

**COMMITTEE C REPORT
ARTICLES IX THROUGH XV
PROPOSED AMENDMENTS TO THE MAUI COUNTY CHARTER**

ARTICLE IX - FINANCIAL PROCEDURES

1. Section 9-1 Fiscal Year

Proposal: Change annual budget to biennium budget

RECOMMENDATION: No change

2. Section 9-4 Budget and Capital Program: Notice and Hearing

Proposal (1): Change wording to allow hearing prior to the first day of April:

Proposed wording:

"A public hearing shall be held by the council on the proposed budget and capital program no sooner than [the first day of April and no later than] the thirtieth day of April of the year of submission."

RECOMMENDATION: Approve proposed wording.

Proposal (2): Require Administration to make budget summaries available and publish summaries in newspaper by March 15.

Proposed wording:

"The mayor shall publish in a newspaper of general circulation in the county general summaries of the budget and capital program within five (5) working days of submission. A public hearing shall be held by the council . . . At least two weeks before the hearing, the council shall publish in a newspaper of general circulation in the county [general summaries of the budget and capital program and] a notice setting out the time and place for public hearing."

RECOMMENDATION: Approve proposed wording.

3. Section 9-6 Capital Program: Scope; Council Action

Proposal (1): Amend Sections 9-6.1 and 9-6.2 to clarify that the capital program shall be set forth in a separate ordinance.

Proposed wording:

"1. The capital program ordinance shall contain at least the following:
....

2. [Capital expenditures to be financed from current revenues in the ensuing fiscal year shall be included in the budget as well as in the capital program. Appropriations for such expenditures shall be included in the budget.] By virtue of the adoption of the capital program ordinance, the several amounts listed in the budget column entitled "Appropriations" shall be appropriated to the specified capital improvements."

RECOMMENDATION: Approve proposed wording.

Proposal (2): Amend Section 9-6.5 to clarify council authority to initiate changes to the capital program at any time during the fiscal year, provided the appropriation is not encumbered and unexpended.

Proposed wording:

"5. [At any time during a fiscal year the capital program may be amended by ordinance.] The council or mayor may initiate amendments to the capital program at any time during the fiscal year, provided, no appropriation shall be reduced by more than the amount of the unencumbered balance thereof or below any amount required by law to be appropriated."

RECOMMENDATION: Approve proposed wording.

Proposal (3): Amend Section 9-6 by adding a new subsection to require that the funds appropriations for council-initiated capital projects be expended.

RECOMMENDATION: Refer to full Commission for discussion.

4. **Section 9-7. Restrictions on Budget and Capital Program; Revenue Rates**

Amend Section 9-7 to recognize procedures established by state law relating to setting of fees, rates, taxes, etc.

Proposed wording:

"3. Unless otherwise specifically provided for in this charter or by state law, all fees, rates, assessments and taxes imposed by the county shall be set in the annual budget."

RECOMMENDATION: Approve proposed wording.

5. **Section 9-9. Appropriations and Changes.**

Amend Section 9-9.1 to permit the Mayor to certify additional estimated bond revenues to be received and require the quarterly certification of actual revenues received in excess of budget estimates.

Proposed wording:

"1. [If during any fiscal year the mayor certifies] The mayor shall, within thirty (30) days of the end of each quarter, certify that there are available for appropriation (a) revenues actually received from sources not anticipated in the budget or capital program for that year, or (b) revenues actually received from anticipated sources but in excess of the budget or capital program estimates therefor [, or (c)] The mayor may, during any fiscal year, certify that there are available for appropriation estimated revenues to be reimbursed by federal or state agencies to the county, or bond revenues to be received from the sale of bonds during the fiscal year. [the] The county may by ordinance make supplemental appropriations for that year up to the amount of the additional revenues so certified."

RECOMMENDATION: Approve proposed wording.

