



### Capital Improvement Projects Maui Highlights

Biennium July 1, 2013—June 30, 2015  
Over **\$231,904,000!**

#### **Kīhei High School** **\$130,000,000**

- Planning, design and construction for new high school

#### **Maui High School** **\$379,000**

- Replacement of roll up doors
- Building repair and reroof
- Repair of chill box
- Replacement of building sewer line

#### **Lokelani Intermediate** **\$842,000**

- Campus wide classroom renovations
- Building repair and reroof
- Replacement of campus fire alarm

#### **Kīhei Elementary School** **\$330,000**

- Building repair and reroof

#### **Kamalii Elementary School** **\$170,000**

- Air Conditioning upgrades

#### **Kīhei Public Library** **\$506,000**

- Replacement of Air Conditioning unit

#### **Kīhei Boat Ramp** **\$500,000**

- Improvement and maintenance dredging

#### **Kīhei Upcountry Highway** **\$3,602,000**

- Land acquisition for a new two-land highway from Kīhei to upcountry Maui

#### **Lipoa Point Land Acquisition** **\$20,000,000**

- Land acquisition of TMK 2-4-001-010-0000

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Aloha Friends and Neighbors,

Mahalo nui loa for giving me the privilege of representing you and our South and West Maui communities in the Hawai'i State Senate! I appreciate you sharing your thoughts, ideas and pressing concerns with me during the recent Legislative session and throughout the year. It helps shape our legislative agenda. I'm pleased to report that by working with my colleagues, we were able to secure funding for projects sorely needed by our community and pass legislation to address some of our community's concerns.

When the gavel came down May 2 on the 2013 regular session of the 27<sup>th</sup> Legislature, there was a sense of accomplishment. We had passed a solid budget and set a positive course for the future. HB 200, CD1, the State executive budget bill, passed unanimously. Following several years of budget cuts totaling more than a billion dollars each year, this budget provided us with a refreshing opportunity to reinforce the safety net (such as senior services and help to victims of domestic violence), continue funding of core services and make strategic investments to grow Hawaii's economy. The \$24 billion budget included over \$231 million in capital improvement funds (CIP) for Maui. Two major projects that received funding are construction funds to begin the much needed high school in South Maui and the Lipoa Point land acquisition.

There were 2,385 bills introduced this session; 282 bills passed. The Governor has already signed 85 into law; 197 still await his action. By June 24, 2013, the Governor must advise the Legislature of his intention to veto any bill left on his desk. If he vetoes any of them and the Legislature wants to override a veto, Legislators must convene on July 9, 2013 to do so. Of course, bills can become law without the Governor's signature.

To see a complete list of bills adopted by the 2013 Legislature, please go to [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov). Click on bill status and documents, scroll down to 2013 bills introduced, passed and vetoed. That site also updates the Governor's action on bills sent to him this session.

This brief report highlights a few of the bills that passed this year to help make Hawai'i a better place. My staff and I continue to work for you, our Maui 'ohana, during the interim so contact me at [senbaker@capitol.hawaii.gov](mailto:senbaker@capitol.hawaii.gov) to share your thoughts or ideas or just to stay in touch. I look forward to seeing you at events and activities in the community. A hui hou,

## Kīhei High School Funding in Budget!

### CIP Maui Highlights Continued

#### **Maui Memorial Medical Center**      **\$8,000,000**

- Laboratory, Pharmacy, Oncology and Imaging facility expansion and repairs
- Air Conditioning upgrades

#### **Kahului Airport**      **\$60,000,000**

- Land acquisition near the airport
- Construction of a new access road to the airport from Hana Highway

#### **Kahului Harbor**      **\$6,000,000**

- Plans, design and construction of improvements

#### **Maui Community Correctional Center**      **\$500,000**

- Upgrades facility security

#### **Maui State Parks**      **\$1,075,000**

- Infrastructure and facility improvements

### Grant-in-Aid

#### **Maui Economic Opportunity Inc.**      **\$500,000**

- Construction of facilities at transportation center sites

#### **Easter Seal Maui**      **\$950,000**

- Construction of Phase 2 of the Maui Campus

#### **Hale Mahaolu**      **\$210,000**

- Services for seniors

From 2000 to 2010 Maui County experienced a 20% increase in population with an additional anticipated increase of 28% through 2025. Needless to say, this growth has put a strain on our central Maui high schools which are operating well above the designed capacity. Finally the long-needed high school in Kīhei is on the horizon! I'm excited for our South Maui Community. The state budget authorized \$130,000,000 for the plans, design and construction of a new high school in Kīhei. The funds are appropriated in the second year of the biennium which begins July 1, 2014. The timing for the funds will allow for the completion of all necessary permits, bid specs and the requirements for the request for design-bid proposal to be developed and advertised in a timely fashion so the project can begin once the funds become available July 1, 2014.

