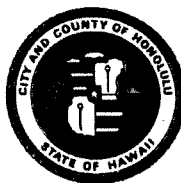


OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813
PHONE: (808) 523-4141 • FAX: (808) 527-5552 • E-MAIL: mayor@honolulu.gov

MUFI HANNEMANN
MAYOR



January 13, 2009

The Honorable Donna Mercado Kim, Chairwoman
and Members
Committee on Ways and Means
Senate
State Capitol
Honolulu, Hawaii 96813

The Honorable Marcus R. Oshiro, Chairman
and Members
Committee on Finance
House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chairs Kim and Oshiro and Members:

The City and County of Honolulu is facing the same fiscal challenges as the state for the duration of what appears will be a prolonged economic downturn. We are tightening our belts and taking other steps to control spending, while also maintaining current service levels for our core priorities of public safety, waste water and solid waste management, maintenance of public parks and facilities, and transportation.

The City's current capital improvements program is budgeted at nearly \$1 billion, for a range of projects that will preserve jobs for the construction industry. The U.S. Conference of Mayors, meanwhile, has submitted a \$97-billion economic stimulus proposal to President-elect Obama and Congress that directs billions of dollars in federal aid to the county governments for ready-to-go improvements ranging from road repaving, to repairs of public buildings, to major sewer overhauls. My fellow mayors and I, this morning signed a letter to the members of Hawaii's Congressional delegation, urging them to support the Conference of Mayors' stimulus package.

On the home front, the City is offering several proposals to the Legislature this year, aside from those submitted through the Hawaii Council of Mayors.

Visiting Dignitaries

Every time a head of state or government dignitary visits Oahu, and these visits are many, the Honolulu Police Department must respond to the dictates of the Secret Service by deploying a large force of officers for protection and security. Emergency medical technicians must stand by on special assignment when requested. These responsibilities, which involve special assignments, overtime, and other administrative adjustments, come at a high cost, none of which is reimbursed by the U.S. government.

A return, by the state, to the City of the fines and forfeitures from uncontested traffic fines issued by the City would be one source of revenue to offset these costs. We also hope to make an appeal to our Congressional delegation to have the federal government reimburse us for these unanticipated, unbudgeted expenses.

Rail Transit

The City has several proposals involving the rail transit system, which voters approved in November's general election.

The first two involve local funding for the transit system, which the federal government requires as a prerequisite for its support. The Legislature's bold decision to grant each county the authority to impose a half-percent general excise tax surcharge for transportation-related programs proved decisive in demonstrating to Congress and the Federal Transit Authority that the people of Oahu were indeed serious about moving ahead on a project that had eluded other City administrations for 40 years.

The City must continue to prove its commitment to this project through its pocketbook, and in this regard we are asking for the Legislature to repeal the 10-percent administrative fee imposed on the county's overall tax take. That fee, originally established because of uncertainty over the actual cost of administering the surcharge, has been largely unnecessary and could be more effectively spent directly on the transit program.

The City is asking the Legislature to approve enabling legislation for transit-oriented development, or TOD for short. TOD has the potential to renew aging neighborhoods with new businesses, jobs, affordable housing, and other benefits, and we are very excited about its role in revitalizing our community and our economy for many, many years to come. We are offering two proposals, one to establish a loan guaranty program for TOD developers and the second to establish an infrastructure revolving fund to provide loans to the counties to support TOD. We are not seeking any funding at this time, only your approval of the programs.

The Honorable Donna Mercado Kim, Chairwoman
The Honorable Marcus R. Oshiro, Chairman
January 13, 2009
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The Legislature has played a pivotal role in moving mass transit forward, and we hope you will continue to support the creation of an integrated, multi-modal transportation system that offers Honolulu's citizens a variety of reliable and efficient transportation choices well into the future.

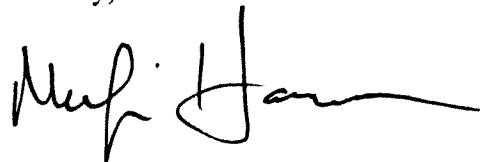
Water Quality Standards

You know by now that the Environmental Protection Agency has denied the City's waiver of secondary waste water treatment for the Sand Island and Honouliuli plants. The cost of installing treatment will exceed \$1 billion, a burden you as rate-payers will shoulder at the same time we are catching up on costly but much-needed repairs and upgrades to our collection system. The local scientific and environmental community has offered ample evidence that secondary treatment is unnecessary. Unfortunately, the EPA's denial is based in large part on the Hawaii Department of Health's existing water quality standards. The Department of Health agrees and acknowledges the need to update and correct its water quality standards but did not act in time to avoid the EPA's negative decision. We are asking the Legislature to have the Department of Health correct this error, lest we continue to be forced to adhere to incorrect and unrealistic standards.

As co-leaders in government, we all face the difficult times imposed by a changing economic environment. However, I remain hopeful that we can collaborate on finding solutions to the problems that affect all the people of our state.

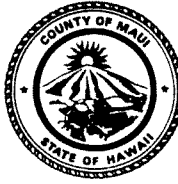
Mahalo.

