

Honolulu, Hawaii

FEB 15 2007

RE: S.B. No. 1838  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committee on Water, Land, Agriculture, and Hawaiian Affairs, to which was referred S.B. No. 1838 entitled:

"A BILL FOR AN ACT RELATING TO KAKAAKO,"

begs leave to report as follows:

The purpose of this measure is to mitigate the detrimental consequences of the increase in residential development in the Kakaako district area by providing an opportunity for input from real property owners and small businesses in the area, and providing financial assistance to area schools that are affected by the increase in residents.

Specifically, this measure:

- (1) Establishes a Kakaako Central Small Business District;
- (2) Requires the Hawaii Community Development Authority to confer with and obtain consensus from the real property owners and small business owners within the Kakaako area on any proposed public facility prior to undertaking any public facility as part of a district-wide improvement program;
- (3) Establishes the Kakaako District Schools Special Fund, and requires the transfer of revenues collected from any assessments made from 2001 to 2005, to the special fund; and



- (4) Requires the modification of the Queen Street realignment project between Kamakee Street and Cooke Street, in conjunction with recommendations made by the Kakaako Mauka Plan and rules revisions.

Testimony in support of this measure was submitted by the Principal of McKinley High School; a representative from Queen Kaahumanu Elementary School; U. Okada and Co., Ltd.; and seven individuals. Testimony in opposition to this measure was submitted by the Department of Budget and Finance, the Hawaii Community Development Authority, and one individual. The Department of Education submitted comments.

In early 2007, the Hawaii Community Development Authority began the Queen Street Widening Project, referred to as ID-11. Although the project included features that would benefit the community-at-large, the widening project also posed potential serious impacts for the small businesses located along the Queen Street area between Kamakee Street and Ward Avenue. The project was confronted with heavy opposition from area residents and small businesses, and subsequently experienced a lack of necessary funding. Thus, the project was eventually cancelled.

During 2005-2006, small businesses affected by the increase in residential development in the Kakaako area were invited to participate in the Kakaako Mauka Plan and Rules revision project along with the Hawaii Community Development Authority, and state and county officials. One of the proposals included that no new improvement district projects in the central Kakaako area be programmed unless initiated or supported by the small business community and landowners of the area. Furthermore, it was also proposed that fee assessments, parking, and business disruption issues be resolved before the initiation of a new improvement district project.

The schools surrounding the district area have also been impacted by the increase in residential development. Development results in an increase in residents who will rely on the Kakaako district schools to provide the educational needs of the community. Due to budgetary constraints, these schools are not able to deal with the increase in students and the other problems resulting from the increase in residential density.

Your Committee finds that providing an opportunity for input from real property owners and small businesses in the Kakaako



area, and providing financial assistance to area schools that are affected by the increase in residents will fulfill the intent of this measure, which is to assist in mitigating the detrimental consequences of the increase in residential development in the Kakaako area.

The Department of Budget and Finance indicated to your Committee its concerns with creating a special fund to financially aid Kakaako district schools. Furthermore the Department of Education commented that, unlike for residential development in other parts of the State, the Department of Education is not able to collect fair-share contributions from the hundreds of residential units about to be completed in the Kakaako area because the Hawaii Community Development Authority is not statutorily required to contribute the revenues received from any assessments made for public facilities as part of a district-wide improvement program under section 206E-6, Hawaii Revised Statutes. The Hawaii Community Development Authority testified that between July 1, 2000, and June 30, 2005, the Authority had collected assessments for public facilities, including schools, that totaled approximately \$5,000,000.

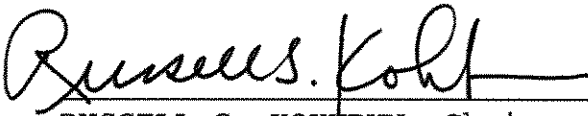
Accordingly, your Committee has amended this measure by:

- (1) Deleting language that establishes the Kakaako District Schools Special Fund;
- (2) Adding language under section 206E-16, Hawaii Revised Statutes, to require the Hawaii Community Development Authority to transfer an amount equal to any receipts and revenues from any assessment made for a public facility as part of a district-wide improvement plan received between July 1, 2000, and June 30, 2005, to the Department of Education; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Water, Land, Agriculture, and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1838, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1838, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committee on Water, Land,  
Agriculture, and Hawaiian  
Affairs,

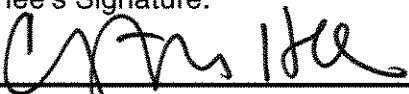


RUSSELL S. KOKUBUN, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Water, Land, Agriculture and Hawaiian Affairs**  
**WAH**

Bill / Resolution No.:* <i>S.B. 1838</i>	Committee Referral: <i>WAH, WAM</i>	Date: <i>2/12/07</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KOKUBUN, Russell S. (C)	/			/
TOKUDA, Jill N. (VC)	/			/
FUKUNAGA, Carol	/			
HEE, Clayton	/			
SLOM, Sam	/			
<b>TOTAL</b>	<i>4</i>			/
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:	Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	

\*Only one measure per Record of Votes