6. **Section 9-10. Appropriations: Reduction and Transfer; Initiation of Appropriation Changes**

Proposal (1): Amend Section 9-10.2 to clarify that appropriation changes within the executive branch's budget are initiated by the mayor, and that appropriation changes to the legislative branch's budget are initiated by the council chair.

Proposal (2): Amend Section 9-10.2 to allow transfers between departments to be done by resolution initiated by the mayor.

Proposal (3): Amend Section 9-10.2 to allow transfers between the executive and legislative branches.

Proposed wording:

"2. Upon written request of the mayor part or all of any unencumbered appropriation balance may be transferred within a department [by resolution] or from one department to another by [ordinance] resolution. Upon written request of the council chair part or all of any unencumbered appropriation balance may be transferred within an office or from one office to another by resolution. Transfers from a department to a legislative office may be initiated by the mayor and approved by ordinance. No transfer, however, shall be made from an appropriation to pay any indebtedness, and no appropriation may be reduced below any amount required by law to be appropriated.

Any changes to the operating budget for the executive branch may be initiated by the mayor at any time during the fiscal year and may be approved by ordinance. Any changes to the operating budget for the legislative branch may be initiated by the council chair at any time during the fiscal year and may be approved by ordinance.

7. **Section 9-11. Lapse of Appropriations**

Proposal (1): Establish a longer CIP appropriation lapsing period.

RECOMMENDATION: No change.

Proposal (2): Clarify abandonment procedures

Proposed wording:

" . . . An appropriation for a capital improvement shall continue in force until the purpose for which it was made has been accomplished or abandoned by the mayor or due to the passage of time. The mayor shall, by the fifteenth day of April, send the council a list of those capital improvement project appropriations which the mayor has abandoned, accompanied by a certification that revenues previously appropriated to such abandoned capital improvements are available for appropriation and a recommendation for the appropriation of such revenues. The council may include such revenues in the budget and capital improvement program for the ensuing fiscal year. The purpose of any such appropriation for a capital improvement shall be deemed abandoned six months after the close of the fiscal year to the extent that it has not been expended or encumbered by a written contract."

RECOMMENDATION: Approve proposed wording.

8. **Section 9-13. Audit of Accounts**

Proposal: Provide for an independent audit to be performed upon the expiration of the finance director's term.

Proposed wording:

"In case of the death, resignation [or] removal or expiration of the term of the director of finance, the council shall cause an independent audit to be made of the finance director's accounts. The scope of the audit shall be as determined by the council, provided, the audit shall not be of the same scope as the annual independent audit."

RECOMMENDATION: Approve proposed wording.

9. **Section 9-14. Surplus and Reserves.**

Proposal: Clarify administration and use of capital improvement reserve fund.

RECOMMENDATION: No change.

10. Proposal: Add a new section to require Mayor to submit a five-year operating plan with annual budget.

Proposed wording (amend Section 9-3.1. Scope of Budget and Message):

"1. The budget shall present a complete financial plan for the operations of the county and its departments for the ensuing fiscal year, showing all county funds on hand whether encumbered or unencumbered and estimated reserves and revenues. The budget proposed by the Mayor shall include a operating plan for the five years next succeeding the ensuing fiscal year, together with the estimated cost of providing the services and programs contained therein."

RECOMMENDATION: Approve proposed wording.

5/4/92

ARTICLES IX THROUGH XV - CHARTER AMENDMENTS FOR CONSIDERATION

ARTICLE IX - FINANCIAL PROCEDURES

1. Section 9-1 Fiscal Year

Proposal: Change annual budget to biennium budget.

Rationale: Promotes long-term planning; reduces time and money spent on production/passage of annual budget.

Recommendation: Refer to full Commission for discussion. Both administration and council view annual budget as a vehicle for public input. Annual budget provides opportunity to review status of programs/project. Without support of either branch, will be difficult to change to two-year budget.

2. Section 9-4 Budget and Capital Program: Notice and Hearing

Proposal: Change requirement that hearing shall be held by the council on the proposed budget "no sooner than the first day of April . . ."