Sincerely,

A handwritten signature in black ink, appearing to read "Mufi Hannemann". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mufi Hannemann
Mayor

CHARMAINE TAVARES
MAYOR



200 South High Street
Wailuku, Hawaii 96793-2155
Telephone (808) 270-7855
Fax (808) 270-7870
E-mail: mayors.office@mauicounty.gov

OFFICE OF THE MAYOR
County of Maui

January 13, 2009

The Honorable Donna Mercado Kim, Chair
and Members of the Senate
Committee on Ways and Means
The Honorable Marcus R. Oshiro, Chair
and Members of the House
Committee on Finance
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Kim, Chair Oshiro, and Members:

Good morning and thank you for the opportunity to come before you today to discuss some of the priorities of my administration for the 2009 legislative session.

In recognition of the difficult financial situation we are all facing—especially the State—I am not making any direct requests for funding. Instead, in addition to my full support for Hawaii Council of Mayors legislative package, I have focused on issues relating to agriculture, health care, reef protection, and conservation funding by the State.

AGRICULTURE

There can be no doubt that the continued support of agriculture is critical to the economic future and security of Maui County and the State. The Hawaii Farm Bureau Federation has submitted seven bills for the Legislature's consideration. I am asking for your support of these bills, and in particular the proposed legislation concerning revisions to the State Water Code.

HEALTH CARE

In response to continued concerns regarding the access to affordable and quality health care in Maui County, I established a Mayor's Council on Health (MCH). The MCH continued the work of the Maui Health Initiative Task Force, taking in to consideration priorities recommended by the Task Force and the Tri-Isle Subarea Planning Council and other emerging issues. The MCH developed a set of recommendations focusing on the most pressing short-term issues for clients/citizens that require legislative solutions.

These issues include: acute care and emergency care; home and community based services; and prevention services. A summary of the MCH's report is attached. I am asking for your support in implementing the thoughtful recommendations of the MCH.

REEF PROTECTION

For over 50 years, the aquarium collecting industry has operated without limits on its catch or limits on the number of collectors or constraints on the species collected. The lack of constraint on species collected has allowed collection to accelerate in order to meet the growing demand for color and shape, with no regard to survivability. All the while, the wholesale extraction of reef fish for home and commercial aquariums (*not* sustenance) is contributing to the dramatic decline of the Hawaii reefs.

A bill being sponsored by Representative Blake Oshiro and Senator Clarence Nishihara would require the Department of Land and Natural Resources to create and maintain a "white list" by county of species that meet criteria for responsible extraction of reef fish. These criteria include: that the specie can survive capture, transport, and captivity; that the specie is part of a stable or increasing population trend in the area the specie is being collected; that the removal of the specie does not negatively impact the reef ecosystem by contributing to algae overgrowth for herbivores or parasite overload; and that the specie is not endemic to Hawaii.

The proposed legislation is a reasonable and important step in the protection of our declining reefs and I am asking for your support of the bill.

CONSERVATION FUNDING

The NAR Special Fund is critical in the protection of Hawaii's invaluable ecosystems, which supports land management actions and engages over 60 public-private landowners, partners, and agencies.

One of the programs funded by the NAR Special Fund is the Watershed Partnerships Program. This is a voluntary alliances of public and private landowners committed to the common value of protecting forested watersheds for water recharge and other ecosystem services, such as native habitat and species conservation, water quality, education, jobs, and other services, through collaborative management. NAR Special Fund dollars are leveraged with an average one-to-one contribution from federal, county, and private sources.

Despite decreased revenues at the county level, I am proposing current-level funding for invasive species control and watershed partnership programs in my 2010 fiscal budget. I urge the State to preserve as much funding as possible for the NAR Special Fund. Failing to do so will cause entities such as the Maui Invasive Species Committee and Maui Nui's watershed partnerships to lose much of the ground they have gained over the past several years. It will also likely cost more money in the future to get back to where they are today; we could even lose important battles against invasive miconia and coqui frogs.

The Honorable Donna Mercado Kim, Chair
The Honorable Marcus R. Oshiro Chair
Page 3
January 13, 2009

These are challenging times for all of us. While we are all concerned about revenues, I believe we have a responsibility to closely examine the impacts to our communities when considering the distribution of limited funds. The most vulnerable of our citizens are counting on all of us to ensure their health, safety and well-being. It will take all of us working together to achieve this.

Again, thank you for this opportunity.

Sincerely,

A handwritten signature in black ink, appearing to read "Charmaine Tavares", with a long, sweeping flourish extending to the right.

CHARMAINE TAVARES
Mayor, County of Maui

**Mayor's Council on Health
County of Maui**

**Recommendations Submitted to
Mayor Charmaine Tavares**

December 31, 2008

Issues and Legislative Remedies Recommended for 2009 Legislative Session

Background. Mayor Charmaine Tavares established the Mayor's Council on Health effective December 2008 to empower Maui County citizens to provide recommendations to improve the health status in the county. The Council is established to continue the work of the Maui Health Initiative Task Force, taking in to consideration priorities recommended by the Task Force and the Tri-Isle Subarea Planning Council and other emerging issues. The Council met on December 22 and 30, 2008, to develop a set of recommendations to submit to Mayor Tavares for her consideration in advocating for legislative change to improve health status for Mauians. The Council members focused on the most pressing short-term issues for clients/citizens that require legislative solutions, which include:

Acute care and emergency care

Issues:

- Lack of access to hospital services and emergency care because of limited capacity and workforce;
- Lack of local control to make decisions about the locality's county health care system;
- Lack of access to modern, state-of-the-art technology.

