



OFFICE OF THE MAYOR

Mufi Hannemann, Mayor

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GENERAL

July/August/September

Mayor Mufi Hannemann hosted Their Majesties, the Emperor and Empress of Japan, in July 2009 during their return visit to Kapiolani Park, where His Majesty planted a shower tree 50 years ago.

It was announced in July that Honolulu had been named one of 93 "Playful City USA" communities by KaBOOM!, a national nonprofit group dedicated to bringing play back into children's lives.

July saw the release of \$4,016,072 in Homelessness Prevention & Rapid Rehousing (HPRR) funds that were provided to the City and County of Honolulu through the American Recovery and Reinvestment Act of 2009, as well as the release of \$250,000 for programs to assist victims of domestic violence.

Mayor Hannemann again invited the public to participate in the fourth annual Mayor's Remembrance Walk on Sunday, September 6, 2009, in observance of the September 11, 2001, terrorist attacks on the United States.

On August 29, 2009, the Mayor introduced the Community Sidewalk Patrol, a program that enlisted the aid of volunteers to help the City repair its sidewalks. The program's first focus was Waikiki with its heavy pedestrian traffic.

The 21st Century Ahupua'a Youth Ambassadors held its first meeting of the 2009-10 year on September 13, 2009. This marked the third year for the group as 14 returnees welcomed 17 new members. The group is comprised of public and private high school students across Oahu. Mayor Hannemann, who established the group in 2007, addressed the youth with encouraging and inspiring words asking them to be difference makers in the environment.



Mayor Mufi Hannemann presented checks to organizations receiving homelessness funding through the federal stimulus program.

October/November/December

Beginning in October, bargain hunters could shop on the City's new public auction website, which lists property that is no longer practical for official use. Items typically range from garbage trucks to cameras and computers.

November brought an announcement by President Barack Obama at the 2009 APEC conference being held in Singapore that the 2011 forum will be held in Honolulu between November 12-20. Mayor Hannemann said he was "ecstatic" at the news.

APEC, or Asia-Pacific Economic Cooperation, is the 21-member economic forum that includes Australia, Brunei Darussalam, Canada, Chile, People's Republic of China, Hong Kong, China, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Republic of the Philippines, Russian Federation, Singapore, Chinese Taipei, Thailand, United States, and Viet Nam. The group's member economies account for 40.5 percent of the world's population, 54.2 percent of world GDP, and 43.7 percent of world trade.

An event loved by all, Honolulu City Lights, was celebrated in early December. While the theme was "25 Years of Magic," marking the event's 25th anniversary, the celebration was also significant because of new green initiatives. On the Leeward side, the 9th Annual Kapolei City Lights celebration was held the following weekend.

On December 16, 2009, Mayor Hannemann welcomed the President of the John F. Kennedy Center for the Performing Arts, Michael Kaiser, to Honolulu for a public forum and discussion on how the arts and culture organizations in Hawaii can survive in a troubled economy. "As the Chairman of the U.S. Conference of Mayors Committee on Tourism and the Arts, I'm aware of the challenges facing the non-profit groups that work so hard to keep the arts alive in our communities," said Mayor Hannemann.

January/February/March

Mayor Hannemann joined the YMCA and Honolulu County Sports Commission in early February to announce "Healthy Honolulu Healthy Together," a facilitator's guide, which helps middle and high school students learn leadership skills and achieve healthy lifestyles.

"Staying healthy and fit is a very important part of growing up, and we must work diligently and with purpose to educate and support our youth in this area," Hannemann said. Healthy Together is an extension of the City and County of Honolulu's Healthy Honolulu initiative, which promotes the importance of healthy living, especially for Hawaii's youth.

When former Honolulu Mayor Frank F. Fasi died on February 3, 2010, Mayor Hannemann said, "I'm heartbroken over the passing of a true legend in island politics. Frank Fasi earned a reputation as a maverick among the establishment politicians during his years in public office, but he was the bold and gutsy leader who shaped modern Honolulu. His enduring achievements are all around us: TheBus, the Fasi Civic Center, senior citizens programs, Honolulu City Lights, farmers markets, satellite city halls, and on and on. Even rail transit was a centerpiece of his administration."

