

MUFI HANNEMANN  
MAYOR



**Statement of**

**Chrystn Eads**  
**On behalf of Mayor Mufi Hannemann**  
**City and County of Honolulu**

**Before the**  
**Legislative Federal Economic Stimulus Program Oversight Commission**

**Tuesday, June 22, 2010**  
**10:00 a.m.**  
**State Capitol, Conference Room 309**

Chair Stanley and members of the Legislative Federal Economic Stimulus Oversight Commission, thank you for this opportunity to provide you and the public with an update of the American Recovery and Reinvestment Act (ARRA) activities of the City and County of Honolulu.

There are several benefits that have flowed to the city from the passage of the ARRA eighteen months ago. The City has received grants by formula allocation from federal agencies, by allocation or competition awarded to the State and passed through to the City, or by competitive grant applications. The City and County of Honolulu has benefited from each of these funding avenues for a total of \$102,518,720 in additional funding for construction and services here on Oahu.

In addition to providing funds to the City, our economy has benefited from the millions of dollars in direct spending by federal agencies such as the Department of Defense, Department of the Interior, and General Services Administration. The stabilizing impact of the \$206 million provided for unemployment compensation, the approximately \$233 million for the Federal Medical Assistance Program, and the other State spending should not be overlooked.

As you are aware from agencies that have testified previously, the federal government requires quarterly reporting on all ARRA funds. The City has been complying with these reporting requirements by providing the appropriate information to the state so the State can file, filing directly with [federalreporting.gov](http://federalreporting.gov), or delegating the responsibility to subrecipients. We also report to the City Council. The administration is required by law to obtain approval from the City Council to apply for, accept, and

expend State or federal funds. For all the ARRA grants, a resolution of support was passed by the City Council. While this creates another layer of bureaucracy, it also provides the public with notice and the opportunity to comment through the public hearing process. We also provide the City Council with copies of the reports we file with the federal government. This increases our transparency and accountability.

The City has a relatively small number of awards and, if you would indulge me, I would like to describe our projects for you to give you a greater understanding of what we are striving to accomplish with our ARRA funds.

The Honolulu Police Department has benefited from a formula grant, the award of a competitive grant, and an allocation from the State. The Department of Justice's Justice Assistance Grant (JAG) provided the City with \$3,450,742. These funds are being used to employ 7 full time equivalent employees (FTEs) and to retain 3.5 FTEs. These employees work to increase community policing resources, provide a psychiatric nurse to enhance officer and arrestee safety while improving coordination between the criminal justice and mental health systems, secure evidence, and staff the drug court program. Some equipment will also be purchased.

The HPD won a competitive grant award of \$5,197,353 to pay for the salaries of 21 additional police officers over three years. The 21 officers are currently enrolled in recruit training. The federal grant will pay the officers' salaries for three years and the city is obligated to employ them for at least another year. The City was recently notified that additional funds are available. The HPD submitted an amended application on June 16 and hopes to receive funding for a few more new recruits.

Finally, HPD received two JAG grants from the State Attorney General's office for \$530,898. One grant is being used to educate schools and first responders in recognizing, surviving, and responding to dangerous situations in schools. The other grant provides the HPD with needed resources to conduct forensic examinations of wireless communication devices, and other repositories of digital evidence.

The Department of Community Services (DCS) participates in two ARRA block grant programs. The Community Development Block Grant program was provided supplemental funds through ARRA. The increase of \$2,626,694 is being used on five capital improvement projects and two legal services programs. The Homelessness Prevention and Rapid Rehousing Program has allowed the DCS to provide \$3,873,373 in grants to non-profit agencies within our community to assist the homeless and those at risk of being homeless.

The DCS has also received funding for employment training. DCS won a \$1.1 million grant from the Department of Labor to provide job training and educational opportunities for at-risk youth who construct or rehabilitate affordable housing. This program services 74 youth and includes significant support systems through mentoring, placement in post-secondary education programs and employment, personal counseling, and participation in community service.

The State Department of Labor and Industrial Relations provided funds (\$3,418,218) for the Workforce Investment Act Adult, Dislocated Worker, and Youth Programs. Last summer, through this program the city was able to employ low-income youth during the summer and to offer additional skills training to 370 program participants. For this summer, the city will run a similar summer youth employment program with TANF funds provided by the State. The City and the State are currently negotiating this grant award.

The City also received two contracts from the State's Executive Office on Aging for nutritional assistance to our kupuna. One award was for congregate food service and one was for in-home meal delivery. These two programs served 27,111 low-cost, nutritious meals and afforded the elderly participants an opportunity to socialize.

The ARRA has not only increased the quality and quantity of services the City is able to provide, it has served to improve our infrastructure. The State Department of Health allocated more than \$9 million to the Board of Water Supply for work on the water systems in Pacific Heights and Kapahulu and for work on the water mains underneath Kamehameha Highway in Kaneohe and in Haleiwa. All of these projects will be completed by the end of the summer.

