

OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813
PHONE: (808) 768-4141 • FAX: (808) 768-4242 • INTERNET: www.honolulu.gov

KIRK CALDWELL
MAYOR



ROY K. AMEMIYA, JR.
MANAGING DIRECTOR DESIGNATE

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

TESTIMONY OF KIRK CALDWELL, MAYOR
CITY AND COUNTY OF HOOLULU
BEFORE THE HOUSE COMMITTEE ON FINANCE
AND THE SENATE COMMITTEE ON WAYS AND MEANS
Monday, January 23, 2017
1:30 PM

TO: The Honorable Sylvia J. Luke, Chair
and Members of the House Committee on Finance

The Honorable Jill N. Tokuda, Chair
and Members of the Senate Committee on Ways and Means

Thank you for allowing me to present testimony today. The City and County of Honolulu continues to make solid progress on our priorities.

Roads. We have repaved the city roads that were deemed substandard. So far, we repaved a total of 1,350 lane miles, with 41 of those lane miles in 2017. We are on schedule to meet our target of repaving 1,500 lane miles by the end of this year.

Parks. As part of our Kakou for the Parks program, we restored 31 play apparatuses, refurbished 44 comfort stations, and resurfaced 102 play courts at 28 parks. We also installed surveillance cameras at five parks, with the help of community associations, and will install cameras at three beach park comfort stations including Hanauma Bay and Sandy Beach. We are working on much needed changes to Ala Moana Beach Park, including long-term beach nourishment, renovating McCoy Pavilion and upgrading irrigation, improving paths, and adding more trees in and around the great lawn.

Sewer. The City continues to meet the consent decree deadlines and rehabilitate our sewer system by rebuilding existing sewer lines, building the Kaneohe-Kailua Conveyance Sewer Tunnel and two additional force mains from Waikiki and Ala Moana to Sand Island. This is to ensure that there is redundancy, and repairing sewer lines to reduce infiltration and inflow of non-sewer water into the sewer system. We have also reduced spills from over 200 a year to between 50 and 60 a year. Separately

from the consent decree, we also added a new digester at the Sand Island Waste Water Treatment Plant to increase sewer capacity for new construction in areas such as Kakaako, Waikiki, and Kapalama-Iwilei. The first phase of the Ala Moana Waste Water Pump Station will increase capacity for Kakaako, Waikiki, and adjacent areas by 2020. The New Waipahu Waste Water Pump Station Force Main will increase capacity for Pearl City and Waipahu by 2022.

Homelessness. The City has housed over 1,100 people experiencing homeless and will house an additional 300 people this year. We also established the Hale Mauiola navigation center, the first of its kind in the State, and connected 125 people to appropriate housing options since it opened. We are working on modular housing projects on the West Side. We purchased a former private school site in Makiki and will convert it into a 42-unit apartment building for persons experiencing homelessness, and a parcel in Waianae to provide affordable rental housing for 16-20 families experiencing homelessness. We added 6 micro units to Winston Hale in Chinatown and entered into a partnership with the State and a private company to build plantation-style housing at Sand Island to accommodate up to 800 persons experiencing homelessness. We also purchased a property in Iwilei to serve as a hygiene center and social service center and to provide permanent supportive housing.

Rail. Finally, I am committed to building rail for the full operating system from East Kapolei to Ala Moana. Rail provides residents with a transportation option that will greatly improve their quality of life. Congestion will only get worse. There are 90,000 additional registered vehicles on Oahu than when we started the rail project ten years ago. Building the complete rail system all the way to Ala Moana with all of the stations is the only way rail will get the number of riders it needs to keep fares and subsidies affordable.

We have had challenges in both our construction schedule and our finances and we are concentrating on solutions. I have pledged that both HART and this administration will be upfront and transparent about these issues.

Today, we have a better handle on the costs particularly since most of the contracts have been awarded. We are being more conservative in our budgeting and estimating. We are not going to use numbers that appear to be better or less expensive. Instead, we are using the numbers for the worst case scenarios for things like claims and change orders. We are also adding any savings and credits to the project's contingency rather than reducing our budget by that amount. HART remains confident that \$8.2 billion is the best current estimate of the project's construction costs.

We're looking for an extension of the General Excise Tax surcharge in perpetuity to help cover the budget shortfall and pay for additional financing costs in the future. Extending the GET surcharge is the best option because it is already in place and tourists and non-residents pay nearly thirty percent of the GET.

If the GET surcharge is extended, the Legislature has consistently asked for the

January 23, 2017

Page 3

City's skin in the game. The City's full faith and credit stands behind this project. If this project fails, the City will have to pay back all of the money using real property tax revenues.

In addition, the City will be responsible for 100 percent of the rail's operations and maintenance costs. Currently, we fully fund the O&M costs for TheBus and HandiVan, which is the best bus system in the country. Rail's O&M costs are estimated to be approximately one-quarter of the costs to operate the City's transportation services, meaning that the cost to operate rail is significantly lower than the City's current O&M costs to operate TheBus and HandiVan. We have established an O&M Working Group and have just filed bills at the City Council to enhance revenues through increases to the vehicle-weight tax, the gas tax, and parking fees. We estimate that these measures will bring in approximately \$65 million.

Oahu needs a transit solution now and rail is an investment for our island's future. This project is worthwhile and cannot be delayed. We must build the complete backbone of 20 miles and 21 stations now so that we can build rail extensions in the future.

Thank you for the opportunity to present these brief comments. We, at the City and County of Honolulu, anticipate an exciting and productive year. I am available for any of your questions.