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WRITTEN ONLY

TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 119, H.D. 1

February 26, 2021
11:00 A.M.
Via Videoconference

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST KAUNALEWA

The Department of Budget and Finance offers the following comments on House Bill No. 119, H.D. 1, which amends Act 43, SLH 2019, to replace "E Ola Mau Na Leo O Kekaha" with "Kaunalewa", as the entity authorized to receive assistance from the issuance of Special Purpose Revenue Bonds to finance the acquisition, remediation, and development of the old Kekaha Sugar Mill in Kekaha, Kauai, Hawaii pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department would like to inform the Legislature and prospective SPRB parties that should the legislation be approved, approval of the SPRB issuance and conduit loan will require further review of the financing proposal to ensure compliance with all federal, state and credit underwriting requirements. For additional information, please consult our FAQ located at the following link: <http://budget.hawaii.gov/wp-content/uploads/2012/11/SPRB-FAQ.pdf>.

Thank you for your consideration of our comments.



House Committee on Finance
Date: February 26, 2021

RE: HB 119, HD1, RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST KAUNALEWA.

Aloha Chair Luke, Vice-Chair Cullen, and members of the Committee.

We, the people of Kaunalewa and Kekaha, stand together to **SUPPORT HB 119, HD1**, to obtain, remediate, and develop the old Kekaha Sugar Mill from Kekaha MS, LLC Kekaha, Kauai, Hawaii.

When Kekaha Sugar Mill was in operation, residents earned wages and benefits to sustain a simple lifestyle. In the early '80's global volatility in sugar pricing and increased competition weakened federal policies that protected Kekaha's sugar economy. After Hurricanes Iwa and Iniki upended the sugar industry, widespread displacement and a shortage of opportunity hit an all-time high for our little town. The Mill shut its doors in 2000, and Kekaha became destitute. Then tourism declined, and Kekaha slipped into a deeper slump. Those were the difficult years. Without the social support provided by the close-knit community of the plantation camps and surrounding neighborhoods, families fended for themselves and succumbed to poverty.

The people left behind yearned for the promise of a better life but were required to change their way of life. Drug and alcohol addiction, domestic violence, suicide, starvation, youth pregnancy, and homelessness moved in as long-time residents moved away or became ill. Health issues such as diabetes, cancer, dementia became prevalent, with lives cut short. Age-old dreams of opportunity quickly dissipated while hopelessness and anger grew. The good old days of the camp remained buried beneath that pain and suffering.

For the children of Kekaha, descendants of the Native Hawaiian people and immigrants, the Mill is a reminder of the inequalities left behind for them to contend with. Behind torn-up fencing are overgrown weeds, broken-down buildings, and a long list of environmental hazards that cast a long shadow on everyday existence.

The abandoned Mill represents our children's mindset, who suffer significantly from the adverse effects of negative childhood experiences and toxic stress. In these children's eyes, the Mill and their hometown is a wasteland, neglected and run-down. They live with past and present disparities that run wide and deep and with the uncertainty of their future. Our decisions today will decide the pathways for Kekaha's children. They fall behind and become destitute and homeless or grow to be astute young men and women.

Kaunalewa with the County of Kauai-Office of Economic Development, and community partners: Hawaii Department of Health, Kekaha Credit Union, Kanaka School, Hui O Laka, E Ola Mau Na Leo O Kekaha, and EAH Housing applied for the US EPA Brownfield Community-Wide Assessment Grant (October 2020) to assist with the assessment, cleanup, and identification of other actions necessary to return the Mill to productive use for the Kekaha community. The Mill, which stands in the center of Kekaha town, is considered a Brownfield and listed as a Superfund site by the Environmental Protection Agency ("EPA").

In its current state and continued deterioration, the Mill and its environmental liabilities complicates redevelopment. The Mill’s clean-up costs for remediation, abatement, and development exceeds its current market value and is a community disinvestment. **HB 119, HD1** and the EPA grant will help the community understand and assess both the documented and undocumented environmental liabilities of the Mill and help generate value.

Kaunalewa’s continued actions will help facilitate a vision and action plan that aligns with the West Kauai Community Plan (WKCP), passed and signed into law by Mayor Derek Kawakami in December 2020. Key priorities of the WKCP, decided by Kekaha residents, include developing the Mill site and transforming the area as a hub for small businesses and cultural activities. These initiatives and **HB 119, HD1** will help Kekaha evolve into an economically vibrant town that serves its residents and the greater Kauai community.

This testimony raises hope and support for our children, our elderly, our young adults, and the families of Kekaha. **HB 119, HD1** presents an opportunity for Kekaha's economic revival and quality of life for our residents. Kaunalewa’s mission is to uplift Kekaha through economic progress, environmental restoration, and community revitalization. Our efforts will serve as a landmark of hope and public benefit as well as a catalyst for Kekaha’s prosperity. Together, we will honor the cultures and identities tied to West Kauai and acknowledge the Native Hawaiian people whose land we are on. The work ahead for everyone involved is "Makana Mau," a gift that continues in perpetuity for Kekaha.

For these reasons, we kindly request you **PASS HB 119, HD1**. Mahalo for the opportunity to testify.

Mayrose Munar, President Kaunalewa

Wayne “Buddy” Ayudan

Christine Faye

Adela Ochintang & Anthony Vea

John and Chelsie Ruiz

Kaulana Mossman

Richard Keao Smith

Cherie Balisacan

Matias Jr & Jailanee Munar

Erika & Joshua Burton

Kanani Schnider

Catherine Nyberg

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