positions across departments and transferred vacant positions from one department to another. Your Committee also suggested an audit be conducted on the premium pay for the Department of Fire and Public Safety, to consider scheduling practices, minimum staff levels, and rank-for-rank recall, and to optimize the use of funds appropriated without sacrificing performance or safety. The County Auditor informed your Committee his Office has already begun preliminary work on the audit, and therefore there is no need for the Council to separately pursue one.

Your Committee notes all bargaining unit contracts will expire on June 30, 2017, and will be up for renegotiation within the fiscal year. Therefore, your Committee added \$100,000 for professional services to assist the Department of Personnel Services and the Department of the Corporation Counsel in negotiations for all bargaining unit contracts, including conducting financial analyses to strengthen the County's position.

Your Committee notes the Bargaining Unit 14 arbitration decision and award was issued on February 22, 2016. Bargaining Unit 14 includes the County's Ocean Safety Officers. Your Committee recommended the Ocean Safety Officers be transferred from the Department of Parks and Recreation to the Department of Fire and Public Safety in FY 2017, consistent with the Fire Chief's recommendation and the 2012 Charter amendment. Your Committee recommended the transfer of 50.0 equivalent personnel, with salaries and wages of \$2,710,260, operations of \$492,309, and equipment of \$200,000. Your Committee also transferred the grant of \$1,090,242 for Makena Lifeguard Services, including 10.5 Limited Term Appointment equivalent personnel, to the Department of Fire and Public Safety. Your Committee retained the \$600,000 originally proposed in Countywide Costs for Bargaining Unit 14 cost items.

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Your Committee continued funding for economic development initiatives to further diversify County revenue sources, including agricultural, film industry, and small business promotion, and economic development and cultural programs for Lanai, Molokai, Hana, and Paia-Haiku. Your Committee also provided \$4,200,000 in funding for the Maui County Visitor Association, formerly known as the Maui Visitors Bureau, noting the County's increased dependency on tourism as its economic driver.

Your Committee supported developing a demand for international customs pre-clearance efforts to allow foreign travelers to land directly on Maui. Your Committee expressed an interest in exploring this option as a means of increasing passenger convenience and facilitating visitor arrivals.

Your Committee noted two particularly significant economic events—the phased shutdown of Hawaiian Commercial & Sugar Company operations this year and the anticipated closure of Makena Beach and Golf Resort on July 1, 2016. Being mindful of increased demands on resources these events are likely to trigger, your Committee increased grants for social services.

Your Committee appropriated nearly \$1,300,000 in food assistance programs, including the Maui Food Bank, Feed My Sheep, and grants for food, shelter, and safety; \$165,207 for Mental Health Kokua and Mental Health Association of Hawaii; \$533,650 for substance abuse programs and \$43,272 for Coalition for a Drug Free Lanai; \$142,000 for Salvation Army; \$220,850 for Women Helping Women, to address domestic violence; \$861,739 for services to the frail and elderly, and \$358,440 for Maui Adult Day Care Center for Senior Citizens and Disabled; and \$715,565 in early childhood programs.

Noting the need to address homelessness, your Committee appropriated \$1,000,000 for homeless programs. Your Committee also funded two Limited Term Appointment equivalent personnel for homeless programs and a position for a housing assessment specialist to address housing inventory and related homeless issues. Your Committee further

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continued its support for Ka Hale A Ke Ola Homeless Resource Centers, Inc. and Family Life Center, Inc.

Your Committee supported veterans throughout the County with grants to the Maui County Veterans Council, the West Maui Veterans Club, and Molokai Veterans Caring for Veterans. Your Committee also supported 1.0 equivalent personnel for the additional maintenance of the Maui Veterans Cemetery, also known as the Makawao Veterans Cemetery, because of its recent expansion.

Your Committee supported information technology through appropriations for the Maui Automated Planning and Permitting System, or MAPPS project; an upgrade of the Integrated Financial Accounting System program to One Solution; an upgrade of the Human Resources and Payroll System; a new water billing system; public safety radio system replacements; and enhanced cybersecurity to protect confidential and critical County information.

Your Committee requested the Office of Council Services review the contract with Maui County Community Television, Inc., dba Akaku: Maui Community Television, as it relates to minimum charges for meeting coverage, which currently includes a four-hour duration as the standard.

In considering capital infrastructure improvements, your Committee declined to recommend the level of debt proposed by the Mayor through the issuance of general obligation bonds and State revolving loan funds.