Rationale: Council should be permitted to call for public hearing prior to April 1st.

Recommendation: Approve. Change to read that public hearing shall be held "no later than the thirtieth day of April . . ."

3. Proposal: Add new section to require that Administration expend funds appropriated for council-initiated CIP projects.

Rationale: Currently the administration has the discretion as to which project it will pursue/release funds for. This has given the Council concern in cases where their priority projects are not implemented.

Recommendation: Explore/review possible mechanisms to address council concerns with consideration of the effect on administration's authority; defer for further discussion.

4. Section 9-4 Budget and Capital Program: Notice and Hearing

Proposal: Require Mayor to make budget summaries available and publish budget summaries in newspaper by March 15.

Rationale: Give public notice as soon as possible to enable public to give testimony earlier.

Recommendation: Approve, unless Administration has a timing problem with placing the notice with the newspapers prior to submission deadline. Discuss impact with Budget Director.

5. Section 9-6 Capital Program; Scope; Council Action

Proposal: Clarify Council authority to initiate changes to the capital program at any time during the fiscal year (provided the appropriate is unencumbered, unexpended and not otherwise deemed necessary for health and safety, etc.)

Rationale: The council should not be restricted from initiating changes in priorities in the area of capital project appropriations. Mayor's authority is protected by veto power.

Recommendation: Approve, subject to funds being available for transfer.

6. Section 9-6 Capital Program; Scope; Council Action

Proposal: Clarify that the capital program shall be set forth in a separate ordinance which may be amended at any time during its effective period.

Rationale: Section 9-1 requires separate ordinances although the practice has been to combine the operating budget and capital program. (Corporation Counsel has found the practice to be legally permissible) Since the effective periods vary, (Operating budget terminates June 30; capital program December 31st) the operating budget and capital program should be separated.

Recommendation: Approve.

7. Section 9-7 Restrictions on Budget and Capital Program;
Revenue Rates

Proposal: Clarify the term "condition, limitation or restriction to be controlled by the council".

Rationale: Current interpretation requires that all council restrictions must be in the budget and that control by council continues after budget adopted.

Recommendation: Withdrawn.

8. Section 9-7 Restrictions on Budget and Capital Program;
Revenue Rates

Proposal: Recognize procedures established by state law relating to the setting of fees, rates, taxes and assessments.

Rationale: State law sometimes requires a different procedures for establishing certain fees, rates, taxes and assessments. Compliance with state law should satisfy the legality of the method of setting such items, and duplicate procedures on the County level should not be required.

Recommendation: Approve.

9. Section 9-9 Appropriations and Changes.

Proposal: Allow the Mayor to certify additional estimated revenues to be received and require the Mayor to certify actual revenues received.

Rationale: In certain situations, where there is a reasonable certainty of the receipt of certain revenues, authority to recognize/expend revenues should be given prior to actual receipt.

Revenues actually received should be disclosed and certified to the policy-making body as soon as possible. Currently, the Mayor has discretion as to when to report such revenues and may carryover/accumulate.

Recommendation: Recognition of estimated revenues should be allowed under specific circumstances only. If not, it is possible to "overauthorize expenditure" and if revenues do not materialize, a deficit situation could occur. Approve as to specific situations as identified by Administration/council.

Certification of revenues could be done on a periodic basis (e.g. quarterly). It is not practical to require the Mayor to certify at any time there additional revenues are received. Approve with certain time frames.

10. Section 9-10 Appropriations Reduction and Transfer

Proposal: Clarify that appropriation changes within the Executive Branch are initiated by the Mayor, and that the Council Chair has the authority to initiate changes to the legislative budget.

Rationale: Each branch should have the authority to propose amendments to its budget.

Recommendation: Approve.

11. Section 9-10 Appropriations Reduction and Transfer

Proposal: Allow transfers between the departments to be done by resolution initiated by the Mayor.

Rationale: The resolution process allows for changes to be made efficiently.

Recommendation: Approve.