Even though anticipated danger failed to materialize, Mayor Hannemann congratulated Honolulu's public safety personnel and other officials for their smooth and effective implementation of emergency procedures during the Saturday, February 27, 2010, tsunami watch and evacuations that resulted from an earthquake in Chile.

"I'm very proud of our police officers, fire fighters, emergency management personnel, lifeguards, bus workers and the many others who worked long and hard today to prevent a potential tragedy," Hannemann said.

The mayor especially thanked City Managing Director Kirk Caldwell, who served as acting mayor while Hannemann was in Washington and directly oversaw the City's response.

In March, Mayor Hannemann and Kapolei Property Development, LLC signed a memorandum of agreement that will provide the City with 34 acres of prime Kapolei real estate in exchange for completing the construction of Kapolei Parkway and resurfacing Kamokila Boulevard.

"This is a true win-win agreement that will benefit everyone for years to come, and will help Kapolei continue to grow and prosper," Hannemann said. "The City will acquire valuable land near Kapolei Hale, the new Judiciary complex and other government facilities, and will ensure that important road work is completed quickly."

At the end of March, the City and County of Honolulu was recognized as a national leader in conserving energy and promoting "green" practices that help address global climate change. The U.S. Environmental Protection Agency presented Mayor Hannemann with a \$499,000 Climate Showcase Communities grant and two Energy Star building awards for meeting high energy performance standards at Honolulu Hale and the nearby Fasi Municipal Building.

April/May/June

On April 8, 2010, Mayor Hannemann congratulated 79 senior honorees before a capacity audience of family, friends, and well-wishers at the 44th Annual Mayor's Senior Recognition Program at the Hawaii Convention Center, where Tong Hwan Yi, nominated by the SagePLUS Program, and Irmgard Hormann, nominated by Hawaii Meals on Wheels, were honored as the 2010 Outstanding Male and Female Volunteers.

On Memorial Day, Mayor Hannemann, U.S. Senator Daniel K. Inouye, U.S. Senator Daniel K. Akaka, and Lt. Governor James R. Aiona, Jr. participated in the annual Mayor's Memorial Day Ceremony at the National Cemetery of the Pacific. Senator Inouye and Mayor Hannemann delivered moving keynote speeches at the ceremony.

In mid-June, the Mayor announced a detailed furlough plan for City employees, emphasizing that there would be no compromises to public safety or vital functions such as bus service and refuse collection.

"It's been very clear for months that we'd have to begin furloughs in the new fiscal year, and we've worked very hard with our employees to minimize any impact on the public," Hannemann said. "In the spirit of shared sacrifice, we've ironed out a plan that is reasonable and fair, and we're asking for everyone's cooperation."

On Saturday, June 26, the City and County of Honolulu and Waikiki Improvement Association, in partnership with the Honolulu County Sports Commission, hosted a Rally of Champions on Waikiki Beach. Feted teams or individuals included the Hawaii Pacific University Sea Warrior softball squad, NCAA Division II national champion; University of Hawaii Rainbow Wahine softball team, WAC champion and NCAA Women's College World Series participant; University of Hawaii Rainbow baseball team, the WAC

champion; Hawaii Pacific University Cheer and Dance Team, Division II National Champions; the nationally ranked number one Punahou School boys volleyball team; Pac-Five softball team; Campbell High School softball team; and Kamehameha Schools varsity cheerleaders, who also earned a national crown.

Following a two-year absence, nightly torch-lighting ceremonies returned to Kuhio Beach in Waikiki in late June when Mayor Hannemann ignited the first of 54 new torches installed through a public-private partnership.

"The torches along Kuhio Beach created a wonderful ambiance for residents and visitors alike, adding to the allure of Waikiki," Hannemann said. "I'm very pleased that this colorful feature has been restored for everyone to enjoy."

Also at the end of the fiscal year in June, the City and County of Honolulu held a special Forum on Homelessness at the Mission Memorial Auditorium that was open to the public. "Homelessness is a difficult issue that affects all of us, and we must continue to work together to address it," Hannemann said.

RAIL TRANSIT

In FY 2010, numerous milestones were again reached by the City and County of Honolulu's rail transit project.