Your Committee prioritized infrastructure maintenance and development as a reinvestment in the health and safety of communities. Your Committee appropriated \$52,214,267 of County, State, and Federal funds for roadway, drainage, and bridge improvement and erosion mitigation projects, including \$2,400,000 in lapsed bond proceeds for Kokomo Road and Makawao Avenue Pavement Reconstruction, Phase 2, and \$5,000,000 for construction of the Molokai Baseyard; \$5,515,000 for solid waste projects, including \$2,000,000 for the Hana Landfill Makai Berm project; \$27,500,000 for wastewater projects, including \$12,500,000 for Lahaina WWRF modifications; \$12,685,000 for park facility and

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maintenance improvement projects, including \$1,200,000 for the Upcountry skate park, for which substantial supportive testimony was received; and \$22,775,000 for water projects, including \$10,000,000 for the Mahinahina Well #1 development.

Your Committee continued to support a healthy and sustainable environment by providing \$1,400,000 for environmental protection and invasive species mitigation, \$1,782,000 in funding for watershed protection, \$300,000 for coqui frog eradication, \$250,000 for miconia containment and removal, and \$75,000 for implementation of a Maui coral reef recovery plan. Your Committee also supported a \$450,000 appropriation for the design of bike paths and greenways in South Maui and West Maui.

Your Committee encouraged the Department of Environmental Management, the Department of Public Works, and the Department of Water Supply to coordinate any roadway and infrastructure line improvements to avoid having to redo work already performed and to minimize public inconvenience.

Your Committee appropriated \$2,273,000 in the Budget for the acquisition of approximately 37.7 acres in Launiupoko, now identified for real property tax purposes as tax map key (2) 4-7-014:012, as proposed by the Mayor. Your Committee declined to authorize general obligation bond funding for the undevelopable parcel concurrently with the appropriation. Instead, your Committee requested the Administration enter into discussions with the property owner to see if the parties can mutually agree to terminate any unfulfilled obligations under the prior acquisition agreement, for which funding lapsed in December 2014.

Your Committee supported the use of the Park Assessment Fund for West Maui for the restoration of Moku`ula and Mokuhinia in the amount of \$400,000, and the Lahaina Harbor Front Improvement Project, Phase 2a, in the amount of \$500,000. Both projects will create passive parks that serve a cultural purpose.

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SPECIAL PURPOSE REVENUE FUNDS

During its deliberations on the FY 2017 Budget, your Committee discovered what appeared to be a discrepancy in the Highway Beautification Fund balance. The Budget Director researched the Fund and reported that the revenues for the past several years have been overestimated by approximately \$1 million a year. This discovery led to a review of all special purpose revenue fund balances, and the further realization that a number of the balances required adjustments.

Your Committee discussed the need to have the special purpose revenue funds scrutinized and appropriated an additional \$20,000 in the Office of the County Auditor's budget to enable these funds to be included in the County's annual independent financial audit.

In response to extensive public testimony urging the County to purchase approximately 267.7 acres on the coast in Haiku, Maui, near the "Jaws" surf spot at Peahi, your Committee appropriated \$9,500,000 in the Open Space, Natural Resources, Cultural Resources, and Scenic Views Preservation Fund for acquisition of the land. Your Committee notes the appropriate due diligence must be conducted, and Council authorization to acquire the property must still be obtained through separate legislation before the land can be purchased.

Your Committee continues to support the development of affordable housing with a \$2,500,000 appropriation for the Hale Mahaolu Ewalu Senior Project, Phase I, from the Affordable Housing Fund. Your Committee notes \$3,500,000 was previously provided in land acquisition costs for the project from the Fund. The project will consist of 38 rental units for seniors at 60 percent and below the area median income.

Your Committee notes special purpose revenue funds were referred for review to the various standing committees in FY 2016. Partially because of that scrutiny, changes were recommended to a number of the funds.

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Your Committee notes Ordinance 4303 (2016) repeals the Rental Housing Development Revolving Fund and transfers the remaining Fund balance to the Affordable Housing Fund, effective July 1, 2016. Therefore, the Rental Housing Development Revolving Fund has been removed from the Budget bill and the balance transferred accordingly.

Your Committee notes the Economic Development Revolving Fund, established by Ordinance 3854 (2011) (Chapter 3.81, MCC) will sunset at the end of FY 2016. Your Committee received, and supported, a proposal to extend the Fund for five years, to the end of FY 2021, to allow results of prior project funding to be received and evaluated.