Legislative remedies:

- Increase local control that allows development of public/private partnerships. (no money bill)
- Support the task force's proposed bill intent for revision of the Certificate of Need's process for increase of local control. (see attached draft bill)
- Support the recommendations of the Healthcare Association of Hawaii to:
 - Maximize federal matching funds by securing a state appropriation for the disproportionate share for health care Medicaid funds;
 - Pursue presumptive eligibility for Medicaid eligible waitlisted patients.
 - Seek sub-acute rate of reimbursement for waitlisted patients in need of long term care (sub-acute rate currently covers only ventilator and tracheotomy long term care residents); and
 - Maintain an acute care per diem payment to hospitals while patients are waitlisted for long term care.

Home and Community Based Services

Issue:

- Increase cost-effective community based services that promote "aging with aloha"® and aging in place:

Legislative remedies:

- Plan and design a Geriatric-Psychiatric (Geri-Psych) community based residential environment in Maui County in collaboration with the County of Maui;
- Create a statewide model of an “aging in place” retrofit project, utilizing the Hana Aging in Place Project (published in Hawaii Medical Journal, March 2008 – see attached);
- Provide loans and stipends and offer a community service payback system to prospective long term care workers for Red Cross certification testing.

Issue:

- Incentivize and remove barriers for increasing alternative long term care infrastructure, services and workforce:

Legislative remedies:

- Place alternative long term care programs’ authority under the State Department of Human Services to assure continuity in policy and program planning toward a home and community services movement;
- Provide an incentive for providers by streamlining Medicaid reimbursement processes;
- Provide an incentive for current or prospective providers by streamlining requirements and eliminating barriers for the establishment of home and community-based services;
- Increase local control and collaboration that allows development of public/private partnerships. (no money bill)
- Support provider recruitment and retention by forgiveness of education loans in return for providing services in rural communities.

Prevention services

Issue:

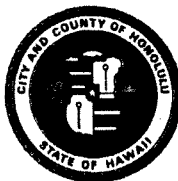
- Lack of access to and available dental services because of limited workforce.

Legislative remedies:

- Maintain funding levels for safety net services;
- Provide an incentive for providers by streamlining Medicaid reimbursement processes;
- Provide an incentive for prospective providers by offering education loans and stipends;
- Support a health care initiative that includes screening for oral health in schools and communities as a cost-effective, preventive measure (e.g., fund pilot projects to create dental service para-professionals).

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MUFI HANNEMANN
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The Honorable Donna Mercado Kim, Chairwoman
The Honorable Marcus R. Oshiro, Chairman
January 13, 2009
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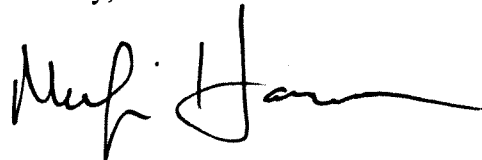
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Mahalo.

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Mufi Hannemann
Mayor

Testimony of the
County of Kauai
Bernard P. Carvalho, Jr., Mayor
4444 Rice Street, Suite 235
Līhu'e, Hawai'i 96766
Tel: (808) 241-4900; Fax (808) 241-6877

Before a Joint Hearing of the
House Finance Committee and Senate Ways and Means Committee

January 13, 2009

Aloha from the Garden Island!

Since the Hawai'i State Legislature officially closed its 2008 session, our islands have experienced unprecedented change. Economic indicators have plunged to levels not seen in decades, unemployment is on the rise, businesses around the state are struggling with some even closing their doors, and individuals are dealing with financial challenges that place incredible strain on families throughout the state.

On Kaua'i, we have additionally experienced an unexpected change in leadership, with the passing of the late Mayor Bryan J. Baptiste. As a newly elected Mayor, I intend to build on the solid foundation he built, but fully comprehend the enormity of the task at hand – a task that was only beginning to reveal itself at the moment of his untimely passing.

While the challenges differ from county to county, from agency to agency, from private sector to public sector, and among the various levels of government, there is one thing that we all have in common as we share information today. We are all elected officials at a time when our state is at a critical crossroads requiring bold and strategic leadership.

Today, I represent the people of the County of Kaua'i with a request for partnership to benefit our shared constituencies both now and in the long term. It is apparent that this will be a very difficult budgetary year. With that in mind, we have attempted to keep our request minimal and focused on areas of urgent need.

2008 Legislative Recap

Before presenting our request, I'd like to thank you for your support last year. Of particular importance for Kaua'i are the following measures:

- The appropriation of \$1.2 million for retrofitting of the County's recreational fields will allow us to continue to provide facilities to athletes of all ages, while protecting endangered bird species;

- Act 144, which extended immunity to the state and counties against liability on public beach parks caused by land-based hazards such as rockfalls;
- Act 156, which was included in the Hawai'i Council of Mayors proposal last year, and allows the state and counties to rehire retirees after a one-year waiting period.

