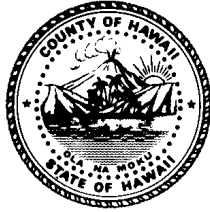


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January 13, 2009

The Honorable Donna Mercado Kim, Chair
and Members of the Senate
Committee on Ways and Means
Hawai'i State Capitol
Honolulu, Hawai'i 96813

The Honorable Marcus R. Oshiro, Chair
and Members of the House
Committee on Finance
Hawai'i State Capitol
Honolulu, Hawai'i 96813

Good afternoon Senator Kim, Representative Oshiro and distinguished members of the House Finance Committee and the Senate Ways and Means Committee. I greatly appreciate the opportunity to appear before all of you to share our priorities on issues important to the County of Hawai'i. We look forward to working with all of you throughout the legislative session.

These are challenging times, but as we confront the economic obstacles before us, it is essential that we work together in a partnership between the state, the counties, the federal government and the private sector to meet the growing needs of our communities. As you know, we submitted requests for federal assistance we hope will be included in the federal stimulus program being formulated by President-elect Obama and the United States Congress. We must also work collaboratively here at home to find resources to shelter our most vulnerable residents from the economic storm, and to position ourselves to take full advantage of the brighter long-term future we all know is ahead.

Like the other counties, we are trying to cope with both a projected reduction in property tax collections, a decline in the transient accommodations tax, and increases in expenses in the coming fiscal year. To deal with this budget crisis we have imposed a temporary suspension of hiring, excluding only essential public safety personnel such as police, fire and civil defense employees.

We are requesting state assistance for projects that can be quickly implemented to create jobs to help our local economy, and we are working with state and county departments to identify where we can combine our efforts to provide the greatest benefit for our citizens.

PRIORITY PROJECTS

Transit Expansion, \$4 million

Residents of Hawaii County face difficult challenges commuting for work, school, health and recreational purposes, due in part to the distances they must travel to their destinations, fuel costs and lack of transportation alternatives. Providing public transportation and reducing the cost of travel is one of the few ways we can reduce the cost of living for our residents and help them to weather challenging economic times. We are seeking \$2 million to purchase six additional 40-foot buses, and \$2 million to begin work on a badly needed transit base yard including a maintenance and repair facility and fueling station. Expanding transportation services will improve the quality of life of our residents and visitors by providing greater access to jobs and educational institutions, easier access to healthcare facilities, and transportation for our youth to after-school facilities.

Safe Haven After School Program, \$600,000

There is a consensus that our island lacks positive educational and recreational activities for our youth in the after school and evening hours. Today there is no “A-Plus” Program for teenagers, but our schools can be a positive place for our kids beyond the traditional school day. The Safe Haven After School Program would establish safe, structured and supervised after-school learning environments for our youth. It will allow our communities to take responsibility for our children, for our schools and for our communities’ health and safety.

Big Island Juvenile Intake and Assessment Center, \$1.6 million

These centers are proposed to provide a single point of entry for intake, assessment and case management of delinquent and at-risk youth. Start-up funding is requested for a pilot site in Pahoa that will serve about 40 youth per month over the next two years, with future sites proposed for Naalehu, Waimea, Kailua-Kona and Hilo. A survey of Big Island police found that officers often have no good options when dealing with arrested juveniles who need supervision, but cannot go home, and who do not need secure custody. Existing programs are fragmented, and may not accept youth who are disruptive or are under the influence of alcohol or drugs. Effectively intervening and providing services to these at-risk youth can keep them from graduating into the adult correctional system, and will save the state money in the long run.

Mid-Level Road (Ane Keohokalole Highway), Kona, \$15 million

We offer our strong support to the state Department of Transportation’s request for design and construction money for the Mid-Level road, a project that is part of the Hawaii County General Plan and the Community Development Plan. It would relieve congestion on the crowded Queen Kaahumanu Highway by linking Henry Street, Palani Road and the Kealakehe Parkway. It would also provide access to a 300-acre state parcel at Keahuolu designated for a badly needed state affordable housing project, and provide access for additional development of the Villages of Laiopua on Hawaiian Home Lands.

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HEALTH CARE

We also continue to be deeply concerned about the status of healthcare on the Big Island and the shortage of physicians. The Legislature wisely appropriated funding in Act 277 in 2007, joining in a partnership with HMSA Foundation and the Centers for Medicaid and Medicare to fund a residency program on the Big Island to encourage physicians to take up practice here.

As you know, funding for the residency program was never released by the administration, but the worsening physician shortage cannot wait. We ask that the Legislature renew the appropriations in Act 277 to finance the expansion of the family medicine residency program of the John A. Burns School of Medicine to provide rural primary health care services, and give the badly needed Big Island residency program another chance.

Kona Community Hospital Emergency Room, \$10 million (Hawaii Health Systems Corporation)

The Kona Community Hospital Emergency Room was built to accommodate 10,000 patient visits per year, and is now seeing 18,500 visits per year. The emergency department needs to be expanded and modernized to improve patient access, flow and privacy to provide for a better working environment for staff, and the county would like to support HHSC's request for this essential improvement.