Your Committee discussed the \$1,521,206.74 balance in the Housing Interim Financing and Buy-Back Revolving Fund (Chapter 3.32, MCC), \$1,507,472.82 of which are funds from an agreement with Seibu Hawaii, Inc., executed in 1984. Your Committee requested the Housing, Human Services, and Transportation Committee work with the Department of Housing and Human Concerns to use the funds in a manner consistent with the requirements of the agreement ("County shall use its best efforts to have the assessment funds administered . . . in connection with the construction of housing suitable for employees in the Central Maui area."). Your Committee noted the construction of this housing was agreed upon 32 years ago and has yet to be addressed.

Your Committee concurred with the Director of Public Works' recommendation that the Construction Plan Review Revolving Fund (Section 18.24.010, MCC) be repealed and the remaining Fund balance be transferred to the General Fund. Your Committee notes the uses authorized for the Fund are narrow and its revenues could be applied more effectively elsewhere.

Your Committee concurred with the Budget Director's suggestion the Post-Employment Obligations Fund (Chapter 3.81, MCC) be repealed. Your Committee notes substantial interest can accrue to the County's benefit by paying the County's post-employment obligations to the Hawaii Employer-Union Health Benefits Trust Fund early in the fiscal year. Rather than hold the funds in a Post-Employment Obligations Fund, your

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Committee directed that the funds be paid in the first quarter of the fiscal year through a proviso in the Budget bill.

Your Committee noted Section 132D-11, HRS, requires fees for licenses or permits required by Section 132D-7, HRS, be used solely by the Department of Fire and Public Safety for the salary and expenses of an auditor of "fireworks and articles pyrotechnic." Your Committee, therefore, proposed that a Fireworks Auditor Fund be established to receive these fees and ensure the money is used for the prescribed purposes.

Your Committee recommended referral of various matters to your standing committees, as noted in Exhibit "2."

Your Committee voted 8-0 to recommend passage on first reading of the proposed bill relating to the Construction Plan Review Revolving Fund, the proposed bill relating to the Affordable Housing Fund, the proposed bill relating to pumping of cesspools and septic tanks, the proposed bill relating to the Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund and the Litter Control Revolving Fund, the proposed bill relating to the Economic Development Revolving Fund, the proposed bill relating to the Post-Employment Obligations Fund, the proposed bill relating to the real property tax applicable to remnant parcels, the proposed bill to establish a Fireworks Auditor Fund, and the proposed bill relating to the Waiehu Municipal Golf Course.

Your Committee voted 8-0 to recommend passage on first reading of the revised proposed Capital Program bill, incorporating appendices that list all pending capital improvement projects as of March 31, 2016, and the Capital Program for Fiscal Years 2017 through 2022.

Your Committee voted 8-0 to recommend passage on first reading of the revised proposed Water Pollution Control Loan bill, the revised proposed Drinking Water Treatment Loan bill, the revised proposed Bond Authorization bill, the revised proposed Lapsed Bond bill, and the revised proposed Budget bill.

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Finally, your Committee voted 8-0 to recommend filing of County Communications 16-29 and 16-60.

For all of your Committee's recommendations made by a vote of 8-0, Committee Chair Hokama, Vice-Chair White, and members Baisa, Carroll, Cochran, Couch, Crivello, and Guzman voted "aye." Committee member Victorino was excused.

Your Committee is in receipt of a revised proposed Budget bill, a revised proposed Capital Program bill, a revised proposed Bond Authorization bill, a revised proposed Lapsed Bond bill, a revised proposed Water Pollution Control Loan bill, and a revised proposed Drinking Water Treatment Loan bill, approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee's recommended revisions and nonsubstantive revisions.

Your Committee is also in receipt of a revised proposed bill relating to the Economic Development Revolving Fund, approved as to form and legality.

Your Committee notes that, pursuant to Section 47-5, HRS, an affirmative vote of two-thirds of the Council's membership is required to approve the alternate uses of the lapsed bond proceeds set forth in the Lapsed Bond bill.

Your Budget and Finance Committee **RECOMMENDS** the following:

1. That Bill 48 (2016), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO INTERGOVERNMENTAL AGREEMENTS FOR LOANS FROM THE STATE OF HAWAII'S WATER POLLUTION CONTROL REVOLVING FUND FOR VARIOUS WASTEWATER PROJECTS, FISCAL YEAR 2017 BUDGET ORDINANCE," be PASSED ON FIRST READING and be ORDERED TO PRINT;