County-based Initiatives

It is also important to point out that, while we come before you asking for assistance, we are taking other significant steps on our own toward reducing expenses and enhancing revenues. Allow me to highlight some of these efforts.

- **Immediate Cost Saving Efforts:** My first act upon taking office was to decline the annual auto allowance provided to the Mayor. While this is a relatively small amount of money, it was important to me to send a message that sacrifices start at the top. Additionally, we have implemented energy mandates - and are holding department heads accountable for following them - which will result in decreased energy usage in our county facilities. Travel budgets have been reduced by 50% in all departments through the remainder of this fiscal year, and employees are expected to replace interisland travel with video and teleconferencing whenever possible. Finally, hiring of any new employees has been suspended pending an administrative review of all vacant positions. It is unlikely that most of the currently vacant positions that are not directly related to providing for public health and safety or involving revenue generation or collection will be filled for the current and upcoming fiscal year.
- **Fiscal Year 2010 Initiatives:** Last week our department heads were instructed to begin formulating their budgets for next fiscal year. We are anticipating a ten to fifteen percent decline in revenues from both local and state sources, and have advised department heads to reduce their budgets accordingly. It is our highest priority to avoid a reduction in force and to keep all current employees working; therefore we have placed a moratorium on any new positions. We also intend to reduce annual travel budgets for next year by 50%, and will request that the Salary Commission suspend the approved raises for the Mayor and appointed department heads that would go into effect as of January 1, 2010.
- **Seeking Additional Revenues and Opportunities:** The expected decline in revenues is obviously of great concern, and we have been actively pursuing additional revenues in order to provide appropriate services to the public and support the flagging economy. The county has submitted to our Congressional delegation a list of projects eligible for federal economic stimulus funds that totals just over \$100 million. We are compiling a list of capital projects to be funded through a bond float that is expected to be issued in

mid- 2009, and are pursuing grants through the federal Economic Development Administration and Preserve America programs. In addition, the county's Cost Control Commission has recommended several revenue enhancing measures for Wailua Golf Course and the Wastewater Division of the Department of Public Works which will be considered for implementation. One of the initiatives in the Hawai'i Council of Mayors' proposal could save the County \$600,000 by amending how teachers are grouped with general employees for retirement system calculation purposes. Finally, we will be supporting the state's effort to expend \$140 million in capital funds on Kaua'i over the next 18 months.

- Long-term Priorities: There are many critical projects that simply must move forward now if Kaua'i is to deal successfully with its challenges. I have identified dozens that will be the focus of my two-year term. They include: conversion to renewable energy sources, affordable housing, a residential treatment facility for our youth, siting of a new landfill, implementation of curbside recycling, expanded facilities and services for the homeless, processing facilities for agricultural products, water infrastructure, and many other projects which far exceed currently available funding and resources. However, we are actively pursuing the partnerships and opportunities to turn our priorities into shared accomplishments which will benefit our people for generations to come.

Kaua'i's 2009 Legislative Request

On Kaua'i, as in all counties throughout the state, there are hundreds of projects worthy of public funding and support. Every year at the state and county levels there are many more requests for funding than there are dollars to support those requests. Our responsibility is to prioritize and find ways to move as many of those projects forward as we possibly can. In coming to you today, we have chosen to focus on two projects that we believe will benefit both the state and county – delivering critical short-term benefits and long-term advantages as well.

We humbly ask for your support in funding the repair and resurfacing of the Wailua emergency bypass road and upgrades to the Waimea wastewater treatment plant.

- Wailua Emergency Bypass Road
Request to State: \$950,000.00 (50% of total cost)
The County of Kauai is currently utilizing a former cane haul road which is situated on both private and public lands as an emergency bypass for a reasonable portion of Kūhi'ō Highway from approximately Wailua river to Hanamaulu town. Emergencies and traffic incidences on Kūhi'ō Highway requiring its closure have increased over the years. The emergency roadway provides an alternate route for a section of Kūhi'ō Highway

between the islands largest population center and the county seat, which includes the airport and the bulk of the island's healthcare services. Unfortunately, this stretch of road is the site of most of our major traffic accidents – including fatalities. It is also the only road that connects our east and northshore residents with Līhu'e and all points west. In order for the Kaua'i Police Department to appropriately assess the scene of these accidents the road must frequently be closed for extended periods. The County of Kaua'i has maintained the roadway, located just mauka of Kūhi'ō Highway, since 2004, however improvements are necessary for the safety of the public during emergency use. During the extensive rain and flooding events of December 13-15 on Kaua'i, damage to the bypass has rendered it impassable until numerous temporary repairs are made. The scope of the improvements covered by this request includes the planning and implementation process for reconstruction of some sections of the road base, general resurfacing for a single lane, one-way traffic road and safety enhancements such as guardrails, signage and delineators. Until long-range improvements to Kūhi'ō Highway are implemented by the State Department of Transportation, this bypass is a critical lifeline for residents and visitors during periods of closure.

