



OFFICE OF THE MAYOR
THE COUNTY OF KAUA'I

DEREK S. K. KAWAKAMI, MAYOR
MICHAEL A. DAHLIG, MANAGING DIRECTOR

Testimony of Mayor Derek S. K. Kawakami
County of Kaua'i

Before a joint hearing of the
Senate Committee on Ways and Means
and the **House Committee on Finance**

Wednesday, January 15, 2020
2:30 p.m.
State Capitol

To: The Honorable Sen. Donovan M. Dela Cruz, Chair
and Members of the Senate Committee on Ways and Means

The Honorable Rep. Sylvia Luke, Chair
and Members of the House Committee on Finance

Thank you for the opportunity to present testimony before this joint-committee at the start of the 2020 Legislative Session.

As we begin the budgetary process for Fiscal Year 2020-2021, I must first express my gratitude for the continued support the Legislature, and our Governor and his administration have given us over the last two years as we continue to rebuild our Garden Island after the April 2018 floods. By broadening the scope of Act 12, in what is now Act 35, to include damages sustained in August by Hurricane Lane and to further include mitigation efforts to prevent the same destructive effects from reoccurring allows us to provide for the long-term health, safety, and well-being of our community. We continue to work with our partners both in the public and private sectors in this continued effort.

Second, I would like to thank the State for allowing the use of the Pua Loke Arboretum in Līhu'e for an 'Ohana Zone affordable housing project. With this site, Governor Ige's Emergency Proclamation and Act 209, we are excited to report that we will be breaking ground this March on a transit-ready, permanent supportive housing project in close proximity to employment, medical, recreational and retail opportunities.

We are excited to hear from yesterday's press conference the collaboration between the Governor, House, and Senate, especially with measures that continue to focus on addressing housing issues and providing avenues that offer alternatives and solutions to this crisis. We will be with you in actively supporting this package.



Fiscal Outlook

The County of Kaua'i continues to look at ways to improve efficiency in our budget and will be focusing on this during our budgetary process for Fiscal Year 2020-2021. With the advent of the half-percent increase in the General Excise Tax (GET) surcharge, we have made significant improvements to our roads, bridges, and transportation system. In 2019 we were able to resurface over 70 thousand square yards of roads and look to resurfacing 200,000 square yards this year.

We recognize that the supply of affordable housing is impacted by the number of vacation rentals and second homes and will continue to revisit how this should be taxed as a use. We are exploring ways of creating more equity in our Real Property Tax system by restructuring with a proportional usage rate. This would include creating tax breaks to incentivize residential construction and reducing the minimum threshold for what is considered residential investor.

We appreciate the Legislature's past sharing of the The Transient Accommodations Tax (TAT). As you know, this revenue is necessary for counties to offset the disproportional cost created by visitors to our infrastructure and public safety services. Thirty-percent of our daily population on Kaua'i are visitors, and the number of rental cars on our roads surpass that percentage. The TAT is crucial to the County of Kaua'i's ability to support the infrastructure for our residents and visitors alike.

As we move forward, please allow me to share some of our important issues and top fiscal priorities where the State of Hawai'i and the County of Kaua'i share a nexus.

Waimea Town Flooding Mitigation The slow moving Waimea River has accumulated sediment build-up, closing the river mouth frequently and resulting in flooding of bordering neighborhoods. Homes and properties in this area are at constant risk of flooding, which has been linked with the Waimea River mouth closure. This has caused undue stress to the daily lives of nearby residents affected by the risk of flooding. Regular maintenance can reduce the risk of flooding in Waimea town, and protect businesses and homes. The County of Kaua'i is requesting a study and design for the State's Department of Land and Natural Resources to dredge the Waimea River, and for regular maintenance of the Waimea River mouth.

Kīlauea Neighborhood Center Gymnasium Shelter Retrofit The Kīlauea Gym is the County of Kaua'i's highest-capacity and only County-owned shelter on the North Shore. The gym is connected with the County's neighborhood center and athletic field which can be used for resource staging, commodity distribution, and a helicopter landing zone – making it a prime hub for North Shore relief operations. Hardening this facility to withstand higher-category storms would greatly enhance public safety and community resilience, along with create a collective ability to respond to and recover from disasters that affect northern Kaua'i. The County of Kaua'i is requesting a structural engineering review, and upgrading the gym to an EHPA (Cat 3) or EF/COOP (Cat 4) facility which would make Kīlauea the only shelter with either rating on Kaua'i.

Beyond our fiscal priorities I would like to highlight some of our other priorities.

