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June 20, 2016

The Honorable Ernest Y. Martin
Chair and Presiding Officer
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Martin and Councilmembers:

SUBJECT: Bill 13 (2016), CD2, Relating to the Legislative Budget;
Bill 14 (2016), CD2, FD1, Relating to the Executive
Operating Budget; and
Bill 15 (2016), CD2, FD1, Relating to the Executive
Capital Budget

I am returning, unsigned, Bill 13 (2016), CD2, relating to the Legislative Budget (Bill 12); Bill 14 (2016), CD2, FD1, relating to the Executive Operating Budget (Bill 14); and Bill 15 (2016), CD2, FD1, relating to the Executive Capital Budget (Bill 15). My decision not to sign these bills is based on an underlying disagreement over the apparent authority of the City Council to approve the budgets for the Honolulu Authority for Rapid Transportation (HART).

I am also returning unsigned, under a separate letter, Bill 18 (2016), CD2, FD1; Bill 19 (2016), CD1, FD1; and Bill 20 (2016), CD1, FD1, which, respectively, relate to HART's operating budget, to HART's capital budget, and to the issuance and sale of general obligation bonds and bond anticipation notes in the principal amount equal to the aggregate of the amounts appropriated by the City Council in the HART capital budget bill, Bill 19, CD1, FD1.

I am again grateful that the Council supported my Executive Operating Budget and Executive Capital Budget requests in large part. I appreciate the hard work of the Chair of the Budget Committee to address this Administration's concerns and to find common ground. I am especially encouraged that the Council adopted a number of recommendations included in the Administration's budget submission that are based on sound financial practices and prudence, and that will further strengthen the City's already stellar fiscal position.

The Honorable Ernest Y. Martin
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Page 2

My specific concerns are set forth below.

Relating to Bill 13, CD2:

- (1) Section 4 at page 5, references to the HART Operating Budget ordinance and the HART Capital Budget ordinance.

Relating to Bill 14, CD2, FD1:

- (1) All of Subsection 12(c) at page 20 and page Amendment List 24;
- (2) Section 14 at page 24 and page Amendment List 27, references to the HART Operating Budget ordinance and HART Capital Budget ordinance; and
- (3) At pages Amendment List 29 and 30, the four entries that reference "Information from D-264" and the five entries referring to interfund and general fund transfers pertaining to the Transit Fund and Transit Improvement Bond Fund.
- (4) The specific grant appropriations for planning and development of the facilities for a private organization, and for a therapeutic facility for underage victims of sex trafficking on pages Amendment List 16 and 17, which may be inconsistent with Revised Ordinances of Honolulu, Chapter 6, Article 29, which allows for grant awards for programs and services rather than for capital improvement projects by non-profit agencies.

Relating to Bill 15, CD2, FD1:

- (1) Section 15 at page 62, references to the HART Operating Budget ordinance and HART Capital Budget ordinance.

As stated in my letter regarding Bill 18, CD2, FD1, Bill 19, CD1, FD1 and Bill 20, CD1, FD1, prior communications to the City Council contain the background and details about the extent of the City Council's limited legislative authority under the Charter to enact ordinances relating to HART monies and the HART budgets. Given the Charter provisions and reasons stated in those communications, my position that the Council does not have the authority to approve the budgets for HART remains unchanged.

For the reasons indicated above, I am returning these three bills without my signature of approval, in lieu of any other action available to me on these bills.

Sincerely,



Kirk Caldwell
Mayor