- **Waimea Wastewater Treatment Plant (WWTP)**

Request to State: \$6,000,000.00 (50% of total cost)

The Waimea WWTP was originally constructed in the 1970's and has a capacity of 300,000 gallons per day (gpd). Presently, the plant is operating at approximately 90 percent of its capacity, and the County is restricting new sewer service connections in the community due to the lack of available WWTP capacity. The WWTP serves most of the commercial areas of Waimea Town, along with residential areas of Waimea and portions of the Waimea Valley. Treated R-2 effluent is used as an irrigation source for agricultural operations (seed corn) on the coastal plain between Waimea and Kekaha. The lack of additional wastewater capacity has been a hindrance to several significant business expansion and development projects on the island's west side. The upgrade will include installation of solar electric capacity in order to offset the energy requirements associated with the plant expansion, and an upgrading of the effluent to meet "R-1" standards. The County has completed a "Facility Plan" to evaluate alternatives for expansion of the Waimea WWTP. The Facility Plan identifies a near-term need to double the existing capacity of the plant. Preliminary design for the project is underway, and the Final Environmental Assessment (EA), was published in November 2008. Procurement for a design-build contractor is scheduled to occur starting this spring.

Equally important to our partnership on these projects and others is a commitment to continued support in the sharing of financial resources. It is critical that the County's present share of the transient accommodations tax revenues be preserved. These resources allow us to

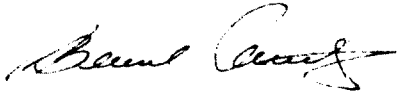
County of Kaua'i
January 13, 2009

maintain our public facilities and services in a manner that encourages a healthy economy, and also provide our residents with an enhanced quality of life.

In closing, I would like to again thank you for the support you have extended to the County of Kaua'i over the years. This year will be particularly difficult for all of us, and I do not envy the excruciating decisions you will be making over the next four months. More than anything else, we hope that you will view the County of Kaua'i as a partner in this era of local, national and global uncertainty. It is my strong belief that if we do not join together in this time of need, then we risk a disconnect that could have disastrous consequences for the people we have chosen to serve.

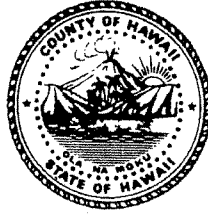
Mahalo nui loa for your consideration of our requests.

With warm regards,

A handwritten signature in black ink, appearing to read "Bernard Carvalho, Jr.", written in a cursive style.

Bernard P. Carvalho, Jr.

William P. Kenoi
Mayor



William T. Takaba
Managing Director

Walter K.M. Lau
Deputy Managing Director

County of Hawai'i

891 Ululani Street • Hilo, Hawai'i 96720-3982 • (808) 961-8211 • Fax (808) 961-6553
KONA: 75-5706 Kuakini Highway, Suite 103 • Kailua-Kona, Hawai'i 96740
(808) 329-5226 • Fax (808) 326-5663

January 13, 2009

The Honorable Donna Mercado Kim, Chair
and Members of the Senate
Committee on Ways and Means
Hawai'i State Capitol
Honolulu, Hawai'i 96813

The Honorable Marcus R. Oshiro, Chair
and Members of the House
Committee on Finance
Hawai'i State Capitol
Honolulu, Hawai'i 96813

Good afternoon Senator Kim, Representative Oshiro and distinguished members of the House Finance Committee and the Senate Ways and Means Committee. I greatly appreciate the opportunity to appear before all of you to share our priorities on issues important to the County of Hawai'i. We look forward to working with all of you throughout the legislative session.

These are challenging times, but as we confront the economic obstacles before us, it is essential that we work together in a partnership between the state, the counties, the federal government and the private sector to meet the growing needs of our communities. As you know, we submitted requests for federal assistance we hope will be included in the federal stimulus program being formulated by President-elect Obama and the United States Congress. We must also work collaboratively here at home to find resources to shelter our most vulnerable residents from the economic storm, and to position ourselves to take full advantage of the brighter long-term future we all know is ahead.

Like the other counties, we are trying to cope with both a projected reduction in property tax collections, a decline in the transient accommodations tax, and increases in expenses in the coming fiscal year. To deal with this budget crisis we have imposed a temporary suspension of hiring, excluding only essential public safety personnel such as police, fire and civil defense employees.

We are requesting state assistance for projects that can be quickly implemented to create jobs to help our local economy, and we are working with state and county departments to identify where we can combine our efforts to provide the greatest benefit for our citizens.

PRIORITY PROJECTS

Transit Expansion, \$4 million

Residents of Hawaii County face difficult challenges commuting for work, school, health and recreational purposes, due in part to the distances they must travel to their destinations, fuel costs and lack of transportation alternatives. Providing public transportation and reducing the cost of travel is one of the few ways we can reduce the cost of living for our residents and help them to weather challenging economic times. We are seeking \$2 million to purchase six additional 40-foot buses, and \$2 million to begin work on a badly needed transit base yard including a maintenance and repair facility and fueling station. Expanding transportation services will improve the quality of life of our residents and visitors by providing greater access to jobs and educational institutions, easier access to healthcare facilities, and transportation for our youth to after-school facilities.