July/August/September

In July, an oversight report from the Federal Transit Administration (FTA) about the 20-mile Honolulu Rail Transit Project showed that the project was qualified to enter Preliminary Engineering (PE) and the federal New Starts program. PE is a significant step toward obtaining more than \$1 billion in federal funding. PE further defines the project's engineering and design features. The report called the current project cost estimate reasonable and accurate and said the project will likely be completed in 2019.

Also in July, Mayor Mufi Hannemann applauded U.S. Senator Daniel K. Inouye's success in earmarking \$40 million in funding for Honolulu's rail transit project for the coming federal fiscal year.

In August, Mayor Hannemann announced the release of the August 2009 financial plan for the Honolulu Rail Transit Project, which showed that the project had a balanced budget and was in good financial health. Approximately \$12 million more revenue from the General Excise and Use Tax (GET) surcharge was received than expected in Fiscal Year 2009.

A major milestone was met in October when the mayor announced the awarding of the first of several construction contracts for the Honolulu Rail Transit project. Kiewit Pacific Company was awarded the design-build contract for construction of the first segment of the elevated guideway route. The initial 6.5-mile segment of the transit route will run from Kapolei to Pearl Highlands near Leeward Community College. Kiewit's proposal of nearly \$483 million represented a \$90 million savings from the original project estimate.



Mayor Hannemann announces the Federal Transit Administration's acceptance of the Final EIS for the rail project, representing the federal government's final okay on the project.

October/November/December

In October, Mayor Hannemann updated the public on the status of the project with a historic, televised "State Of The Rail" address.

Mayor Hannemann was able to announce in November that the City had reached a risk management agreement with 12 of the

major private sector labor unions that guaranteed no work slowdowns or stoppages during construction of the Honolulu Rail Transit project. The Rapid Transit Stabilization Agreement (RTSA) signed by the participating labor unions protects the City against strikes, lockouts and similar job disruptions, while ensuring that the project's contractors will hire both union and non-union workers at comparable pay and standardized work hours, days and conditions.

In December, Mayor Hannemann expressed his appreciation to Senate Appropriations Committee Chairman Daniel Inouye, Senator Daniel Akaka and Hawaii's congressional delegation for ensuring that Honolulu's rail transit project will receive \$30 million included in an omnibus spending package.

January/February/March

January saw Mayor Hannemann welcoming leaders of the American Public Transportation Association to Honolulu for the group's annual Business Member Board of Governors meeting.

"We're very pleased that the nation's largest nonprofit advocacy group for public transportation chose Honolulu for this important event," said Hannemann at the time. "Our bus system is one of the nation's finest, and our rail transit project has generated lots of excitement among public transportation professionals."

Federal Transit Administration Administrator Peter Rogoff participated in the meeting via teleconference while Honolulu Managing Director Kirk Caldwell and rail project manager Toru Hamayasu also addressed the group. Also in January, William Millar, president of the American Public Transportation Association said that Honolulu's elevated rail transit system is an ideal fit for the island's narrow transportation corridor between Kapolei and Honolulu, noting that a grade-separated right of way such as Honolulu's planned elevated system was the "gold standard" for transit.

"It is the safest for pedestrians and cars, can reach high speeds because it travels above traffic congestion and signalized intersections, and can deliver the frequent service that creates large ridership," Millar said at a City press conference.

In February, another funding milestone was reached towards receiving \$1.55 billion in federal funds for the Honolulu Rail Transit Project as President Barack Obama included \$55 million for the project in his FY2011 budget. Mayor Hannemann commented that "rail construction is the best source of new jobs in the state and the best economic engine we have during this recession. It is vital we provide the public first-hand information about the status of this important project that will better our quality of life."

April/May/June

In April, Mayor Hannemann invited the public to the City's second island-wide Transit Oriented Development (TOD) meeting at the Farrington High School Auditorium. In addition to learning about the status of the City's TOD program, TOD experts who have studied and actually built TOD projects were available to share their experiences and wisdom with Honolulu. Also in April, the mayor announced a plan to mitigate concerns about the Honolulu Rail Transit Project's proximity to a Runway Protection Zone near the Honolulu International Airport. The Federal Transit Administration agreed to the mitigation. The mitigation will relocate a portion of the project's guideway several hundred feet, from Aolele Street to Ualena Street, beginning approximately 2,000 feet west of Lagoon Drive, and will relocate the Lagoon Drive rail station to the corner of Ualena Street and Lagoon Drive. The alignment through the airport area will still be primarily along Aolele Street.