The project also has positive economic benefits for Maui County. The project will create jobs for Mauians from the initial skilled construction workers who will be hired to do the site work and build the campus to the permanent faculty, administrators and staff who will provide the educational leadership at the school. Prior to the beginning of the 2013 legislative session, I met with the Governor and asked him to include funding for the South Maui high school in his executive budget which he submitted to the Legislature in December. He did.

Mahalo, Governor Abercrombie, your active support was critical to our success. And a huge mahalo to the Chair of Ways and Means, Senator David Ige and Chair of House Finance, Representative Sylvia Luke, for authorizing the full amount in **HB 200, CD1**, the executive budget bill. They understood how important this school project is for our community. Mahalo nui loa to my new colleague, Rep. Kaniela Ing, a member of the House Finance Committee, who truly played an instrumental role in convincing his colleagues that a high school in Kīhei was a worthy project to fund.

Finally, mahalo nui loa to the Kīhei High Action Team, the KCA and many others in the community who worked long and hard in support of funding for the high school. Kīhei High School is now on track to become a reality!

### Keeping Lipoa Point in Conservation – a Win - Win

The State Budget Bill (**HB200, CD1**) contains the \$20,000,000 for the Department of Land and Natural Resources to acquire Lipoa Point in order to keep it in conservation in perpetuity. To put the parameters on this important acquisition, the Legislature passed **HB 1424, CD1** directing the State Department of Land and Natural Resources in consultation with the Hawaiian Islands Land Trust, to acquire the 270 acres in West Maui.

The bill makes it clear that the purpose of the acquisition is to protect and preserve the area's pristine condition and that the funds purchasing the property shall be used to ensure the adequate capitalization of the Maui Land and Pineapple (MLP) Employees' pension fund against which the parcel was pledged. The measure also makes it clear that this action shall not be deemed to obligate the State for the pension plan liabilities of MLP employees and retirees. Save Honolulu Coalition, Hawai'i Islands Land Trust and MLP were great partners who testified in committee hearings, answered questions and helped folks outside of Maui to understand how important and special this area was to preserve. Mahalo nui loa to all. This was an important win for our community, the employees whose pensions were in jeopardy and for future generations.

## EMS Services Expanded for South and West Maui

The number of calls requiring ambulance response has grown dramatically in both South and West Maui. And often, both ambulances in each region are out on call. One of my main goals this session was to secure funding for the establishment of a Ma`alaea-based EMS Special Response Vehicle (SRV) for Maui's Emergency Medical Services (EMS) to extend and back up the two ambulance units in both South and West Maui.

**SB498, CD1** passed this session with a \$600,000 appropriation from the emergency medical services special fund for FY 2013-2014 to establish the SRV unit, staffed with an advanced life support-trained (ALS) paramedic. The appropriation will fund a twenty-four-hour, seven-days-a-week, EMS SRV unit which includes the fully equipped vehicle and personnel to staff the unit with state-certified EMS paramedics 'round the clock.

The establishment of this unique unit in Ma`alaea will augment the excellent EMS services available on Maui, improve response times, health outcomes and save lives. The SRV is an important service for our community.



Maui's Senators: J. Kalani English, Roz Baker and Keith-Agaran at the close of successful 2013 Legislative Session.

## Support for Condominium and Planned Community Associations

In recent years, the Legislature has passed significant legislation in response to the mortgage lending crisis in Hawai'i. This session, the Legislature specifically addressed several unique situations foreclosures create for condo and homeowner associations.

**HB25, CD1**, focuses on the effect foreclosures can have on condominium owners associations and planned community associations. Under existing foreclosure law, once a foreclosure action is initiated in circuit court, all junior lienholders, including associations, are prohibited from initiating or continuing with a lien foreclosure. The judicial foreclosure process can incur significant delays, during which time a property can fall into a state of disrepair, which negatively affects neighboring properties and the community as a whole. **HB25, CD1**, provides associations with a mechanism to mitigate the damage, neglect, and loss of revenue or value that results during the extended time required for a judicial foreclosure on a property by allowing an association, as a junior lienholder, to commence or continue a nonjudicial foreclosure action on that property even if the lender has filed for foreclosure, but only if the circuit court has not yet issued a final foreclosure judgment. **HB25, CD1**, also preserves the right of owner-occupants to require the foreclosing mortgagee to participate in dispute resolution in specific situations and ensures that certain anti-deficiency judgment provisions extend to these owner-occupants. The mediation does not extend the length of the foreclosure process.