Safe Haven After School Program, \$600,000

There is a consensus that our island lacks positive educational and recreational activities for our youth in the after school and evening hours. Today there is no "A-Plus" Program for teenagers, but our schools can be a positive place for our kids beyond the traditional school day. The Safe Haven After School Program would establish safe, structured and supervised after-school learning environments for our youth. It will allow our communities to take responsibility for our children, for our schools and for our communities' health and safety.

Big Island Juvenile Intake and Assessment Center, \$1.6 million

These centers are proposed to provide a single point of entry for intake, assessment and case management of delinquent and at-risk youth. Start-up funding is requested for a pilot site in Pahoa that will serve about 40 youth per month over the next two years, with future sites proposed for Naalehu, Waimea, Kailua-Kona and Hilo. A survey of Big Island police found that officers often have no good options when dealing with arrested juveniles who need supervision, but cannot go home, and who do not need secure custody. Existing programs are fragmented, and may not accept youth who are disruptive or are under the influence of alcohol or drugs. Effectively intervening and providing services to these at-risk youth can keep them from graduating into the adult correctional system, and will save the state money in the long run.

Mid-Level Road (Ane Keohokalole Highway), Kona, \$15 million

We offer our strong support to the state Department of Transportation's request for design and construction money for the Mid-Level road, a project that is part of the Hawaii County General Plan and the Community Development Plan. It would relieve congestion on the crowded Queen Kaahumanu Highway by linking Henry Street, Palani Road and the Kealakehe Parkway. It would also provide access to a 300-acre state parcel at Keahuolu designated for a badly needed state affordable housing project, and provide access for additional development of the Villages of Laiopua on Hawaiian Home Lands.

HEALTH CARE

We also continue to be deeply concerned about the status of healthcare on the Big Island and the shortage of physicians. The Legislature wisely appropriated funding in Act 277 in 2007, joining in a partnership with HMSA Foundation and the Centers for Medicaid and Medicare to fund a residency program on the Big Island to encourage physicians to take up practice here.

As you know, funding for the residency program was never released by the administration, but the worsening physician shortage cannot wait. We ask that the Legislature renew the appropriations in Act 277 to finance the expansion of the family medicine residency program of the John A. Burns School of Medicine to provide rural primary health care services, and give the badly needed Big Island residency program another chance.

Kona Community Hospital Emergency Room, \$10 million (Hawaii Health Systems Corporation)

The Kona Community Hospital Emergency Room was built to accommodate 10,000 patient visits per year, and is now seeing 18,500 visits per year. The emergency department needs to be expanded and modernized to improve patient access, flow and privacy to provide for a better working environment for staff, and the county would like to support HHSC's request for this essential improvement.

Hilo Medical Center Cardiovascular Laboratory, \$9.5 million (Hawaii Health Systems Corporation)

This facility is needed to help with the recruitment of cardiologists and other specialists to care for a growing population, and is also an important investment to help make the state hospital system more self-sufficient. East Hawai'i has very high rates of diabetes and obesity, conditions that are linked to heart disease, but has only three cardiologists available to serve a growing population. One of those three physicians is about to retire, which will make the shortage more acute. Building a cardiovascular laboratory will help attract the needed specialists and deliver critically needed health care services, and it will also help with HHSC's bottom line. Nationally, cardiovascular services account for about 25 percent of most hospitals' income, but account for far less at Hilo Medical Center because the hospital does not have the facilities necessary to provide these specialized services.

HIGHER EDUCATION

Our proposals this year stress higher education projects as part of a strategy to develop university and community college infrastructure to help our campuses to grow and train our residents to fill the jobs of the future. As an important part of this effort, we ask that the Legislature this year support state plans for the long-awaited permanent community college site in West Hawai'i.

College of Pharmacy Modules, \$4 million

Additional funding is needed to construct modules to house classrooms, teaching labs and related workspace for the college under construction in the University of Hawaii at Hilo Research Park. The additional space will help the college meet the requirements of the Accreditation Council for Pharmacy Education. The Legislature has already provided \$6 million for this project, and the additional money is needed to meet additional space requirements.

Science and Technology Building Sewer Line, \$5 million

Work on the Science and Technology Building is scheduled to begin this month, and this sewer line is needed to service the new facility. The line would begin on Lanikaula Street below the bridge on Kumukoa Street and extend from campus down Lanikaula and along Manono Street to a pump station near the Afook-Chinen Civic Auditorium. This line is essential to complete the project.

Kawili Street Widening, \$8 million

Improvements to Kawili Street will begin this month including addition of signal lights, but further widening of Kawili Street from Kinoole Street to Puainako Street and additional bike lanes are necessary to accommodate the growing campus and the planned China-U.S. Center.

DISASTER SHELTER

Community Center and Disaster Shelter, Hawaiian Ocean View Estates, \$6 million

This project would provide space for education, health, social and cultural programs for youth and seniors in a fast growing rural community. It would also provide a hurricane and natural disaster shelter for an isolated area. About 5,000 people live in the surrounding area, and are some 30 miles from the nearest state-approved shelter.

