

REPORT OF THE COMMITTEE ON BUDGET

Voting Members:

Radiant Cordero, Chair; Matt Weyer, Vice Chair;
Esther Kia'aina, Calvin K.Y. Say, Augie Tulba

Committee Meeting Held
January 9, 2024

Honorable Tommy Waters
Chair, City Council
City and County of Honolulu

Mr. Chair:

Your Committee on Budget, which considered Bill 40 (2023) entitled:

"A BILL FOR AN ORDINANCE RELATING TO THE TRANSIT CONSTRUCTION
MITIGATION FUND,"

which passed second reading and was the subject of a public hearing at the
August 9, 2023 Council meeting, reports as follows:

The purpose of the bill is to establish additional requirements for the Transit
Construction Mitigation Fund ("Fund").

The Director of Budget and Fiscal Services expressed some concerns regarding
the Department's ability and resources to implement the provisions of the bill.

Your Committee approved a proposed CD1 version that makes the following
amendments:

- A. In SECTION 2 of the bill, amends ROH Section 6-55.2 by adding definitions for
"Business," "City Block," and "Rail Project," and replacing the revised reference to
"Honolulu High-Capacity Transit Corridor Project" in the purpose statement in new
subsection (a) with the defined term "Rail Project."

HONOLULU CITY COUNCIL
Ke Kanihela o ke Kalana o Honolulu
CITY AND COUNTY OF HONOLULU

ADOPTED ON JAN 24 2024

COMMITTEE REPORT NO. 1

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- B. In SECTION 3 of the bill, amends ROH Section 6-55.4 as follows:
1. Replaces the revised reference to "Honolulu High-Capacity Transit Corridor Project" with the defined term "Rail Project";
 2. Prohibits the Fund expenditures from being used to mitigate beyond impacts from construction of the Rail Project;
 3. Limits Fund expenditures per eligible business to \$10,000 per fiscal year; and
 4. Deletes descriptions of grants and loans that may be funded with Fund moneys.
- C. In SECTION 4 of the bill, repeals ROH Section 6-55.5 ("Administration").
- D. In SECTION 5 of the bill, removes the text of the new ROH Section 6-55.5 ("Additional requirements") and substitutes a new ROH Section 6-55.5 with the section heading of "Criteria" that:
1. Lists qualification criteria for applicants to receive a grant or loan from the Fund, including that the applicant must, at a minimum:
 - a. Be a business that is majority-owned by city residents and that does business with customers primarily at a physical location located within a city block in which there is active construction on the Rail Project at the time of application;
 - b. Generate not more than \$750,000 in annual revenue;

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- c. Have 15 or fewer employees; and
 - d. Have opened for business prior to the commencement of active construction on the Rail Project within the same city block as the business location.
2. Authorizes the director of budget and fiscal services to establish additional selection criteria for the applicants, including determinations on applicant viability.
- E. Adds a new SECTION 6 of the bill to add a new ROH Section 6-55.6 ("Administration—Rules") that:
- 1. Requires the director of budget and fiscal services to:
 - a. Administer the Fund; and
 - b. Adopt rules pursuant to HRS Chapter 91 to implement, enforce, and administer Article 55, including rules regarding application procedures, deadlines, expenditure amounts, and additional selection criteria.
 - 2. Adds the requirement that expenditures from the Fund be in accordance with prescribed laws and procedures applicable to the expenditure of City revenues.
 - 3. Adds authorization for up to 25 percent of the Fund moneys to be used to administer the Fund.

Renumbers subsequent bill SECTIONS.

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- F. Adds a new SECTION 7 of the bill to add a new ROH Section 6-55.7 ("Outreach") requiring the Mayor to designate a City agency to conduct outreach activities with businesses that may be eligible to receive Fund grants or loans, and describing activities that may be included in the outreach.
- G. Make miscellaneous technical and nonsubstantive amendments.

Your Committee on Budget is in accord with the intent and purpose of Bill 40 (2023), as amended herein (Ayes: Cordero, Kia'aina, Say, Tulba, Weyer – 5; Noes: None.), and recommends that it pass third reading in the form attached hereto as Bill 40 (2023), CD1. (Ayes: Cordero, Kia'aina, Tulba, Weyer – 4; Ayes with reservations: Say – 1; Noes: None.)

Respectfully submitted,



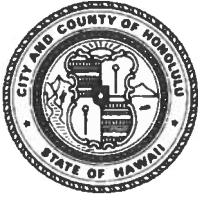
Committee Chair

At the 1/24/24 Council meeting, the Bill was further amended and subsequently passed Third Reading as Bill 40 (2023), CD1, FD1.

HONOLULU CITY COUNCIL
Ke Kanihela o ke Kalana o Honolulu
CITY AND COUNTY OF HONOLULU

ADOPTED ON JAN 24 2024

COMMITTEE REPORT NO. 1



A BILL FOR AN ORDINANCE

RELATING TO THE TRANSIT CONSTRUCTION MITIGATION FUND.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. The purpose of this ordinance is to establish additional requirements for the Transit Construction Mitigation Fund.

SECTION 2. Section 6-55.2, Revised Ordinances of Honolulu 2021, is amended to read as follows:

"§ 6-55.2 Purpose~~[-]~~—Definitions.

(a) The purpose of the transit construction mitigation fund is to receive and expend moneys to mitigate negative economic impacts from the construction of the ~~[Honolulu High Capacity Transit project.]~~ Rail Project.