Repairs, maintenance, security, and insurance provided by a condominium owner's association and paid for through common assessments are essential to preserving the value of a condominium project. When a unit owner defaults and cannot pay common area assessments, the costs of the default are substantially born by condominium associations and non-defaulting unit owners and mortgagors in the affected communities. The lending industry also has an interest in preserving the value of the condominium projects that make up part of the lending industry's collateral. **HB21, CD1**, recognizes the legitimate but competing issues relating to common assessments that must be appropriately balanced when creating a priority lien for common assessments. **HB21, CD1**, achieves this by allowing the board of directors of a condominium association to collect a six-month special assessment from the mortgagee with a recorded lien for delinquent common assessments. **HB21, CD1**, also specifies how excess rental income received by a condominium association is paid to existing lien holders, with the lien for delinquent assessments being the first priority, and that the excess rental income shall be applied to the benefit of a unit owner.

## Path to Eliminating an Unfunded Liability

One of the biggest burdens facing the State's bottom line is its unfunded liability especially in the employee's health fund. Legislative actions in recently years has shown progress in addressing the unfunded liability in the Employees Retirement System (ERS). This Legislature made responsible decisions to begin pre-funding the State's Other Post Employment Benefits (OPEB). The budget bill (**HB200, CD1**) provides \$214,400,000 over the biennium as a down-payment on our OPEB liability. Current unfunded liability of the employer-union health benefits trust fund (EUTF) is \$13.6 billion.

**HB546 HD2 SD2 CD1** is a uniquely constructed bill that requires the board of the Hawai'i Employer-Union Health Benefits Trust Fund (EUTF) to establish a separate trust fund account for each public employer into which each public employer must deposit a pre-determined amount beginning in FY 2018-2019 in order to pay down the liability of the EUTF. Also, commencing in FY 2018-2019, if the required State portion is deficient then GET revenues will be used to supplement the required contribution and if county contributions are deficient then proceeds from the TAT will be used to supplement the required contribution of a county employer. In essence this bill requires that the State and county public employer contributions to EUTF liability come first, ahead of other obligations of the State or counties. The bill also establishes a task force to fully examine EUTF unfunded liability, create a sustainable plan for EUTF and flesh out other details of establishing and implementing the required employer contribution schedule that begins in FY 2018.

**HB546, CD1** is pragmatic and forward looking legislation to enable the State and county public employers to responsibly address current and future obligations for retirees. I'm proud of the Legislature's hard work to tackle this difficult matter.

## Prescription Drug Benefits

Often the health insurance plan consumers use for their prescription drug benefit employs a Pharmacy Benefits Manager (PBM) to manage that benefit for the plan. This session Legislators were made aware of consumer concerns about how the PBMs operate in Hawai'i. The two major concerns identified were these: misuse of private patient information for inappropriate marketing purposes and the PBM mandate that all plan members must use their mail order service for the delivery of many common maintenance medications. As Chair of the Senate Commerce and Consumer Protection Committee, I took these concerns to heart and worked hard on bills that would raise the bar on patient privacy and prescription access. **HB62, CD1** and **HB65, CD1** were the collaborative efforts of the Legislature to further protect patient privacy and provide consumer with an opt out of mandatory mail order delivery.

**HB62, CD1** prohibits a PMB or their subsidiaries from using a patient's medical health information for marketing purposes or to advertise to that patient the services of a preferred pharmacy network that is owned by the PBM without the express consent of the patient. **HB62 CD1** is a response to the misuse of patient's prescription information by pharmacy benefit managers for marketing purposes and for driving consumers to their preferred network at the expense of consumer choice and independent community pharmacies. This is a very important consumer protection and cost containment measure. PBMs make money when prescription drug use in their network is encouraged.

**HB65, CD1** is a corollary measure modeled after New York and Pennsylvania laws to further reform PBM practices. It restores consumer choice regarding how and where their prescriptions can be filled and refilled. Many prescription drug plans through their pharmacy benefit managers impose requirements that require the purchase of prescription drugs only from a mail order pharmacy. **HB65, CD1** allows consumers to opt out of mail order requirements so that patients have a choice and can receive their medications in a face to face encounter with a pharmacist familiar with their medical history to answer questions and offer advice regarding drug interactions or other matters. Also, mail order requirements can create significant hardships, especially for those on the neighbor islands and in rural areas where post office hours have been reduced. **HB65, CD1** will increase competition in the marketplace by allowing more consumer choice. It is a necessary measure to ensure Hawai'i continues to have a robust network of community pharmacies to serve the health needs of our residents.