12. Section 9-10 Appropriations Reduction and Transfer

Proposal: Authorize transfers between the legislative and executive branch.

Rationale: Transfers from certain County-wide accounts to the Legislative branch may be required during a fiscal year.

Recommendation: Approve.

13. Section 9-10 Appropriations Reduction and Transfer

Proposal: Authorize the Council chair to initiate appropriation transfers within the Legislative branch.

Rationale: Council should have authority to initiate transfers in its budget.

Recommendation: Approve.

14. Section 9-10 Appropriations Reduction and Transfer

Proposal: Allow for the reduction of an appropriation to pay an indebtedness if the indebtedness is not in existence.

Rationale: Appropriation transfers of funds not required to be paid during a fiscal year should be allowed to best utilize available financial resources.

Recommendation: Approve as long as the appropriation balance is unencumbered, unexpended and is not necessary to repay an outstanding debt.

15. Section 9-11 Lapse of Appropriations

Proposal: Establish a longer CIP appropriation lapsing period; define "abandonment" procedure.

Rationale: Large CIP projects need a period longer than six months after the end of the fiscal year (i. e., 18 months) to reach contract stage.

Abandonment procedures are unclear. If the administration abandons a project, council should be notified of appropriation balance so that it may re-appropriate funds which are not to be spent.

Recommendation: Explore lapsing/timing considerations with administration (e.g., need 24 months for projects in excess of \$500,000); explore/discuss abandonment procedures.

16. Section 9-13 Audit of Accounts

Proposal: Provide for an audit to be performed upon the expiration of finance director's term.

Rationale: An audit should be performed at least every four years to maintain fiscal control and integrity.

Recommendation: Approve; provided, scope of audit should not duplicate the annual independent audit.

17. 9-14 Surplus and Reserves.

Proposal: Provide more flexibility in the use of a capital improvement reserve fund; clarify non-lapsing of reserve appropriations.

Rationale: Current provisions are restrictive as to amendments to the purpose for which capital improvement reserves can be expended (seven votes required).

Provisions are unclear as to how reserve is set up and administered (and thus, a reserve has never been established).

Recommendation: Defer for further discussion; explore/discuss any appropriate changes with administration and council.

18. Proposal: Add new section to require Mayor to submit five-year operating plan with budget.

Rationale: Promotes long-term planning; allows review and consideration of additional expenditures in future years for new or current programs.

Recommendation. Approve; however, preparation should not be overly-burdensome to administration and proposed plan should not be viewed as a commitment on the part of the administration; intended as a guide as to future financial commitments.

ARTICLE XI - INITIATIVE

1. Section 11-3 Petitions

Proposal: Amend subsection 2 to reduce the requirement that a valid petition contain the signatures of twenty percent (20%) of the voters registered in the last general election.

Rationale: The number of signatures currently required makes it overly burdensome to formulate a valid petition. While the initiative power should not be too easily exercised, the process should not be so difficult as to effectively preclude the presentation of a valid petition. (See also, Section 11-4 relating to time for filing petition)

Recommendation: Reduce requirement to 15%.

2. Section 11-3 Petitions

Proposal: Amend subsection 3 to delete disclosure of voting precinct of person signing petition; add requirement that petition include printed name and address. (If legally possible, require social security number for verification purposes.)

Rationale: Voting precinct information is unnecessary. Printing of name will assist in verification where signature is illegible.

Recommendation: Approve. Disclosure of social security number should not be required, but may be voluntarily disclosed.

3. Section 11-4 Filing and Certification

Proposal: Amend subsection 1 by deleting the thirty (30) day time limit for filing of Petition; include a provision to allow for withdrawal of a signature within fifteen (15) days of the filing of the Petition.

Rationale: The thirty (30) day time limit does not allow sufficient time to obtain the necessary signatures.

Individuals should be allowed to reconsider their decision to sign (in case of mistake, misunderstanding or additional information, etc.)

Recommendation: Discuss an extension of filing period vs. no limit; approve provision to permit withdrawal of signature.