County's Priority Issues

- **Protecting our Residential Neighborhoods** Kaua'i County is in need of legislation to amortize or phase out non-conforming uses, such as Transient Vacation Rentals, when occurring in single-family dwellings. During our recent flooding disasters on Kaua'i, much of our emergency response was dedicated to safely move tourists who were staying in these areas because these areas have limited evacuation routes. Additionally, we need to add these units, many of many of which were formerly residential units, back into the long term housing market.
- **Pilot Program for Prescriptive Authority** There are not enough prescribing mental health care providers available to serve the needs of Hawai'i's people. Because of this shortage, access to quality, comprehensive, and affordable health care can be facilitated and enhanced by collaborative practice between licensed clinical psychologists and medical doctors. Authorizing qualified clinical psychologists with appropriate advanced training to prescribe from a limited formulary of psychotropic medication will benefit Hawai'i residents who live in rural or medically underserved communities, where mental health professionals with prescriptive authority are in short supply. We propose a pilot program for counties with populations under 100,000.

Thank you for this opportunity to present these comments. We look forward to working with you collaboratively throughout this session and the year ahead.

Respectfully submitted,

Derek S. K. Kawakami
Mayor, County of Kaua'i



2020 Kaua'i Fiscal Priorities

District	Title	Description	Justification
14	Kīlauea Neighborhood Center Gymnasium Shelter Retrofit	<p>Upgrade the Kīlauea Gym, our highest-capacity and only County-owned shelter in the area; to include structural engineering review. Currently, the gym is in HI-EMA's Type A (Cat 2 hurricane) range. Upgrades could bring it to EHPA (Cat 3) or EF/COOP (Cat 4). This would make Kīlauea the only shelter with either rating on Kaua'i.</p> <p>\$ 2.1 million</p>	<p>Co-located with a County neighborhood center and athletic field that can be used for resource staging, commodity distribution and a helicopter landing zone – A prime hub for North Shore relief operations; currently serves as an American Red Cross shelter, as it did following the April 2018 floods.</p> <p>Hardening this facility to withstand higher-category storms would greatly enhance public safety and community resilience, along with our collective ability to respond to and recover from disasters affecting northern Kaua'i.</p>
15	Vidinha Stadium Track and Turf Restoration	<p>Upgrade stadium field with artificial turf and improve track and drainage.</p> <p>\$ 7.5 million</p>	<p>As there are no campus stadiums, Vidinha Stadium hosts the majority of Kauai Interscholastic Federation sporting events such as football, soccer, track & field events, and other Department of Education functions.</p> <p>Over compaction and uneven playing surfaces resulting from overuse is becoming a safety issue. With an improved track as well as new field, our schools can host larger high school games and state championships.</p>

16	Improvements to Kōloa Road	<p>Pavement rehabilitation, including resurfacing and reconstruction, where needed, on Kōloa Road (Kaunali'i Highway to Po'ipū Road). Installation of a roundabout at the intersection of Kōloa Road and Ala Kalanikaumaka. Other left hand turn lanes, guard rails, and upgrades to meet current safety standards. \$ 10 million</p>	<p>Kōloa Road is one of the busiest rural county roads serving Kōloa Town and Po'ipū.</p> <p>The last resurfacing of Kōloa Road was in 2005; on-going short term maintenance and repair can no longer address its continuous state of disrepair.</p>
DLNR	Waimea River Dredging Study and Design	<p>Study and design for the Department of Land and Natural Resources to dredge the Waimea River. \$ 0.5 million</p>	<p>The slow moving Waimea River has accumulated sediment build-up resulting in flooding of bordering neighborhoods. Homes and properties are at constant risk of flooding adding undue stress to the daily lives of residents. Flooding is linked with the Waimea River mouth closure.</p>
DLNR	Maintenance of River Mouths	<p>Regular maintenance of the Waimea River mouth and the occasional maintenance of the Wailua and Keālia river mouths. \$ 262,000</p>	<p>The Waimea River mouth closes off frequently as the mix of upstream silt mixes with ocean sand. Regular maintenance can reduce the risk of flooding in Waimea town. Limited maintenance of the Wailua and Keālia river mouths protects business and homes as well.</p>



2020 Kaua'i Legislative Priorities

Package	Title	Description	Justification
	Prescriptive Authority	Pilot program for counties with populations under 100,000 which allows for prescriptive authority for psychologists who have completed coursework and training; in areas with doctor shortages.	There are not enough prescribing mental health care providers available to serve the needs of Hawaii's people. Because of this shortage, access to quality, comprehensive, and affordable health care can be facilitated and enhanced by collaborative practice between licensed clinical psychologists and medical doctors. Authorizing qualified clinical psychologists with appropriate advanced training to prescribe from a limited formulary of psychotropic medication will benefit Hawaii residents who live in rural or medically underserved communities, where mental health professionals with prescriptive authority are in short supply.

