



OFFICE OF THE MAYOR

THE COUNTY OF KAUA'I

DEREK S. K. KAWAKAMI, MAYOR

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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**

Thursday, January 31, 2019
1:30 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 2019 Legislative Session.

As we begin the budgetary process for Fiscal Year 2019-2020, I cannot help but reflect upon this time last year before rain, lava, and hurricanes pushed all of our counties into an overwhelming state of emergency response. No one could have predicted what Mother Nature would have in store for us in 2018. Now, as we begin this year's session with a common theme of rebuilding what was lost, let us also remember the incredible strides we have taken together.

First, I would like to acknowledge that Kaua'i County would not be where we are today without the support of the State Legislature, especially our Kaua'i delegation and Governor David Ige. Act 12, which provided the funding of Kaua'i's flood recovery efforts, served as a beacon of hope when we needed it the most. We wish to thank you all for your continuous support while we work on the necessary infrastructure repairs that will surely take us into the upcoming fiscal year.

As we remain in the midst of these important repairs, we believe now is the time to address further mitigation efforts for the long-term health, safety, and well-being of our community. The historic flood in April left our island in major disrepair, and it was only four months later when Hurricane Lane caused further significant damage. For this reason, we are humbly asking the Legislature to consider broadening the scope of Act 12 to also account for damages sustained in August and to further include mitigation efforts to prevent the same destructive effects from reoccurring.



While flood recovery continues to take priority in our County, we cannot ignore the many other ongoing challenges and issues that remain island-wide. As we proceed in a healthy and respectful dialogue together, please allow me to share the following important issues and top priorities of the County of Kaua'i.

Homelessness and Affordable Housing

Addressing homelessness and affordable housing continues to be a top priority throughout our state, and our recent disasters have only exasperated this hardship. In tune with Governor Ige's Emergency Proclamation and Act 209 which appropriated \$30 million to establish 'Ohana Zones on every major island, the County of Kaua'i is eagerly looking to improve more affordable housing opportunities.

With your partnership, our vision is to develop a transit-ready affordable housing project in close proximity with the existing services and programs of the Kaua'i Economic Opportunity. To do this, we see a great value in the potential use of the State's Pua Loke Arboretum in Līhu'e for a future 'Ohana Zone affordable housing project. We look forward to working with the State on this opportunity to provide services that will assist homeless individuals and families, which will directly benefit and impact the growing housing crisis on our island.

Fiscal Outlook Challenges

Kaua'i County continues to look at ways to improve efficiency in our budget, but we must also acknowledge that the bulk of our expenses are not within our full control. While the County continues to face challenges with the much-needed increases and funding of the collective bargaining agreements, Employee Retirements System (ERS), and Other Post-Employment Benefits (OPEB), we remain committed in adhering to our obligations as bargained. We also recognize the increased financial liability of excess pension costs related to employee retirements, and are exploring options with the Kaua'i County Council to further mitigate this issue.

GET

On January 1, 2019, our longstanding goal to diversify our County's revenue stream was made a reality with the enactment of the half-percent increase in the General Excise Tax (GET) surcharge. We wish to thank the State Legislature for authorizing the counties to pursue this tax, and the partnership of our Kaua'i County Council for their approval.

With an estimated \$25 million to be received in 2019, the County will be able to make significant improvements to our roads, bridges, and transportation system in the near future. As allowed under the GET surcharge, funding has been budgeted as follows: 60 percent for road and bridge repairs, 35 percent for transportation operations, and the remainder for transportation and road maintenance costs.

TAT

Transient Accommodations Tax (TAT) revenue is necessary for counties to offset the disproportional cost created by visitors to our infrastructure and public safety services.

About 30 percent of our daily population on Kaua'i are visitors. While only a substantial portion of all vehicles on our roads are rental cars, that portion remains a contributing factor to the overall impacts of our infrastructure. That is why we will continue to advocate for the removal of the TAT cap for all counties.

County's Priority Issues

- **Transient Vacation Rental (TVR) Enforcement Efforts** – 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. There are too many TVRs in hazardous zones on Kaua'i, which is why we need State law to enable the County to amortize these uses.
- **AMR Responsibility** – Kaua'i County firefighters work in conjunction with American Medical Response personnel when emergency medical services are needed. Often times, County firefighters are the first to arrive on scene and will treat those needing medical assistance until AMR medics arrive. Kaua'i County appreciates the State's continued funding for AMR services, as AMR personnel are excellent partners to our County first responders and provide a service the County cannot sustain on its own.
- **Landfill** – Our administration remains committed to address the future needs of Kaua'i's municipal solid waste management. However, we continue to face challenges with siting any future landfill. Moving forward we are considering all concerns as we look into other viable options, including those that would require a State partnership.
- **Kapa'a Multimodal Transportation Solutions** – This State and County collaborative planning process has been in the works for a number of years, and is designed to address the critical issues of traffic congestion in the Kapa'a corridor, as well as support vital Kaua'i industries. We look forward to our continued progress in this important endeavor as we collectively implement solutions that are needed now more than ever for Kaua'i's current and future transportation system.

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