The Department of Transportation Services is responsible for the bulk of the City's ARRA funds. About \$19 million is allocated by the State from Federal Highway Administration (FHWA) funds. The projects include installation and modification of traffic signals at various locations, traffic improvements in Kaimuki along Harding Avenue, improvements to Waipio Access Road, widening and improvements along Kalaeloa Boulevard, and the provision of auxiliary power for the City's Traffic Management Center. We are working through the approval and contract process for these projects and all are expected to start within the next 45 days.

We do have one FHWA project that is stalled, due to the filing of a lawsuit by an unsuccessful bidder. We are working with our attorneys and the Department of Commerce and Consumer Affairs to resolve the issue. This has been our biggest challenge in the use of our ARRA funds.

The Federal Transit Administration allocated by formula two grants of almost \$41 million directly to the City for transit-related projects. These funds have all been obligated. We are awaiting delivery of 20 60-foot-long hybrid buses. Other projects funded through this allocation are planning and engineering for the Honolulu High Capacity Transit Corridor Project, construction of parking at the Middle Street Intermodal Center, bus stop pad improvements, and expansion of the Pearl City bus facility bus parking.

There are two required set-aside amounts within the FTA grant which will benefit Wahiawa Transit Center and the Middle Street Intermodal Center. The City is required to use a \$377,398 set-aside for transit enhancements. These funds will be used develop and install artwork at the two transit centers. Another set-aside is required for

transit security. Security fencing will be installed at the Middle Street Intermodal Center and at the Wahiawa Transit Center.

The Department of Environmental Services (ENV) received more than \$8.6 million for the Waimalu sewer rehabilitation project. These funds have already been obligated and expended. The ENV also got a \$122,640 grant to create a How-To Handbook for organizations to use in implementing green infrastructure. The handbook will provide information on placement, selection and maintenance of green infrastructure with parks and schools to promote filtration and infiltration of rainwater prior to reaching the ocean. The creation, dissemination, and implementation of these Best Management Practices will enhance the quality of our environment.

With respect to the environment, the Department of Energy funded a new program, the Energy and Efficiency Conservation Block Grant, in the ARRA. The city was allocated \$3,863,700 which will allow the city to improve the energy efficiency of several of its facilities. We will install a photovoltaic system at the Pearl City Bus Maintenance Facility and retrofit lighting in four facilities. This represents a change from what is included in the questionnaire responses that were provided last week. On Friday, after discussions with the Department of Energy, a project to improve the air conditioning system at the Neal Blaisdell Center was eliminated from the EECBG program. This is representative of the working relationship we have with the other agencies involved. The DOE was concerned about the length of time to complete that project and suggested that we fund another project that can be completed sooner. We are working to identify a qualified project.

These projects will not only put people to work in green collar jobs, but once completed, will also lower the operating costs for the City and reduce our dependence on fossil fuel. I will admit that as you look through our project forms, these projects have been slow to start, but these projects represent the reinvestment portion of the ARRA and require significant design work.

The ARRA also provided a subsidy for the issuance of bonds through the Build America Bond (BAB) and Recovery Zone Economic Development Bond (RZEDB) program. These two programs involve the sale of taxable bonds. The subsidies make taxable bonds more cost-effective than traditional tax-exempt bonds.

The city sold senior lien wastewater revenue bonds in September 2009 to finance \$100 million of new wastewater projects and to refinance \$44 million of outstanding bonds carrying higher interest rates. The City was able to sell the new money portion (\$100 million) of the senior bonds at an interest cost of only 3.84 percent -- the lowest cost of any wastewater financing sold to date. In turn, the U.S. Treasury will provide the City with an interest rate subsidy of 35 and 45 percent, respectively, over the life of the bonds. This use of BABs and RZEDBs authorized by the ARRA provides a significant savings to Honolulu wastewater customers and provides for infrastructure enhancements at a lower cost.

We are currently evaluating two other grant opportunities. The Department of Commerce Broadband Technology Opportunities Program of the National Telecommunications and Information Administration issued a notice of funds availability for the Comprehensive Community Infrastructure program in support of public safety communications infrastructure. The grant application would be submitted by the state in collaboration with the city, should the grant requirements align with the operations and goals of our public safety agencies.

The second grant opportunity we are considering is provided by the State through the State Energy Office. The Hawaii EV Ready Grants Program has \$3,000,000 in ARRA funds available to install commercially available and standard-compliant electric vehicle (EV) charging equipment. The City is taking a comprehensive look at Grant Opportunity Announcement and hopes to submit an application.

In conclusion, we have been working diligently to take advantage of the opportunities presented by ARRA. We have encountered some bumps along the road with project changes, approvals or lawsuits. However, the recognition by all levels of government, federal, state, and local, that these projects are a priority have resulted in an open dialogue amongst the stakeholders. I have no reason to believe that this cooperative effort will not continue as we move through the process.

I would like to thank the Committee, especially the Congressional Delegation and Mark Anderson for their support of ARRA and the City. I would also like to thank the hard-working City employees who have taken on the task of implementing the ARRA. At this time, I would be pleased to answer any questions you may have.