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2. That Bill 49 (2016), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT FOR A LOAN FROM THE STATE OF HAWAII'S DRINKING WATER TREATMENT REVOLVING LOAN FUND FOR VARIOUS WATER PROJECTS, FISCAL YEAR 2017 BUDGET ORDINANCE," be PASSED ON FIRST READING and be ORDERED TO PRINT;
3. That Bill 50 (2016), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 18.24.010, MAUI COUNTY CODE, TO ELIMINATE THE CONSTRUCTION PLAN REVIEW REVOLVING FUND," be PASSED ON FIRST READING and be ORDERED TO PRINT;
4. That Bill 51 (2016), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.35, MAUI COUNTY CODE, RELATING TO THE AFFORDABLE HOUSING FUND," be PASSED ON FIRST READING and be ORDERED TO PRINT;
5. That Bill 52 (2016), attached hereto, entitled "A BILL FOR AN ORDINANCE TO REPEAL CHAPTER 14.29, MAUI COUNTY CODE, RELATING TO PUMPING OF CESSPOOLS AND SEPTIC TANKS," be PASSED ON FIRST READING and be ORDERED TO PRINT;
6. That Bill 53 (2016), attached hereto, entitled "A BILL FOR AN ORDINANCE RELATING TO THE HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED VEHICLES REVOLVING FUND AND THE LITTER CONTROL REVOLVING FUND," be PASSED ON FIRST READING and be ORDERED TO PRINT;
7. That Bill 54 (2016), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 3.81.050, MAUI COUNTY CODE, TO EXTEND THE ECONOMIC

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DEVELOPMENT REVOLVING FUND,” be PASSED ON FIRST READING and be ORDERED TO PRINT;

8. That Bill 55 (2016), attached hereto, entitled “A BILL FOR AN ORDINANCE REPEALING CHAPTER 3.97, MAUI COUNTY CODE, RELATING TO THE POST-EMPLOYMENT OBLIGATIONS FUND,” be PASSED ON FIRST READING and be ORDERED TO PRINT;
9. That Bill 56 (2016), attached hereto, entitled “A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE, RELATING TO THE REAL PROPERTY TAX APPLICABLE TO REMNANT PARCELS,” be PASSED ON FIRST READING and be ORDERED TO PRINT;
10. That Bill 57 (2016), attached hereto, entitled “A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE, TO ESTABLISH A FIREWORKS AUDITOR FUND,” be PASSED ON FIRST READING and be ORDERED TO PRINT;
11. That Bill 58 (2016), attached hereto, entitled “A BILL FOR AN ORDINANCE TO AMEND CHAPTER 13.16, MAUI COUNTY CODE, RELATING TO THE WAIEHU MUNICIPAL GOLF COURSE,” be PASSED ON FIRST READING and be ORDERED TO PRINT;
12. That Bill 59 (2016), as revised herein and attached hereto, entitled “A BILL FOR AN ORDINANCE AUTHORIZING THE ISSUANCE OF TWENTY-NINE MILLION SEVEN HUNDRED FIFTY-THREE THOUSAND DOLLARS (\$29,753,000) AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI FOR THE PURPOSE OF PROVIDING FUNDS TO PAY ALL OR A PART OF THE COST OF APPROPRIATIONS FOR PUBLIC IMPROVEMENTS OF AND FOR THE COUNTY OF MAUI; FIXING THE FORM, DENOMINATIONS AND CERTAIN OTHER FEATURES OF SUCH BONDS AND PROVIDING FOR THEIR

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SALE; AUTHORIZING THE DIRECTOR OF FINANCE TO DETERMINE CERTAIN DETAILS OF THE BONDS; AUTHORIZING THE ISSUANCE AND SALE OF A LIKE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS; AND PROVIDING FOR OTHER ACTIONS RELATED TO THE ISSUANCE, SALE AND DELIVERY OF SAID BONDS," be PASSED ON FIRST READING and be ORDERED TO PRINT;

13. That Bill 60 (2016), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE DETERMINING THAT PART OF THE PROCEEDS OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI HERETOFORE ISSUED IS IN EXCESS OF THE AMOUNTS REQUIRED FOR THE PURPOSES FOR WHICH SUCH BONDS WERE INITIALLY ISSUED, OR MAY OR SHOULD NOT BE APPLIED TO THOSE PURPOSES, AND DIRECTING SUCH PROCEEDS TO OTHER PUBLIC IMPROVEMENTS OR AUTHORIZED PURPOSES OF THE COUNTY OF MAUI," be PASSED ON FIRST READING and be ORDERED TO PRINT;
14. That Bill 61 (2016), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE RELATING TO THE CAPITAL PROGRAM FOR THE FISCAL YEAR ENDING JUNE 30, 2017," be PASSED ON FIRST READING and be ORDERED TO PRINT;
15. That Bill 62 (2016), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE RELATING TO THE OPERATING BUDGET FOR THE COUNTY OF MAUI FOR THE FISCAL YEAR JULY 1, 2016 TO JUNE 30, 2017," be PASSED ON FIRST READING and be ORDERED TO PRINT;
16. That the matter relating to the real property tax rate for buildings valued at \$1 million or more in the Residential

