

SB 2954



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 8, 2010

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

SENATE BILL NO. 2954

COMMITTEE ON TRANSPORTATION, INTERNATIONAL AND
INTERGOVERNMENTAL AFFAIRS

The Department of Transportation opposes this bill for the following reasons:

1. Federal law requires that a state entity must have management and oversight over the federal aid highway program in order to receive federal aid highway money. Federal payments cannot be made directly to the counties. Transferring DOT management and oversight responsibilities to any county would jeopardize about \$200 million a year in federal aid highway funding to Hawaii.
2. The bill transfers jurisdiction without resolving Maui County's future share of federal and state highway revenues.
3. Maui County will receive significantly less federal funds for planning, design, and construction on federal-aid highways on Maui because of less available money due to an allocation process unfavorable to neighbor islands and because of the complexity of federal regulations which Maui County has not demonstrated to fully understand compliance requirements.

The DOT is willing to participate in a discussion for a pilot program within Maui County to consolidate maintenance activities, subject to necessary terms and agreements, which are consistent with the Reinventing Government Task Force. However, complete transfer of highway program functions and responsibilities is not appropriate and would result in a deterioration of roadway conditions and an even greater gap in providing the necessary roadway infrastructure to keep pace with the growing transportation demands.

Distribution of federal-aid highway money occurs on a reimbursement basis where the DOT first expends or authorizes the expenditures of public funds for an eligible project and then DOT applies for the appropriate reimbursement from the Federal Highway Administration (FHWA). All federal requirements, including statewide management and oversight, must be met in order for a state to obtain reimbursements from FHWA. FHWA cannot make payments or reimbursements directly to the counties for highway transportation expenditures.

If FHWA allowed transfer of all DOT funding, personnel, and highway-related functions to the four counties, and the Legislature mandated such a transfer, there would need to be a formula to determine each county's share of federal and state highway funds. The ability of each county to undertake major capital improvement or repair projects would be limited to the formula funding available only in that particular county.

If a formula which determined each county's share of federal and state highway funds were based on population or fuel consumption, the neighbor islands would probably experience significant difficulties in constructing and maintaining their highway facilities. Historically, the DOT has used money collected from Oahu drivers for transportation purposes to subsidize the neighbor island highway programs. This has been viewed as justifiable in part because an efficient highway system on each island is essential to a healthy statewide economy and our way of life.

We note that at this time, the DOT has discretion to determine and address priorities that have statewide importance and to pool resources to expedite highway projects. However, if all DOT highway-related functions were transferred to the counties, the State would lose the flexibility to:

- pool resources to quickly fund highway repairs in disaster areas;
- pool resources to expedite and minimize public inconvenience from highway maintenance;
- pool resources for large new highway improvements and maintenance projects that would exceed the fund allocations a county could obtain from any funding formula; and
- prevent lapsing of federal funds (by reallocating federal commitments from projects in one county that are delayed to projects in another county that are “ready to go”).

While we oppose this bill, we would support a feasibility study for the transfer of jurisdiction (i.e. operational control, maintenance responsibility, and liability) from State highways to Maui County.



The Hawaii State Legislature

February 5, 2010

The Honorable Senator J. Kalani English
Chair of the Committee on Transportation, International and
Intergovernmental Affairs
415 S. Beretania Street, Room 205
Honolulu, Hawaii 96813

RE: TASK FORCE ON REINVENTING GOVERNMENT;
S.B. 2954 RELATING TO TRANSFER OF STATE HIGHWAYS

Dear Chair English:

The Task Force on Reinventing Government, which was established by House Concurrent Resolution No. 76, H.D. 1, S.D. 1 (2009), respectfully requests your consideration of S.B. 2954 Relating to Transfer of State Highways for passage out of your committee.

The measure establishes a pilot project to transfer jurisdiction of the State's highways in the county of Maui, and the related department of transportation's functions, staff, resources, and funding, from the State to the county of Maui. The purpose of this measure is to achieve government efficiency through eliminating duplicative state and county functions.

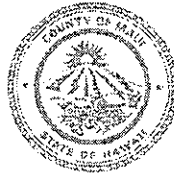
Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Horner".