From left to right: Senator Galuteria, Senator Espero and Senator Baker putting the final touches on a conference draft before the committee convened.

## Green Infrastructure – On-Bill Financing

Meeting Hawaii's clean energy goals isn't an easy task. **SB 1087, CD1** will make those goals more attainable for more people. This bill establishes a regulatory financing structure that authorizes the Public Utilities Commission in conjunction with the Department of Business and Economic Development to provide low-cost loans for an investment in green infrastructure equipment to achieve measurable cost savings. The loans will be repaid monthly on the individual's utility bill. The obligation stays with the meter; thus, allowing landlords the incentive to invest in green infrastructure for their rental units. The resulting significant investment in renewable, efficient infrastructure will help propel Hawai'i toward achieving the State's goals for energy self-sufficiency and greater energy security and diversification.

These loans will also give a boost to Hawaii's evolving energy marketplace and provide affordable, accessible energy options to Hawaii's consumers. By creating a means of low-cost financing, those who previously couldn't afford to invest in green infrastructure now have a means to do so. This opens up options to new markets and will increase jobs to serve them.

## A Plan for Lowering Electric Rates

Electricity rates have steadily grown year after year and are at record levels -- the result of high petroleum costs, an increase in operating expenses while demand for electricity has declined. After examining a variety of factors and options presented during an informational briefing from the Public Utilities Commission and the state's major electricity companies, it was clear that legislation was needed. Currently, existing regulatory cost recovery mechanisms do not provide sufficient economic incentives to induce electric utilities to reduce energy and operating costs nor benefit financially if these cost reductions are self-initiated and substantial.

Working with the Public Utilities Commission, we crafted legislation that helps provide incentives for the electric utilities to reduce energy and operating costs and help the pocketbooks of ratepayers. **SB 120, SD1** gives policy guidance to incentivize Hawaii's electric utility companies to make needed reforms to attain lower electricity rates and achieve Hawaii's clean energy objectives. With the Governor's signature, **SB120, SD1** became **Act 37** on April 23<sup>rd</sup>.