DRINKING WATER

North Kona Water System Improvements, \$12 million

The county supports the Department of Water Supply's plans to improve the quality and reliability of the North Kona water system by constructing two new wells with tanks and 7,000 feet of transmission water lines. The department has already allocated \$30 million to serve the current and future needs of this region to shift from low-level water sources to higher elevation sources, and to accommodate new development.

Ahualoa Production Well, \$9 million

The county supports these Department of Water Supply improvements to the Hamakua Water System by outfitting the existing Ahualoa well with a pump and motor, water tank and 19,000 feet of transmission line to supply drinking water to the Honokaa area. The project is essential to relieving existing water sources that are near their production capacities.

Waimea Water Treatment Plant Reservoir, \$500,000

The county supports the Department of Water Supply request for design money for a 5 million gallon reservoir at the Waimea treatment plant in South Kohala. This would replace a 4 million gallon structure damaged in the Oct. 15, 2006 earthquake that has been temporarily patched. The only permanent solution is a new reservoir that can withstand intense earthquake activity.

ASSISTANCE TO FARMERS

The recent surge in fuel prices has driven up the cost of fertilizers, feed and shipping, putting a big squeeze on the finances of our Big Island farmers and threatening to put many out of business. At the same time the rise in food prices underscores our need to grow more of our own food. Agriculture preserves open space and is an important economic driver in our state, generating about 14,000 jobs statewide and farm revenues that topped \$576 million in 2005.

If farmers and ranchers are forced out of business in the current economic downturn, we lose more than just farming and its supporting sectors. We also lose the economic “ripple effect” from keeping food expenditures in state; we risk the deterioration of agricultural infrastructure that will be too expensive to replace; and ultimately irreplaceable crop lands will be given up to urban and other uses. We ask that you keep Hawai‘i’s farmers in mind this session, and help transform Hawai‘i’s agricultural sector to increase our food and energy self-sufficiency.

Purchasing Preference

Hawai‘i Department of Agriculture has proposed amendments to the state Procurement Code to afford Hawai‘i grown and raised products a 15 percent price preference when competing to provide food products to state agencies. That would be an increase from the current 10 percent preference. We support this change as a way to make Hawai‘i farmers and ranchers more competitive with outside suppliers, keep dollars in the local economy, and advance our efforts at food security.

Agricultural Shipping Rates

We understand the Hawaii Farm Bureau has proposed giving the Public Utilities Commission authority to set discounted agricultural rates for industries that are regulated by the PUC, including transportation industries that serve agricultural areas by importing feed, fiber or fertilizer. The discounted rates would be designed to benefit Hawai‘i agricultural producers. We believe this proposal deserves serious consideration by the Legislature as one way to provide meaningful assistance to our farmers at a time when the state has few resources.

The County of Hawai‘i looks forward to working with all of you, our distinguished state legislators, as we navigate the challenging and uncertain economic obstacles that lie ahead. I would like to thank all of you for your support and your commitment to our children, our families, and our community.

Billy Kenoi
Mayor

HAWAII COUNCIL OF MAYORS



Testimony of the

Hawaii Council of Mayors

Bernard P. Carvalho, Jr., Mayor of Kauai
Mufi Hannemann, Mayor of Honolulu
Billy Kenoi, Mayor of Hawaii
Charmaine Tavares, Mayor of Maui

Before a Joint Hearing of the

**House Finance Committee
Senate Ways and Means Committee**

January 13, 2009

Mahalo for inviting us to testify before this joint hearing of the House Finance Committee and Senate Ways and Means Committee.

We—the mayors of Hawaii, Honolulu, Kauai, and Maui—established the Hawaii Council of Mayors as a means of identifying common public policy goals, exchanging ideas, and collaborating on solutions to the challenges facing our counties. This year, two of us are new, but we have continued to work on a series of county-specific initiatives in which we share our best practices, develop programs to be applied across all jurisdictions, and speak as a united voice on matters of concern.

In this regard, we have been grateful for the past support of the members of Legislature and look forward to working with you to contribute to the greater good of all the people of Hawaii.



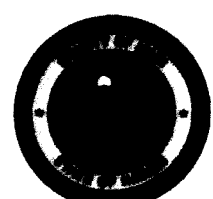
Mayor Billy Kenoi
County of Hawaii
25 Aupuni Street
Hilo, Hawaii 96720



Mayor Mufi Hannemann
City and County of Honolulu
530 South King Street
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Mayor Bernard Carvalho, Jr.
County of Kauai
444 Rice Street
Lihue, Hawaii 96766



Mayor Charmaine Tavares
County of Maui
200 South High Street, 9th Floor
Wailuku, Hawaii 96793

This year, the Hawaii Council of Mayors designated six priorities for our collective endorsement and the Legislature's consideration. They are:

- government liability statutes;
- county representation on the Employer-Union Health Benefits Trust Fund Board of Trustees;
- county representation on the Employees' Retirement System Board of Trustees;
- exclusion of teachers from the counties' contributions to the Employees' Retirement System; and
- clarity regarding legal representation for police officers.