HCOM/HSAC	Relating to Tort Liability	Makes an exemption from tort liability for the State and counties arising from lifeguard services, except for gross negligence or wanton acts or missions; extends from beaches to include ocean rescues e.g. Queen's Bath.	County lifeguards protect the safety of residents and visitors at five State beaches. This bill would expand the protection offered by HRS 662-16 which states that the attorney general shall defend county lifeguards working under contract at a designated state beach park to indemnify county lifeguards and provide for defense for decision-making in non-State beach parks or in the ocean, including but not limited to Queen's Bath.
HCOM/HSAC	Relating to Registration Fee	Allows the director of finance of a county to require payment of outstanding charges owed to the county for the towing, removal, or disposal of an abandoned or derelict vehicle within the county before issuing a motor vehicle certificate of registration.	The Kaua'i County Director of Finance finds that some individuals and entities intentionally abandon vehicles on roads and highways, and that it is difficult to recoup the costs of towing and disposal. If the counties were able to require that the costs of towing and disposal are paid as a condition precedent to registration of vehicles than the counties would have an easier time recouping their costs.

HCOM/HSAC	Relating to Highway Safety	Establishes a new fee to be paid by U-drive motor vehicles for each certificate of registration, which has the effect of assessing all motor vehicles (including U-drive motor vehicles) the same amount for beautification and costs related to the disposition of abandoned or derelict vehicles.	The proposed bill modifies the amount of the additional fee that a county may assess U-drive motor vehicles for each certificate of registration. The effect of changing the additional fee to U-drive motor vehicles would be to set one fee that applies to both U-drive mother vehicles and all other motor vehicles.
Housing	Relating to the Surcharge on the State Tax	Expands the use of surcharge on state tax to include the costs of public infrastructure such as wastewater and drinking water systems.	State law currently permits the expenditure of the County GET surcharge only for roads and public transportation (rail on Oahu). This proposed bill expands the authorized uses of the County GET surcharge to include capital costs of public infrastructure including wastewater and drinking water systems. It is widely recognized that one of the primary barriers to constructing affordable housing on Kaua'i is the lack of public infrastructure, particularly water and sewer infrastructure. This bill would give the County the option of using some portion of its GET surcharge to fund water and sewer improvements in targeted areas to enable much needed affordable housing projects.

Housing	Relating to County Zoning	<p>The bill extends the authority of county councils to require the amortization of properties with non-conforming uses within residentially zoned areas.</p> <p>The amortization of a property is the continued use of a property for a fixed period of time, after which that non-conforming use must stop. This period allows the owner time to recoup their investment in the property before being required to conform.</p> <p>Currently, councils were limited to commercial, industrial, resort and apartment zoned areas.</p>	<p>Current state law permits the amortization and elimination of non-conforming uses only in commercial, industrial, resort, and apartment zoned areas. This proposed bill authorizes the amortization and elimination of non-conforming uses over a reasonable period of time in any zoning district. More to the point, when the County enacted legislation barring transient vacation rentals (“TVRs”) outside of identified Visitor Destination Areas, to pass constitutional muster the County was required to offer non-conforming use permits to existing TVRs. This state of affairs has contributed the long-term depopulation of some residential areas turning them into de facto hotel zones. While it is constitutionally permissible to eliminate non-conforming uses over a reasonable period of time, thus reverting residential areas to the intended purpose of actually housing residents, current state law bars the County from doing so. This bill would place that zoning authority back into the hands of the Counties and allow the gradual elimination of TVRs outside of designated Visitor Destination Areas.</p>
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Housing	Relating to Land Use Commission	Increases the threshold at which the state and counties must petition the state land use commission for a change in the boundary of a district from fifteen to twenty five acres.	This proposed bill increases the acreage for which the state and counties must petition the state land use commission for a change in the boundary of a district from fifteen to twenty-five acres. In developing and financing County affordable housing projects time is money, and money is always limited and in short supply. The process of petitioning the LUC for a district boundary amendment can at times add a full year or more to the time it takes to bring an affordable housing project online. Beyond the time delay, the LUC process is also substantially duplicative of the rezoning process, which takes place through the County Planning Department and before the County Planning Commission. This County level review provides substantially similar environmental review and provides a similar avenue for public involvement. By increasing the acreage exemption for affordable housing projects from 15-25 acres, the vast majority of County sponsored housing projects would be exempt from the LUC petition process and could more quickly be brought online to address our housing crisis.
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<p>Climate Sustainability</p>	<p>Relating to Composting Regulations</p>	<p>Proposes modifications to HDOH rules regulating composters in Hawaii. Proposes that HDOH adopt a tiered regulator scheme that makes it easier for smaller operators to obtain a composting permit and to meet permit requirements. Allows small composters under a certain threshold (cu yds/day) to operate without a permit if certain conditions are met.</p>	<p>Composting permits are difficult to obtain and expensive to meet compliance requirements resulting in few statewide composting facilities. Easing these requirements will reduce the impact and offer a piece of the solution to our landfill crisis. Other states have tiered regulations including thresholds under which composters can operate without a permit or with minimal regulation.</p>
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