(b) For the purposes of this article, the following definitions apply unless the context clearly indicates or requires a different meaning:

Business. Any sole proprietorship, partnership, joint venture, business trust, limited liability company, corporation, or other business entity.

City Block. The smallest area designated on an official map of the city that is bounded on all sides by intersecting public streets.

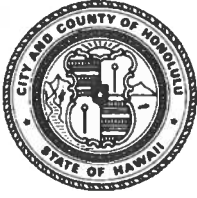
Rail Project. The Honolulu High-Capacity Transit Corridor Project."

SECTION 3. Section 6-55.4, Revised Ordinances of Honolulu 2021, is amended to read as follows:

"§ 6-55.4 Expenditures.

Expenditures from the transit construction mitigation fund ~~[shall]~~ may only be used to mitigate negative economic impacts on businesses from the ~~[construction of the Honolulu High Capacity Transit project and such expenditures may include but not be limited to:~~

~~(1) Reestablishment payments (grants): Available to businesses that were forced to physically relocate due to rail construction;~~



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- ~~(2) Business interruption payments (grants): To compensate businesses located along the corridor for loss of business income due to construction impacts; and~~
- ~~(3) Working capital advances (loans): For covering legitimate business operating expenses required to continue operation during the construction phase.] Rail Project, provided that:~~
- (1) Expenditures may not be used to mitigate beyond impacts from construction of the Rail Project; and
- (2) Expenditures per eligible business may not exceed \$10,000 per fiscal year."

SECTION 4. Section 6-55.5, Revised Ordinances of Honolulu 2021, is repealed.

~~["§ 6-55.5 Administration.~~

~~The director of budget and fiscal services shall administer the transit construction mitigation fund."]~~

SECTION 5. Chapter 6, Article 55, Revised Ordinances of Honolulu 2021 ("Transit Construction Mitigation Fund"), is amended by adding a new Section 6-55.5 to read as follows:

"§ 6-55.5 Criteria.

- (a) To qualify for an expenditure under § 6-55.4, an applicant must, at a minimum:
 - (1) Be a business that is majority-owned by city residents and that does business with customers primarily at a physical location located within a city block in which there is active construction on the Rail Project at the time of application;
 - (2) Generate not more than \$750,000 in annual revenue;
 - (3) Have 15 or fewer employees; and



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(4) Have opened for business prior to the commencement of active construction on the Rail Project within the same city block as the business location.

(b) The director of budget and fiscal services may establish additional selection criteria for applicants under this section, including determinations on applicant viability."

SECTION 6. Chapter 6, Article 55, Revised Ordinances of Honolulu 2021 ("Transit Construction Mitigation Fund"), is amended by adding a new Section 6-55.6 to read as follows:

"§ 6-55.6 Administration—Rules.

(a) The director of budget and fiscal services shall administer the transit construction mitigation fund.

(b) The director of budget and fiscal services shall adopt rules pursuant to HRS Chapter 91 to implement, enforce, and administer this article, including rules regarding:

(1) Application procedures;

(2) Deadlines;

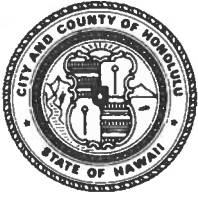
(3) Expenditure amounts; and

(4) Additional selection criteria

for grants and loans funded with transit construction mitigation fund moneys.

(c) Expenditures from the transit construction mitigation fund must be in accordance with prescribed laws and procedures applicable to the expenditure of city revenues.

(d) Up to 25 percent of the moneys deposited into the transit construction mitigation fund may be used to administer this article."



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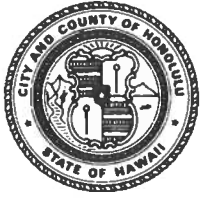
SECTION 7. Chapter 6, Article 55, Revised Ordinances of Honolulu 2021 ("Transit Construction Mitigation Fund"), is amended by adding a new Section 6-55.7 to read as follows:

"§ 6-55.7 Outreach.

The mayor shall designate an agency to conduct outreach activities with businesses that may be eligible to receive grants or loans under this article. The outreach activities may include:

- (1) Providing public notice in a daily newspaper or an electronic medium, such as the internet, or both;
- (2) Directly contacting potentially eligible applicants, including by canvassing; and
- (3) Providing assistance to eligible applicants throughout the application process."

SECTION 8. In SECTIONS 2, 3, and 4 of this ordinance, ordinance material to be repealed is bracketed and stricken. New material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not include the brackets, the material that has been bracketed and stricken, or the underscoring.



HONOLULU CITY COUNCIL
KE KANIHELA O KE KALANA O HONOLULU
 CITY AND COUNTY OF HONOLULU

ORDINANCE _____

BILL 40 (2023), CD1

A BILL FOR AN ORDINANCE

SECTION 9. This ordinance takes effect upon its approval.

INTRODUCED BY:

Tyler Dos Santos-Tam

Radiant Cordero

DATE OF INTRODUCTION:

June 30, 2023
Honolulu, Hawai'i

_____ Councilmembers

APPROVED AS TO FORM AND LEGALITY:

 Deputy Corporation Counsel

APPROVED this _____ day of _____, 20 _____.

 RICK BLANGIARDI, Mayor
 City and County of Honolulu