Hilo Medical Center Cardiovascular Laboratory, \$9.5 million (Hawaii Health Systems Corporation)

This facility is needed to help with the recruitment of cardiologists and other specialists to care for a growing population, and is also an important investment to help make the state hospital system more self-sufficient. East Hawai'i has very high rates of diabetes and obesity, conditions that are linked to heart disease, but has only three cardiologists available to serve a growing population. One of those three physicians is about to retire, which will make the shortage more acute. Building a cardiovascular laboratory will help attract the needed specialists and deliver critically needed health care services, and it will also help with HHSC's bottom line. Nationally, cardiovascular services account for about 25 percent of most hospitals' income, but account for far less at Hilo Medical Center because the hospital does not have the facilities necessary to provide these specialized services.

HIGHER EDUCATION

Our proposals this year stress higher education projects as part of a strategy to develop university and community college infrastructure to help our campuses to grow and train our residents to fill the jobs of the future. As an important part of this effort, we ask that the Legislature this year support state plans for the long-awaited permanent community college site in West Hawai'i.

College of Pharmacy Modules, \$4 million

Additional funding is needed to construct modules to house classrooms, teaching labs and related workspace for the college under construction in the University of Hawaii at Hilo Research Park. The additional space will help the college meet the requirements of the Accreditation Council for Pharmacy Education. The Legislature has already provided \$6 million for this project, and the additional money is needed to meet additional space requirements.

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Science and Technology Building Sewer Line, \$5 million

Work on the Science and Technology Building is scheduled to begin this month, and this sewer line is needed to service the new facility. The line would begin on Lanikaula Street below the bridge on Kumukoa Street and extend from campus down Lanikaula and along Manono Street to a pump station near the Afook-Chinen Civic Auditorium. This line is essential to complete the project.

Kawili Street Widening, \$8 million

Improvements to Kawili Street will begin this month including addition of signal lights, but further widening of Kawili Street from Kinoole Street to Puainako Street and additional bike lanes are necessary to accommodate the growing campus and the planned China-U.S. Center.

DISASTER SHELTER

Community Center and Disaster Shelter, Hawaiian Ocean View Estates, \$6 million

This project would provide space for education, health, social and cultural programs for youth and seniors in a fast growing rural community. It would also provide a hurricane and natural disaster shelter for an isolated area. About 5,000 people live in the surrounding area, and are some 30 miles from the nearest state-approved shelter.

DRINKING WATER

North Kona Water System Improvements, \$12 million

The county supports the Department of Water Supply's plans to improve the quality and reliability of the North Kona water system by constructing two new wells with tanks and 7,000 feet of transmission water lines. The department has already allocated \$30 million to serve the current and future needs of this region to shift from low-level water sources to higher elevation sources, and to accommodate new development.

Ahualoa Production Well, \$9 million

The county supports these Department of Water Supply improvements to the Hamakua Water System by outfitting the existing Ahualoa well with a pump and motor, water tank and 19,000 feet of transmission line to supply drinking water to the Honokaa area. The project is essential to relieving existing water sources that are near their production capacities.

Waimea Water Treatment Plant Reservoir, \$500,000

The county supports the Department of Water Supply request for design money for a 5 million gallon reservoir at the Waimea treatment plant in South Kohala. This would replace a 4 million gallon structure damaged in the Oct. 15, 2006 earthquake that has been temporarily patched. The only permanent solution is a new reservoir that can withstand intense earthquake activity.

ASSISTANCE TO FARMERS

The recent surge in fuel prices has driven up the cost of fertilizers, feed and shipping, putting a big squeeze on the finances of our Big Island farmers and threatening to put many out of business. At the same time the rise in food prices underscores our need to grow more of our own food. Agriculture preserves open space and is an important economic driver in our state, generating about 14,000 jobs statewide and farm revenues that topped \$576 million in 2005.

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If farmers and ranchers are forced out of business in the current economic downturn, we lose more than just farming and its supporting sectors. We also lose the economic “ripple effect” from keeping food expenditures in state; we risk the deterioration of agricultural infrastructure that will be too expensive to replace; and ultimately irreplaceable crop lands will be given up to urban and other uses. We ask that you keep Hawai`i’s farmers in mind this session, and help transform Hawai`i’s agricultural sector to increase our food and energy self-sufficiency.

Purchasing Preference

Hawai`i Department of Agriculture has proposed amendments to the state Procurement Code to afford Hawai`i grown and raised products a 15 percent price preference when competing to provide food products to state agencies. That would be an increase from the current 10 percent preference. We support this change as a way to make Hawai`i farmers and ranchers more competitive with outside suppliers, keep dollars in the local economy, and advance our efforts at food security.

Agricultural Shipping Rates

We understand the Hawaii Farm Bureau has proposed giving the Public Utilities Commission authority to set discounted agricultural rates for industries that are regulated by the PUC, including transportation industries that serve agricultural areas by importing feed, fiber or fertilizer. The discounted rates would be designed to benefit Hawai`i agricultural producers. We believe this proposal deserves serious consideration by the Legislature as one way to provide meaningful assistance to our farmers at a time when the state has few resources.

The County of Hawai`i looks forward to working with all of you, our distinguished state legislators, as we navigate the challenging and uncertain economic obstacles that lie ahead. I would like to thank all of you for your support and your commitment to our children, our families, and our community.

Billy Kenoi

Mayor