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classification be REFERRED to your Budget and Finance Committee;

17. That the matter relating to separate real property tax rates for land and buildings within a classification be REFERRED to your Budget and Finance Committee;
18. That the matter relating to equipment purchases, replacement equipment, fleet vehicles, and a comparison of equipment lease vs. purchase be REFERRED to your Budget and Finance Committee;
19. That the proposed bill, entitled "A BILL FOR AN ORDINANCE TO AMEND SECTION 3.48.450, MAUI COUNTY CODE, RELATING TO THE REAL PROPERTY TAX HOME EXEMPTION AMOUNT," be REFERRED to your Budget and Finance Committee;
20. That the matter relating to a minimum threshold amount to require Council authorization to transfer funds between categories of use be REFERRED to your Budget and Finance Committee;
21. That the matter relating to erosion issues at holes 6, 7, and 8 at the Waiehu Municipal Golf Course be REFERRED to your Economic Development, Energy, Agriculture, and Recreation Committee;
22. That the matter relating to the South Maui Parks District master plan be REFERRED to your Economic Development, Energy, Agriculture, and Recreation Committee;
23. That the matter relating to creating an enterprise fund in the Department of Parks and Recreation be REFERRED to your Economic Development, Energy, Agriculture, and Recreation Committee;

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24. That the matter relating to fees for public charging stations for electric vehicles, including development of an assessment report to be transmitted to the Council by March 1, 2017, be REFERRED to your Economic Development, Energy, Agriculture, and Recreation Committee;
25. That the matter relating to establishing a County Office of Agriculture be REFERRED to your Economic Development, Energy, Agriculture, and Recreation Committee;
26. That the matter relating to the license agreement between the County and Maui In-Line Hockey Association for the Kalama Park Inline Skating Facility, which expired on June 30, 2012, be REFERRED to your Economic Development, Energy, Agriculture, and Recreation Committee;
27. That the matter relating to the license agreement between the County and the State for Hale Piilani Park, which expires on May 19, 2016, be REFERRED to your Economic Development, Energy, Agriculture, and Recreation Committee;
28. That the matter relating to licensing animals other than dogs be REFERRED to your Housing, Human Services, and Transportation Committee;
29. That the matter relating to the Housing Interim Financing and Buy-Back Revolving Fund, including the use of funds contributed by Seibu Hawaii, Inc., be REFERRED to your Housing, Human Services, and Transportation Committee;
30. That the matter relating to the lease agreement between the County and Titan International, LLC for the Lanai affordable housing project site, scheduled to expire on May 19, 2017, be REFERRED to your Housing, Human Services, and Transportation Committee;
31. That the matter relating to the potential acquisition of land for the Hale Mua affordable housing project, including a report to

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the Council on the Committee's findings, be REFERRED to your Housing, Human Services, and Transportation Committee;

32. That the proposed bill, entitled "A BILL FOR AN ORDINANCE AMENDING CHAPTER 12.24A, MAUI COUNTY CODE, RELATING TO THE MAUI COUNTY ARBORIST," be REFERRED to your Infrastructure and Environmental Management Committee;
33. That the matter relating to the Imi Kala Extension project be REFERRED to your Infrastructure and Environmental Management Committee;
34. That the matter relating to the use of 64-gallon carts for residential refuse collection be REFERRED to your Infrastructure and Environmental Management Committee;
35. That the matter relating to a review of the Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund be REFERRED to your Infrastructure and Environmental Management Committee;
36. That the matter relating to a review of the curbside recycling program, or 3-Can Plan, including a determination of the true cost to operate the program and whether the Department of Environmental Management should charge differently than the fee provided in the annual budget, whether the program is operating efficiently, the demand for and feasibility of the program, and whether the program should be discontinued, be REFERRED to your Infrastructure and Environmental Management Committee;
37. That the matter relating to the policies and standards of the Office of Council Services be REFERRED to your Policy and Intergovernmental Affairs Committee;

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- 38. That the matter relating to an evaluation of a policy to allow the applicable department director to waive filing fees for applications filed by or on behalf of any County agency be REFERRED to your Policy and Intergovernmental Affairs Committee;
- 39. That County Communication 16-29 be FILED; and
- 40. That County Communication 16-60 be FILED.

This report is submitted in accordance with Rule 8 of the Rules of the Council.