Donald G. Horner
Chair, Task Force on Reinventing Government

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

February 5, 2010

Honorable J. Kalani English, Chair
and Members of the Committee on Transportation,
International and Intergovernmental Affairs
Hawaii State Senate
State Capitol, Room 205
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair English and Members:

**RE: SENATE BILL NO. 2954, A BILL FOR AN ACT RELATING TO
TRANSFER OF STATE HIGHWAYS**

Thank you for the opportunity to provide testimony on Senate Bill No. 2954. The purpose of the bill is to establish a pilot project to provide for the transfer of all State highway functions on Maui, Molokai, and Lanai to the County of Maui, and to transfer applicable funding for State highways on Maui from the State to the County.


The County of Maui expresses its opposition to the bill. Like the State of Hawaii, the County of Maui is also in a fiscal crises. We are unable to assume the responsibility for State roads, especially in our current financial condition. Although this is a pilot project which intends to transfer the necessary staff and funding, we do not believe this can be done in a manner which maximizes efficiency and delivery of services to the public. Being a Statewide organization, the State Department of Transportation has personnel located on Maui and in Honolulu which perform functions for State projects within the County of Maui. It is difficult, if not impossible, to fairly divide the required staff and funding between the County of Maui and the remainder of the State, as well as maintain a minimum standard of efficiency and sound management.

Moreover, it is noted that the bill would transfer functions to the County Department of Transportation (DOT) which has no jurisdiction over County roadways. The County DOT is currently exclusively focused on bus transit while the County Department of Public Works has jurisdiction over County roadways.

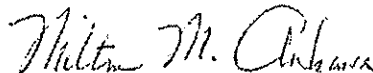
Honorable J. Kalani English, Chair
and Members of the Committee on Transportation,
International and Intergovernmental Affairs
February 5, 2010
Page 2

Thank you for the opportunity to testify in opposition to Senate Bill No. 2954.

Sincerely,



CHARMAINE TAVARES
Mayor, County of Maui



MILTON M. ARAKAWA
Director of Public Works

CT:MMA:jso

xc: Milton M. Arakawa, Director of Public Works

s:\milton\testimony\jenglish_testimony in opposition to sb 2954

Council Chair
Danny A. Mateo

Vice-Chair
Michael J. Molina

Council Members
Gladys C. Baisa
Jo Anne Johnson
Sol P. Kaho'ohalahala
Bill Kauakea Medeiros
Wayne K. Nishiki
Joseph Pontanilla
Michael P. Victorino




Director of Council Services
Ken Fukuoka

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/council

February 7, 2010

TO: The Honorable J. Kalani English, Chair
Senate Committee on Transportation, International and Intergovernmental Affairs

FROM: Danny A. Mateo 
Council Chair

SUBJECT: **HEARING OF FEBRUARY 8, 2010; TESTIMONY ON SENATE BILL 2954,
RELATING TO TRANSFER OF STATE HIGHWAYS**

Thank you for the opportunity to provide comments on this important measure. The purpose of this measure is to establish a pilot project to provide for the transfer of all State highway functions on Maui, Molokai, and Lanai to the County of Maui, and to transfer applicable funding for State highways on Maui from the State to the County of Maui.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I offer the following comments:

1. Addressing duplicative State and county functions seems a reasonable approach, particularly during our current fiscal crisis. However, a jurisdictional transfer of this complexity requires a level of foresight not readily revealed by the current wording of this bill and should not be seen as an easy fix for the State's budget woes.
2. I urge the Committee to maintain a prudent respect for the multiple issues being impacted by a jurisdictional transfer of this scope (on both the County and the State) including, the effect on union contracts, sources of revenue, liability, Federal grants, required personnel, equipment purchases, repair, maintenance and the like.
3. I am concerned with the lack of clarity for the funding mechanisms that will be available to the County, on a long term basis, to allow the County to properly maintain the minimum standard of efficiency and management required of this potential jurisdictional and fiscal transfer of responsibility. Additionally, there are no assurances of continued funding at the Federal or State level.
4. I would also like to point out that the bill would expressly transfer State Department of Transportation's functions to the County's Department of Transportation (DOT), which has no jurisdiction over County roadways. The County's DOT is exclusively focused on bus transit while the County Department of Public Works has jurisdiction over County roadways.

Thank you for the opportunity to provide testimony on this measure.