In May, Mayor Hannemann announced that the Honolulu Rail Transit Project had received 99.6 percent of its expected revenue from the General Excise and Use Tax (GET) surcharge for rail transit. As of April, the City had received \$499.3 million in surcharge revenue. The project's August 2009 financial plan anticipates \$501.5 million in revenue during the same period.

A huge milestone was met in June when Mayor Hannemann announced that the Federal Transit Administration (FTA) had approved the Final Environmental Impact Statement (Final EIS) for the Honolulu Rail Transit Project for release.

"I am so very proud to be part of this historic day in Honolulu," said Mayor Hannemann. "With the release of the rail transit Final EIS, we are poised to move forward with rail transit, create jobs and deliver long-term traffic relief to commuters and businesses between West Oahu and town."

"The document is the result of five years of public input, in-depth consultations with stakeholders and meticulous technical research. With such a thorough planning process, we are confident the document accurately identifies environmental, community and economic benefits and impacts of the rail system and proposed solutions," Hannemann said.

Mayor Hannemann said, "Today we delivered a copy of the Final EIS to the state Office of Environmental Quality Control for review. After its review, that office will make a recommendation to the governor on acceptance of the Final EIS."

"We've come this far in five short years when it usually takes municipalities as long as 14 years to reach this point. And we've been able to enjoy this success because it has been a community-wide collaboration.

Finally, also in June, the Mayor announced that the contract to design and build the maintenance and storage facility for the Honolulu Rail Transit Project had been awarded to a joint venture of Kiewit/Kobayashi.

"I congratulate the winning team. Their proposal was scored highest by the selection committee and offers the best value to taxpayers," said Mayor Hannemann.

The contract award is approximately \$195 million, about \$60 million less than budgeted.

CABINET

There were several cabinet changes during FY 2010. Mayor Hanneman regretfully accepted the resignation of Dana Takahara-Dias as director of the Department of Customer Services in July. Takahara-Dias had been named head coach of the University of Hawaii Rainbow Wahine basketball team.

To replace Takahara-Dias, the mayor appointed Gail Haraguchi. Haraguchi was formerly the deputy parks director and had also served as the deputy director of the Department of Enterprise Services. Richard Haru, an administrator at Castle High School, was appointed as deputy director of the Department of Parks and Recreation.

The end of October saw the retirement of Dr. Kanthi De Alwis as the City and County of Honolulu's Chief Medical Examiner. "Dr. Kanthi has devoted more than 25 years to serving the people of Honolulu. She's leaving the Medical Examiner's Office in great shape, as evidenced by it recently attaining National Accreditation."

Dr. William Goodhue, who had been serving as first deputy medical examiner since August of 2001, became interim chief while the City conducted a search for a successor for Dr. De Alwis.

In November, Captain Louis Kealoha was selected by the Honolulu Police Commission as Honolulu's tenth chief of police. Deputy Chief Randal Macadangdang and Deputy Chief Delbert Tatsuyama joined Chief Kealoha as members of Mayor Hannemann's cabinet.

Kenneth Y. Nakamatsu, director of the Department of Human Resources, retired at the end of December and was replaced by Noel T. Ono, who was deputy director of that agency. Robin T. Chun-Carmichael, who headed the department's Labor Relations and Training Division, became the new deputy director.

June, the last month of the fiscal year, saw the appointment of two new cabinet members. James H.E. Ireland, M.D., was selected as the director of the Department of Emergency Services and Kathleen A. Kelly was promoted to first deputy corporation counsel. Dr. Ireland replaced Elizabeth A. Char, M.D. who resigned to pursue professional interests, while Ms. Kelly took over for Donna Woo, who retired.