RIKI HOKAMA, Chair

bf:cr:16001aa:mmy/ske/cmn

WAILUKU, HAWAII 96793

It is HEREBY CERTIFIED that the recommendations contained in COMMITTEE REPORT NO. 16-84 were adopted by the Council of the County of Maui, State of Hawaii, on the 20th day of May, 2016, by the following vote:

[illegible]

BILL NOS. 48 (2016), 49 (2016), 50 (2016), 51 (2016), 52 (2016), 53 (2016), 54 (2016), 55 (2016), 56 (2016), 57 (2016), AND 58 (2016) PASS FIRST READING AND BE ORDERED TO PRINT:

[illegible]

BILL NO. 59 (2016), PASS FIRST READING AND BE ORDERED TO PRINT:

[illegible]

BILL NO. 60 (2016), PASS FIRST READING AND BE ORDERED TO PRINT:

MEMBERS	Michael B. WHITE Chair	Donald S. GUZMAN Vice-Chair	Gladys C. BAISA	Robert CARROLL	Eleanora COCHRAN	Donald G. COUCH, JR.	S. Stacy CRIVELLO	G. Riki HOKAMA	Michael P. VICTORINO
ROLL CALL	Aye	Aye	Aye	Aye	Aye	Aye	Aye	Aye	Aye

BILL NO. 61 (2016), PASS FIRST READING AND BE ORDERED TO PRINT:

MEMBERS	Michael B. WHITE Chair	Donald S. GUZMAN Vice-Chair	Gladys C. BAISA	Robert CARROLL	Eleanora COCHRAN	Donald G. COUCH, JR.	S. Stacy CRIVELLO	G. Riki HOKAMA	Michael P. VICTORINO
ROLL CALL	Aye	Aye	Aye	Aye	Aye	Aye	Aye	Aye	Aye

BILL NO. 62 (2016), PASS FIRST READING AND BE ORDERED TO PRINT:

MEMBERS	Michael B. WHITE Chair	Donald S. GUZMAN Vice-Chair	Gladys C. BAISA	Robert CARROLL	Eleanora COCHRAN	Donald G. COUCH, JR.	S. Stacy CRIVELLO	G. Riki HOKAMA	Michael P. VICTORINO
ROLL CALL	Aye	Aye	Aye	Aye	Aye	Aye	Aye	Aye	Aye

Bill No. 62 (2016) was amended prior to passage on first reading.


COUNTY CLERK

Exhibit "2" - Referrals

To your Budget and Finance Committee:

- 1. The matter relating to the real property tax rate for buildings valued at \$1 million or more in the Residential classification.**
 - The City and County of Honolulu has created two separate tiers of real property tax rates for properties that are classified Residential depending on building valuations. The matter is to evaluate whether creating a separate tax classification for buildings valued at \$1 million or more in the Residential classification makes sense for Maui County, and if it does, to create the classification in Chapter 3.48, Maui County Code ("MCC"), in anticipation of the setting of appropriate rates for Fiscal Year ("FY") 2018.
- 2. The matter relating to separate real property tax rates for land and buildings within a classification.**
 - The MCC authorizes the setting of separate rates for land and buildings within a real property tax classification. The rates are currently identical for land and buildings. The matter is to evaluate whether land and buildings should be treated differently for taxation purposes prior to the setting of real property tax rates for FY 2018.
- 3. The matter relating to equipment purchases, replacement equipment, fleet vehicles, and a comparison of equipment lease vs. purchase.**
 - The matter is to review options to standardize equipment and fleet vehicle leases and purchases across County departments, including bulk purchasing prices, equipment replacement schedules, and a comparison of equipment lease vs. purchase for copy machines, printers, other large office equipment, and maintenance equipment such as mowers and dozers.
- 4. The proposed bill entitled "A BILL FOR AN ORDINANCE TO AMEND SECTION 3.48.450, MAUI COUNTY CODE, RELATING TO THE REAL PROPERTY TAX HOME EXEMPTION AMOUNT."**
 - The proposed bill would change the \$200,000 real property tax home exemption to \$175,000 for tax years beginning July 1, 2017. Because it is too late for the proposed bill to take effect in FY 2017, the matter is being referred to allow for a discussion that would take into account how the home exemption, minimum tax, and real property tax rates all impact the overall real property tax bill for homeowners, and whether an adjustment to the home exemption is warranted.

5. The matter relating to a minimum threshold amount to require Council authorization to transfer funds between categories of use.