4. Section 11-6 Action on Petitions

Proposal: Amend subsection 1 to provide that the proposed or referred ordinance be submitted to the voters at the next general election; amend subsection 2 to delete requirement of special election if a regularly scheduled election is not within one (1) year of the final action on the proposed or referred ordinance.

Rationale: Special elections are very costly. With elections every two years, the delay would not be unreasonable.

Recommendation: Approve. However, a provision to allow for a special election to be called by the Council should be included in case timing considerations require a decision on the ordinance to be made earlier.

5. Section 11-7 Results of Election

Proposal: Amend to require a majority of votes to approve or

reject a measure based upon ballots drawn and not votes cast.

Rationale: Past experiences with Charter amendments have shown that measures sometimes pass with only a small percentage of the total possible votes. (e.g., 20,000 ballots drawn; 10,000 votes cast; 5,001 votes enough to pass/reject measure)

Recommendation: Approve. Unless a strong showing of voter commitment, the legislative action (or inaction) should stand.

ARTICLE XII - RECALL

1. Section 12-3 Petitions

Proposal: Amend subsection 3 to delete disclosure of voting precinct of person signing petition; add requirement that petition include printed name and address. (If legally possible, require social security number for verification purposes.)

Rationale: Voting precinct information is unnecessary. Printing of name will assist in verification where signature is illegible.

Recommendation: Approve. Disclosure of social security number should not be required, but may be voluntarily disclosed.

2. Section 12-3 Petitions

Should the twenty percent (20%) signature requirements be reduced as with Initiative Petitions?

3. Section 12-4 Filing and Certification.

Proposal: Amend subsection 1 by deleting the thirty (30) day time limit for filing of Petition; include a provision to allow for withdrawal of a signature within fifteen (15) days of the filing of the Petition.

Rationale: The thirty (30) day time limit does not allow sufficient time to obtain the necessary signatures.

Individuals should be allowed to reconsider their decision to sign (in case of mistake, misunderstanding or additional information, etc.)

Recommendation: Discuss an extension of filing period vs. no limit; approve provision to permit withdrawal of signature.

4. Section 12-6 Recall Election

Proposal: Amend to provide that the recall petition be submitted to the voters at the next general election, provided that the term of office of the person sought to be recalled does not end at the next general election; amend to change the voting requirement to fifty percent (50%) of the voters "eligible to vote for the office" (repeal "registered to vote in the last general elcetion").

Rationale: Special elections are very costly. However if the person sought to be recalled would enjoy a full term if the election were deferred, the purpose of the recall would be defeated.

Voting requirements should be more specific to the office concerned in the recall petition.

Recommendation: Approve.

5. Section 12-7 Ballots

Proposal: Amend to require a majority of votes to approve or reject a measure based upon ballots drawn and not votes cast.

Rationale: Past experiences with Charter amendments have shown that measures sometimes pass with only a small percentage of the total possible votes. (e.g., 20,000 ballots drawn; 10,000 votes cast; 5,001 votes enough to pass/reject measure)

Recommendation: Approve. Unless a strong showing of voter commitment, the legislative action (or inaction) should stand.

ARTICLE XIII GENERAL PROVISIONS

1. Section 13-2 Boards and Commissions

Proposal: Amnd subsection 1 to reduce five (5) year terms.

Rationale: Five year terms discourage public participation and does not allow for timely turnover.

Recommendation: Discuss shortening of terms to four (4) years or mix terms (e.g., 3, 4 or 5 terms at discretion of Mayor).

2. Section 13-2 Boards and Commissions

Proposal: Amend subsection 3 to require balanced geographic representation.

Rationale: With the exception of certin Boards specific to an area (e.g., Molokai Planning Commission), boards and commissions should have representatives from all major geographic areas in Maui County to obtain widest range of community input.

Recommendation: Discuss alternatives. (e.g., geographic districts same as Council? Community plan areas? Keep general by limiting to "no more than two from same geographic area?)