ANNUAL BUDGET

As the Fiscal Year 2010 drew to a close, Mayor Hannemann gave final approval to Honolulu's financial plan for Fiscal Year 2011 that began on July 1, 2010. The plan included an approximately \$1.8 billion operating budget that was less than one percent larger than the previous fiscal year.

The slight increase was driven largely by predetermined costs such as previously arbitrated pay raises for police and firefighters, negotiated pay raises for bus drivers, and other work force costs.

The operating budget for Fiscal Year 2011 also includes \$14 million for specialized public safety requirements of hosting the 2011 Asia Pacific Economic Cooperation conference. The City hopes to receive federal reimbursement for all or a portion of these costs

Absent the costs related to labor agreements and the APEC conference, the operating budget would have decreased 1.8 percent according to Mayor Hannemann.

The budget assumed that there would be 21 to 24 day furloughs for certain City employees, and continued five percent pay cuts for Cabinet members and certain other employees not covered by collective bargaining agreements.

Despite some furloughs, the operating budget protected public health and safety and the core services that residents and visitors depend on. In addition, the operating budget was crafted so that most homeowners, non-homeowners and businesses will pay lower property tax bills despite the fiscal challenge faced by the City.

The spending plan sets the real property tax rate for the newly created non-homeowner classification at \$3.57 per \$1,000 of assessed value. The change for an owner of a typical single-family home in the non-homeowner classification is expected to be 25 cents more per month.

A change of 13 cents more per month is expected for the owner of a typical condominium in this classification. The homeowner rate would remain \$3.42 per \$1,000 of assessed value. Valuations are lower for the next tax year, which means most residential property owners will see lower tax bills.

The separate capital improvement budget of approximately \$2.1 billion was larger than the \$1.7 billion capital budget of the preceding year because the City continues to invest in the major rail transit project Oahu badly needs, as well as makes up for years of neglect to our sewer system and other infrastructure. It is noted that neither the transit system nor wastewater upgrades are paid for with revenue from real property taxes, but rather each has a dedicated revenue source.

Highlights of the Capital Improvement Budget (all rounded)

Transit:

- Honolulu High Capacity Transit Project (\$1.3 billion);
- Bus and Handi-Van Acquisition (\$17.0 million);
- Alapai Transit Center and Alapai Transportation Management Center (\$17.7 million).

Sanitation:

- Solid Waste Facility Expansion (\$142.9 million);
- Ala Moana Wastewater Pump Station Force Mains No. 3 and 4 (\$139.5 million);



Investments in the sewer and waste water treatment systems continue to take up a significant portion of the capital improvement budget. Here, workers install pipe 20 feet below Ala Moana Boulevard.

- Kaneohe/Kailua Force Main No. 2 (\$90.7 million);
- Kailua Wastewater Treatment Plant Improvements (\$23.6 million)

Highways and Streets:

- Rehabilitation of Streets (\$77 million);
- West Oahu Traffic Improvements at Various Locations (\$18.5 million)

Public Safety:

- Police and Fire Equipment and Acquisitions (\$9.9 million);
- Replacement of the Waianae Police Station (\$5 million);
- East Kapolei Fire Station (\$4.5 million).

New Initiatives

- Nanakuli Regional Park;
- Waikiki Park and Landscaping Improvements;
- Senior Community Center at the Former Wailupe Valley School;
- Reconstruction of Kualoa Regional Park Wastewater System;
- Supervisory Control and Data Acquisition system for Wastewater Facilities; and
- Aerial Imaging for Real Property Assessments.

FINANCES

In September, the City and County of Honolulu was awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA).

The certificate, awarded for the City’s Comprehensive Annual Financial Report (CAFR), is the association’s highest form of recognition in the area of governmental accounting and financial reporting.

In November, Mayor Hannemann announced that the nation’s three major national rating agencies reaffirmed Honolulu’s high “AA” bond rating stable financial outlook, despite the national economic slump.

“We truly appreciate this official acknowledgment of our careful and prudent fiscal management practices,” Hannemann said. “Managing the public’s money wisely is a responsibility we take very seriously, and continues to be a hallmark of this administration. I’m grateful that the City and County of Honolulu is a state leader in ensuring fiscal accountability.”