- In FY 2016, the Council enacted an annual budget containing restrictions by category of use. Although considered in a timely manner, many of the amendments related to the transfer between categories of use for leased equipment and relatively low-cost items. The Committee discussed whether these transfers warrant the time spent by the Committee, Council, Administration, and staff for processing or whether a minimum threshold dollar amount should be established before the requirement of Council approval for a transfer between categories of use is required. The Committee was also mindful, however, that the integrity of categories not be undermined by parsing out equipment or other means.

To your Economic Development, Energy, Agriculture, and Recreation Committee:

1. The matter relating to erosion issues at holes 6, 7, and 8 at the Waiehu Municipal Golf Course.

- Holes 6, 7, and 8 at the Waiehu Municipal Golf Course are parallel to the shoreline and have been affected by erosion. The matter is to discuss possible solutions for erosion mitigation to prevent the loss of holes 6, 7, and 8.

2. The matter relating to the South Maui Parks District master plan.

- The matter is to review the master plan for South Maui parks, including the South Maui Community Park, the maintenance baseyard, and other facilities.

3. The matter relating to creating an enterprise fund in the Department of Parks and Recreation.

- The matter is to review the rates and fees assessed for use of park facilities and activities, including the use of community centers, charges for special events, and commercial ocean recreational activity permits. The matter includes review of the possibility of concession agreements, pouring rights, sponsorship of ballfields and scoreboards, stadium parking fees, and other options to allow the Department of Parks and Recreation to become an enterprise department, offsetting expenses with revenues collected.

4. The matter relating to fees for public charging stations for electric vehicles, including development of an assessment report to be transmitted to the Council by March 1, 2017.

- Although electric vehicles impact County roads in the same manner as gasoline-operated vehicles, because electric vehicles consume little or no fuel, the County does not derive fuel tax as a revenue source from their use. The County currently offers free use of public charging stations for electric vehicles such as the one fronting the Kalana O Maui building. The matter includes evaluating the feasibility of establishing fees for the use of public charging stations in the County, as an additional revenue source for road maintenance.

5. The matter relating to establishing a County Office of Agriculture.

- The matter is to review the merits of establishing a County Office of Agriculture to: 1) promote the development of agriculture and farming; 2) determine the proper use of agricultural lands; and 3) develop guidelines, goals, and objectives for the future growth, protection, promotion, and enhancement of agriculture in the County. If the standing committee recommends an Office of Agriculture be established, the matter would include recommending legislation to place the Office of Agriculture in the Maui County Code and confirm the Office's duties, guidelines, and objectives.

6. The matter relating to the license agreement between the County and Maui In-Line Hockey Association for the Kalama Park Inline Skating Facility, which expired on June 30, 2012.

- By correspondence dated March 30, 2016, the Director of Finance said the Department of Parks and Recreation had completed a survey of the licensed area and is awaiting a draft of the new license agreement from the Department of the Corporation Counsel. The Director said the Department of Parks and Recreation will submit a request to the Board of Land and Natural Resources ("BLNR") for a 15-year lease. Kalama Park is land controlled by the County via Executive Order 854. BLNR approval is required for any encumbrances on lands subject to an Executive Order. Because the license agreement expired four years ago, the matter is to follow up with the applicable departments to increase the likelihood an updated, rather than expired, license will be on the FY 2018 schedule. The matter should also include a review of the Department of Parks and Recreation's practices and procedures for updating lease and license agreements; whether there is a method for tracking when agreements are close to expiring and updating them in a timely

manner; and what exposure the County, if any, may face as a result of allowing activity to occur at leased facilities without the appropriate agreements in place.

7. The matter relating to the license agreement between the County and the State for Hale Piilani Park, which expires on May 19, 2016.

- By correspondence dated March 30, 2016, the Director of Finance said the State Department of Health is submitting a notice to hold over on a month-to-month basis for an additional year, per Section 18 of the License Agreement. The Director said the County will continue to invoice the State \$83 per annum until further notice. The matter is to review the license agreement to see whether it should be updated or whether continuing with a hold over on the agreement is appropriate, and if so, for how long. The matter should also include a review of the Department of Parks and Recreation's practices and procedures for updating lease and license agreements; and whether there is a method for tracking when agreements are close to expiring and updating them in a timely manner.

To your Housing, Human Services, and Transportation Committee:

1. The matter relating to licensing animals other than dogs.

- Currently licensing fees are charged for dogs only. The matter is to explore whether it would provide health and safety or other community benefits to authorize licensing for other household pets. The matter should also review to what extent other animals create demands on animal rescue or other public services, and whether the County should collect fees for associated costs. To the extent the Committee determines other animal licensing fees are appropriate, the matter would include recommending appropriate legislation.

