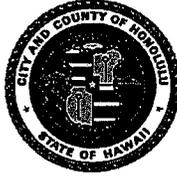


OFFICE OF THE MAYOR  
CITY AND COUNTY OF HONOLULU

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



KIRK CALDWELL  
MAYOR

EMBER LEE SHINN  
MANAGING DIRECTOR  
  
GEORGETTE T. DEEMER  
DEPUTY MANAGING DIRECTOR

June 20, 2013

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

Dear Chair Martin and Councilmembers:

I am returning, unsigned, **Bill 11 (2013), CD2, FD1**, relating to the Executive Operating Budget, and **Bill 12 (2013), CD2, FD1**, relating to the Executive Capital Budget, for several reasons, the first of which may have the most significant, practical impact to the people of the City and County of Honolulu.

**Bill 11 (2013), CD2, FD1, relating to the Executive Operating Budget;  
Provision for Vacant Positions and Salary Increases**

I voice my concern here, and as my administration did the day the Executive Operating Budget was adopted by the City Council, about the restrictions placed upon the Provision for Vacant Positions and Salary Increases in Section 12(k) and the foreseeable adverse impact it will have on the delivery of core City services. I proposed a bare bones budget that strengthened core City services, after several years of fiscal restrictions, and that proposed a modest increase in the fuel tax rate to fund increases in bus services and to pay for road improvements. The City Council rejected the increase in the fuel tax rate and added a total of \$10 million to \$11 million in grants-in-aid and other expenditures to Bill 11, the Executive Operating Budget. The decrease in revenues of \$15 million resulting from the failure by the City Council to adopt my proposed fuel tax rate increase, combined with the increased spending appropriated by the City Council, results in a budget imbalance of approximately \$26 million.

The City Council addresses this imbalance in the Executive Operating Budget primarily by cutting approximately one-half of the funding that is required to fill vacant positions. The size of this cut will inevitably weaken the City's operations in Fiscal Year 2014. Departments will be unable to fill necessary positions, resulting in cuts in core services in all areas of the City's operations, including Police recruitment, parks

The Honorable Ernest Y. Martin, Chair  
and Members  
June 20, 2013  
Page 2

maintenance and activities, and sewer and refuse operations. The City Council has chosen to defer revenue increases that are needed in Fiscal Year 2014, yet is willing to appropriate additional grants at the expense of core City services. I do not agree with this choice because it reduces core City services at a time when the need for such services is increasing.

As you know, the City Council's introduction of its proposed Floor Draft 1 (FD1) amendment to the Executive Operating Budget for the Provision for Vacant Positions and Salary Increases, which was filed late on June 4, the day before the City Council's scheduled meeting to adopt the Budget, did not allow this administration, much less our constituents, an opportunity for a full discussion of its impact on City services, especially core services provided by the City. Given the lack of meaningful opportunity for public discussion of FD1, I am concerned that FD1 may result in consequences that were not anticipated by the City Council and that are yet to be determined.

FD1 prohibits the use of the provisional account monies for overtime, premium pay and unbudgeted personal services contracts. This restriction could seriously impact the hiring of temporary personnel who are needed to support critical City operations while vacancies are being filled, such as for the hiring of part-time lifeguards, personnel to staff Satellite City Halls, and personnel to support our public safety agencies.

Despite this City Council action, I am committed to working with the City Council to mitigate these impacts and to provide the City services that are required to serve the public.

**Bill 11 (2013), CD2, FD1, relating to the Executive Operating Budget and  
Bill 12 (2013), CD2, FD1, relating to the Executive Capital Budget;  
Provisions Related to the Honolulu Authority for Rapid Transportation  
(HART)**

I also am returning, unsigned, Bill 11 and Bill 12 in concert with the reasons given separately with regard to my decision not to sign Bill 19 (2013), CD1; Bill 20 (2013), CD1; and Bill 21 (2013), which relate to the operating budget and the capital budget for Honolulu Authority for Rapid Transportation (HART), and to the issuance and sale of general obligation bonds and bond anticipation notes in the principal amount equal to certain amounts appropriated by the City Council in the HART capital budget Bill 20. As explained more fully in my letter regarding those three Bills, Bill 11 and Bill 12 reflect the exercise by the City Council of authority over the monies and budgets of HART that the City Council does not have under Article 17 of the Charter.

The Honorable Ernest Y. Martin, Chair  
and Members  
June 20, 2013  
Page 3

In particular, I object to the inclusion of the following HART-related provisions in Bill 11 and Bill 12:

Relating to Bill 11:

- (1) All of Subsection 12(c) at page Amendment List 40;
- (2) Section 14 at page Amendment List 43, references to the HART Operating Budget ordinance and HART Capital Budget ordinance; and
- (3) At pages Amendment List 44 and 45, the six entries that reference "Information from D-160" and the two entries pertaining to an interfund transfer of like sums from the General Fund to the Transit Fund.