The ratings examination was conducted to assess the creditworthiness of the City and County of Honolulu prior to its offering for sale approximately \$234.7 million in General Obligation bonds. The pending bond sale will include \$140.3 million to finance the expansion of the H-Power garbage-to-energy facility, \$50.5 million for various other City construction projects, and \$43.9 million to refund previously issued general obligation bonds and achieve debt service savings.



The City budgeted \$77 million for street rehabilitation. Here, a construction crew applies asphalt to Kapahulu Avenue, near the intersection with Kalakaua Avenue.

Moody's Investor Services noted that, "... management's commitment to maintaining budget balance and adequate reserve levels has been an important factor in Moody's credit evaluation of Honolulu."

Fitch Ratings reported that, "The 'AA' rating reflects the city's sound financial position and low debt burden. Financial operations are still sound, as the city continued to raise revenues and cut spending in fiscal years 2009 and 2010.

And Standard & Poor's Rating Services found that Honolulu continues to show "strong financial performance and reserves; and (a) moderate debt burden and affordable property tax rate."

HAWAII COUNCIL OF MAYORS

American Recovery and Reinvestment Act/Status of Collective Bargaining

Mayor Hannemann joined Hawaii's other mayors, Mayor Billy Kenoi of Hawaii County, Mayor Charmaine Tavares of Maui County and Mayor Bernard Carvalho of Kauai County, in August to testify about their success in effectively utilizing federal funding for social services, provided through the American Recovery and Reinvestment Act. The mayors also met at Honolulu Hale to discuss the status of collective bargaining with unions that represent state and county employees.

Tourism Marketing

The four county mayors joined state and county tourism officials in early September for a special marketing campaign in Los Angeles to promote Hawaii as a wonderful visitor destination. The special promotional campaign was entitled, "Hawaii: A Thousand Reasons to Smile," and was organized by the Hawaii Visitors and Convention Bureau, its Island Chapters and the mayors.

UPW Bargaining Pact

In March, The Hawaii Council of Mayors was able to express its appreciation for the United Public Workers Unit 1 ratification vote for a new collective bargaining pact for this fiscal year and the next. The mayors issued this joint statement: "After months of discussions, we're pleased that the new labor proposal for public employees represented by the United Public Workers was overwhelmingly ratified with 88% of voters approving the contract.

U. S. CONFERENCE OF MAYORS

Energy and Efficiency Conservation Block Grant

Mayor Hannemann and the U.S. Conference of Mayors (USCM) were instrumental in helping to establish the Energy and Efficiency Conservation Block Grant program as part of the federal economic recovery and stimulus package (American Reinvestment and Recovery Act.). The mayor was able to announce that the City and County of Honolulu has been awarded a total of \$3,863,700 from this new initiative.

Arts Awards

In January, Mayor Hannemann received the 2010 Americans for the Arts and USCM National Award for Local Arts Leadership. Mayor Hannemann accepted the award at the U.S. Conference of Mayors 78th Annual Winter Meeting at the Capital Hilton Hotel in Washington, D. C. The prestigious award is given annually by the USCM in partnership with Americans for the Arts

As chairman of the conference's Standing Committee on Tourism, Arts, Parks, Entertainment and Sports (TAPES), Hannemann succeeded in making tourism and the arts part of the USCM's 10-point plan for America's cities.

National Culinary Award

Also a trustee of USCM, Mayor Hannemann presented the National Culinary Award in February to the nation's top chef at the closing luncheon which featured an address by First Lady Michelle Obama. The mayor conceived and proposed the award, which was sponsored by the USCM, the National Restaurant Association, and the Culinary Institute of America.

Jobs Bill

In February, Mayor Hannemann joined a bipartisan delegation of more than thirty U.S. mayors in meetings with federal lawmakers on Capitol Hill today to encourage them to put aside partisan differences and quickly pass a comprehensive jobs bill that puts Americans back to work and invests in Main Street metropolitan economies, where joblessness is concentrated.

Travel Promotion Act

In March, President Obama signed into law the Travel Promotion Act which supports the power of travel to serve as an economic stimulant, job generator and diplomatic tool. This legislation had been moved through the USCM TAPES Committee by Mayor Hannemann.