## Compassionate Care for Rape Victims

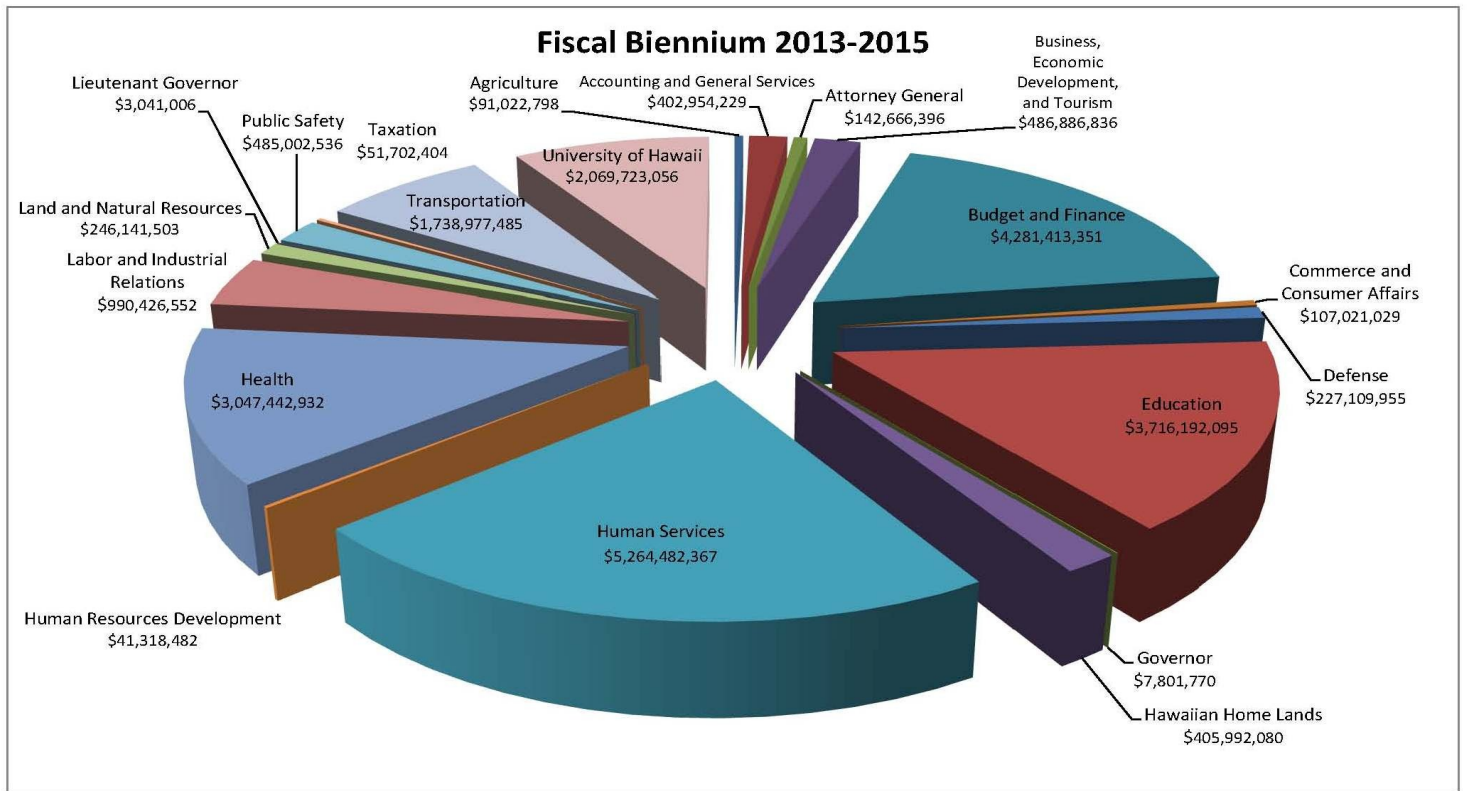
One measure I am especially proud we passed this session is **HB 411, HD2**, Relating to Hospital Emergency Compassionate Care for Sexual Assault Victims. As a member of the Legislative Women's Caucus, for 17 years I have advocated for a law requiring all hospital emergency rooms to provide emergency contraception to sex assault victims. Finally the bill passed and the Governor signed it into law on April 22, 2013 as **Act 27** -- a historic day for the women of Hawai'i.

**Act 27**, Session Laws of Hawai'i 2013 ensures that female rape victims are provided with medical and factually accurate, unbiased information about and access to emergency contraception when receiving emergency medical care at Hawaii's hospitals. No longer can victims of sexual assault be denied access to this standard of care. This measure helps to prevent rape victims from being re-victimized by denying them the medical care they may need to regain control over their bodies.



Mahalo all those who helped fight for the rights of sexual assault victims over the years.

**From left to right:** Senator Roz Baker, Director Pat McManaman of the Department of Human Services, Governor Abercrombie, Representative Della Au Belatti, Governor's Policy Analyst Debbie Shimizu at the signing for Act 27 on April 22, 2013.



The above chart depicts all means of financing allocated to each department.

### **We have a Budget — and in Record Time!**

Budget deliberations must conclude before most conference committees examining “fiscal” bills can complete their work. Thanks to the spirit of cooperation, civility and compromise exhibited by the Senate Committee on Ways and Means and the House Committee on Finance, the State’s Executive Biennium Budget, **HB200, CD1** wrapped up almost a week before the final decking deadline and there was **no** 11<sup>th</sup> hour chaos. The budget’s timely completion allowed the Senate and House conference committees to more carefully address the needs of Hawai`i residents and the pressing issues in numerous bills pending in conference.

For the fiscal biennium beginning July 1, 2013, the Legislature crafted an executive budget of \$23.8 billion, more than \$250 million under the Governor’s budget request. And, for the first time in many years, the State budget passed unanimously through both the House and the Senate. The Legislature also adopted a biennium budget for the State Judiciary (**HB197, CD1**) and for the Office of Hawaiian Affairs (**HB222, CD1**).

In addition to operating funds for personnel and program expenses, the budget also contains funding for public works or capital improvement projects (CIP). These projects include renovations at our airports and harbors and repairing our roads and bridges as well as repairs and new construction for our lower and higher education facilities, hospitals, small boat harbors and ramps and grant-in-aid projects for some of our non-profits like completion of the Easter Seals campus in Kahului. All of these projects address critical infrastructure improvements and contribute to job growth.

Please go to the Legislature’s website [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov) to review the individual budget bills, the budget worksheets with additional detail on the operating budgets and the entire list of Grant-in-aid awardees.



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