2. The matter relating to the Housing Interim Financing and Buy-Back Revolving Fund, including the use of funds contributed by Seibu Hawaii, Inc.

- Of the \$1,521,206.74 balance in the Housing Interim Financing and Buy-Back Revolving Fund (Chapter 3.32, MCC), \$1,507,472.82 are funds from an agreement with Seibu Hawaii, Inc., executed in 1984. The matter is to work with the Department of Housing and Human Concerns to use the funds in a manner consistent with the requirements of the agreement ("County shall use its best efforts to have the assessment funds administered . . . in connection with the construction of housing suitable for employees in the Central Maui

area.”). The matter was referred because construction of this housing was agreed upon 32 years ago and has yet to be addressed.

3. The matter relating to the lease agreement between the County and Titan International, LLC for the Lanai affordable housing project site, scheduled to expire on May 19, 2017.

- By correspondence dated March 30, 2016, the Director of Finance said the Department of Housing and Human Concerns intends to offer Titan International, LLC an extension of the current lease with the same terms and conditions for five years. The Director said the extension will require Council approval. The matter is to follow up with the Department to enable the Committee to timely consider the appropriateness and terms of a lease extension. The matter should include a review of the maintenance performed and other benefits derived by the parties under the existing lease.

4. The matter relating to the potential acquisition of land for the Hale Mua affordable housing project, including a report to the Council on the Committee’s findings.

- By Resolution 05-123, the Council approved the Hale Mua Affordable Housing Subdivision, pursuant to Section 201G-118, Hawaii Revised Statutes (“HRS”), on August 23, 2005. The proposed project was to provide 466 improved lots with at least 238 lots (51 percent) being set aside for affordable house-and-lot packages to be sold to families with incomes between 70 percent and 100 percent of the County’s median family income. The project has not moved forward, and the land is currently on the market. The matter is to evaluate whether the County should consider acquisition of the parcel, now identified for real property tax purposes as tax map key (2) 3-3-002:031, using the County’s Affordable Housing Fund.

To your Infrastructure and Environmental Management Committee:

1. The proposed bill entitled “A BILL FOR AN ORDINANCE AMENDING CHAPTER 12.24A, MAUI COUNTY CODE, RELATING TO THE MAUI COUNTY ARBORIST.”

- The proposed bill was a part of the Mayor’s FY 2017 Budget package. The bill, however, involves policy considerations that are better addressed by the standing committee handling maintenance of street trees and related matters.

2. The matter relating to the Imi Kala Extension project.

- The matter is to evaluate whether the County should proceed with the Imi Kala Extension project since the development of the Hale Mua affordable housing project has stalled.

3. The matter relating to the use of 64-gallon carts for residential refuse collection.

- The matter is to consider whether the County should offer an option of a smaller, 64-gallon refuse cart for residential customers. The current carts may be unwieldy for some residents, and the capacity unnecessary. The matter includes considering the feasibility of a tiered fee structure for 64-gallon and 96-gallon carts.

4. The matter relating to a review of the Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund.

- During FY 2017 Budget deliberations, it was discovered that the Fund balance had been overstated for several years and adjustments were needed. The matter is to scrutinize the Fund, including how departments are segregating fees that can only be used for activities associated with abandoned or derelict vehicles under the HRS; what the Department of Finance is doing to rectify prior accounting inaccuracies; and how Fund monitoring will improve to avoid recurring problems in the future.

5. The matter relating to a review of the curbside recycling program, or 3-Can Plan, including a determination of the true cost to operate the program and whether the Department of Environmental Management should charge differently than the fee provided in the annual budget, whether the program is operating efficiently, the demand for and feasibility of the program, and whether the program should be discontinued.

- The matter is to analyze the effectiveness of the plan, its usage and cost, and the considerations outlined above. The analysis should include questions that arose concerning contamination, the Department's inventory of carts and trucks associated with the plan, costs for storing that inventory, and what would be done with the inventory if the plan is discontinued.

To your Policy and Intergovernmental Affairs Committee:

- 1. The matter relating to the policies and standards of the Office of Council Services.**
 - The matter is to allow for a discussion on Office of Council Services operations, use of financial and staff resources, how the expansion position would best be used in the Office, office space constraints and options, and other factors affecting member satisfaction.
- 2. The matter relating to an evaluation of a policy to allow the applicable department director to waive filing fees for applications filed by or on behalf of any County agency.**
 - The matter is to evaluate the feasibility of providing directors with discretion to waive filing fees for applications filed by a County agency. The matter would include a recommendation and possible standards for when such a waiver is appropriate.

bf:2017bgt:CR Exhibit 2 Referrals attached to CR