Relating to Bill 12:

- (1) Section 15 at page Amendment List 16, references to the HART Operating Budget ordinance and HART Capital Budget ordinance.

As stated in my letter regarding Bill 19, Bill 20 and Bill 21, I have read prior communications to the City Council that contain the background and details on the extent of the City Council's legislative authority under the Charter to enact ordinances relating to HART monies and the HART budgets. For this reason, along with the other reasons stated in this letter, I am returning Bill 11 and Bill 12 without my signature of approval, in lieu of any other action available to me on these Bills.

**Bill 11 (2013), CD2, FD1 relating to the Executive Operating Budget;  
Proviso on Recycling Services**

I take this opportunity to voice my objection, which my administration expressed to the City Council during the Budget adoption process, to the City Council's inclusion of the restrictive proviso on the \$7,100,000 appropriation to the Department of Environmental Services for Refuse Collection and Disposal. Not only is the proviso an intrusion into the powers of this executive branch and, therefore, beyond the budget authority of the City Council, the proviso places the City in an untenable position by directing at least \$9,500,000 of the total appropriation for Refuse Collection and Disposal into a single service contract, which results in the Department having inadequate funding for all other recycling programs. Such a restrictive proviso leaves no funds to support, through collection and recycling, curbside recycling of mixed recyclables, city agency office paper recycling, white goods (metal appliance) recycling, automotive battery recycling, tire recycling and propane tank recycling.

Furthermore, this restriction will result in the discontinuation of numerous recycling initiatives that divert waste from Oahu's only landfill. Of particular concern is

The Honorable Ernest Y. Martin, Chair  
and Members  
June 20, 2013  
Page 4

that these initiatives are mandated by City, State and Federal laws. By way of example: City ordinances set landfill diversion goals and mandate curbside recycling and City agency recycling; state law prohibits the disposal of tires and automobile batteries; state and federal laws prohibit the disposal of white goods containing hazardous refrigerants; and propane and compressed gas tanks cannot be disposed of because they pose a danger of explosion at disposal facilities.

The City's taxpayers expect this administration and the City Council to work collaboratively and responsibly to support recycling, to reduce the amount of waste going to the landfill, to do what we can to protect the environment, and to make the most of limited resources. The restrictive proviso added by the City Council in the Budget over the objection by this administration, prevents us from achieving these goals by failing to provide the funding necessary to support the City's recycling initiatives, and places the City at serious risk of violating federal, state and City laws.

**Bill 12 (2013) CD2, FD1, relating to the Executive Capital Budget;  
Provisions relating to the Deletion of the Hau'ula Fire Station Project**

Finally, I must state my objection to the decision by the City Council to delete construction funding for the Hau'ula Fire Station Relocation project, which would move the existing fire station that is located in a flood plain to a more suitable site. The Honolulu Fire Department (HFD) testified before the Council that the Hau'ula site is the most efficient location to provide services to the area and provided numerous reasons for continuing the project that were initially enumerated in the Hau'ula Fire Station Relocation Site selection Study Final Report dated May 2001. Specifically, these adjacent lots to which the station would be relocated are the first vacant properties, traveling from Kahana Bay to Laie, that are:

- Not in an established 500 year flood plain or within a tsunami evacuation zone;
- Commercially zoned to prevent taking of valuable residential properties;
- Vacant without tenants, plans or permits for improvements;
- Relatively level requiring minimal expense for site preparation;
- Of a size that does not require re-subdivision;
- Along a major arterial highway, thus eliminating the need for an emergency response to travel through an established community;
- In agreement with optimal land requirements for HFD fire station design needs, including a single story floor plan, tactical in-house training area, and egress for the fire trucks from an established roadway; and
- In agreement with the HFD Standard of Cover for the Hau'ula Community.

The Honorable Ernest Y. Martin, Chair  
and Members  
June 20, 2013  
Page 5

Despite this information, the City Council chose to delete construction funding for the project. Further, the Council rejected the administration's request to fund the acquisition of an alternative site that was, although not the best site, also out of the flood plain. By also rejecting this alternative site, Council action means that HFD must now proceed with the condemnation action of the first choice site for which land acquisition funds have already been placed in escrow so that the safety of this community is not compromised. I support HFD's decision to put safety of this community foremost and to proceed with the condemnation action. Next year, I hope the City Council will join me in support of HFD's decision and will return the construction funding for this project to the Executive Capital Budget.

For all the reasons stated above, I am returning Bill 11 (2013), CD2, FD1, and Bill 12 (2013), CD2, FD1, unsigned and without my approval, in lieu of any other action available to me on these Bills.

Sincerely,

A handwritten signature in black ink, appearing to read "Kirk Caldwell", with a wavy underline.

Kirk Caldwell  
Mayor