Government Liability

The immunities granted by the Legislature in Act 152 (2007) to the counties for dangerous natural conditions on public lands (referred to as the "Sacred Falls law") and the provision of lifeguard services has been very beneficial to the county governments and the public by reducing the liability exposure of the counties to substantial damages, which, as a result, has enabled the counties to keep open to the public those recreational areas and beach parks with potentially dangerous conditions. The counties' compliance with the posting of signs warning of dangerous conditions at these recreational areas has contributed to an improvement in public safety, which justifies making permanent the existing immunities.

Employee Benefits

County employees comprise a significant portion of the membership of the Employer-Union Health Benefits Trust Fund and the Employees' Retirement System, and the county governments make sizable annual contributions to both funds. However, we are not represented on either board and are now seeking to have a role in the decision-making process inasmuch as the decisions of both agencies have far-reaching, long-term fiscal implications.

On another pension-related matter, state statutes have required the county governments to underwrite the retirement contributions for their police officers and fire fighters, in recognition that the counties are their primary employers. The counties contribute to costs of all other public employees, including teachers, despite the fact that none of the counties employ teachers. There is actuarial evidence that teachers have higher retirement costs than other employees. The Hawaii Council of Mayors is calling for the state to bear the pension contributions for teachers, public education being the state's exclusive domain, just as the counties are required to do for the police and fire employees.

Police Representation

The county administrations and State of Hawaii Organization of Police Officers have developed legislation that will clarify the circumstances under which a county will provide legal

representation for a police officer. The counties and SHOPO have been collaborating on the language for this measure and expect to continue our collaboration to seek its passage this session.

These proposals constitute the Hawaii Council of Mayors' legislative package for 2009. However, we are also appealing for your support for broader matters affecting the counties, specifically regarding homelessness, affordable housing, agriculture, and the economy.

Homelessness

Last year, we shared our concerns regarding homelessness, evidence of which you continue to see in our parks and beaches. We are reaffirming our support for efforts by the members of this body and the administration to enable the state to expand its health and social services to the homeless, repair and increase the inventory of public housing units, and stimulate the development of affordable housing. We anticipate that the situation will worsen as the economic downturn spreads, and believe that a significant investment by the state in social services and public housing will produce tangible results in helping those most in need of our aid.

Agriculture

We recognize that viable commercial agriculture in Hawaii is becoming increasingly more difficult in our global market. While this can be good for the consumer in the short term, it raises concerns about sustainability and food security. As it becomes more difficult to farm agricultural lands, the temptation to urbanize these lands becomes even greater. We must find ways to protect and encourage farming on these lands now and for future generations. HCOM supports the past and current efforts of the Legislature and the Hawaii Farm Bureau Federation in working toward this end.

Economic Stimulus

We all recognize the depth and breadth of the downturn, and will not delve into the impact of the economy on the islands. Acknowledging that the members of the Senate and House are readying economic stimulus proposals, which we expect will be complemented or supplemented by efforts of the incoming Obama administration and Congress, we mayors stand ready to support your efforts to stimulate our local economy.

As one example, the counties approve plans and permits for capital improvements, and are prepared to work with the state to ensure that both public and private projects receive timely reviews so that the construction industry remains active. We would welcome discussing with you other ideas that call for state-county collaboration.

Each county will be seeking your support for legislation specific to our respective jurisdictions. However, these priorities represent the collective efforts of the four mayors. We are eager to work with the members of the Legislature, on both houses and both sides of the aisle, to find common ground and support those measures that will produce tangible solutions to the challenges that we all face as public officials.

Mahalo.



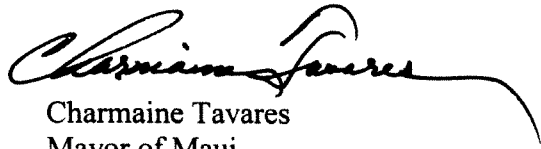
Bernard P. Carvalho, Jr.
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Hawaii State Association of Counties

Counties of Kauai, Maui, Hawaii and City and County of Honolulu



2009 Legislative Priorities

Dear Honorable House Speaker Calvin K.Y. Say:

HSAC would like to humbly request your support and introduction of the four proposals which will be the focus of our efforts this session.

1. A Bill Relating to Housing – This proposal extends the forty-five day window for a legislative body to approve, approve with modification, or disapprove an affordable housing project under Section 201-H-38, Hawai'i Revised Statutes, to ninety days.
2. A Bill Relating to Procurement – This proposal removes the equipment for local governments to comply with the rules adopted by the policy board and to place the decision-making power to use cooperative contracts within the discretion of the local governments.
3. A Bill Relating to Criminal History Record Checks by Counties – This proposal allows the counties to conduct criminal history record checks on taxicab drivers and applicants for taxicab driver's certificates.
4. A Bill Relating to Traffic Infractions – This proposal requires the State to transfer a portion of the fines and forfeitures collected for uncontested traffic infractions to the county in which the violations occurred.

As the non-profit organization representing all the counties, we recognize the importance of these proposals and are willing to discuss our priorities with you further.

We look forward to working with you during the session.

Sincerely,

Derek S.K. Kawakami, HSAC President

lp

Hawai'i State Association of Counties, c/o Kaua'i County Council, 4396 Rice Street, Suite 206, Līhu'e, HI 96766 Ph. (808) 241-6371

