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May 29, 2026

The Honorable Tommy Waters, Chair
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawai'i 96813

Dear Chair Waters and Councilmembers:

SUBJECT: Bill 22 (2026), CD2, Proposed FD1 - Executive Operating Budget and Program for the Fiscal 2027

The Honolulu City Council's proposal to incapacitate the Office of Economic Revitalization (OER) — in clear violation of the Revised Charter of the City and County of Honolulu — is deeply misguided, immensely damaging and, candidly speaking, beyond comprehension. The senseless elimination of 15 of OER's 24 positions — 13 of which are currently occupied by dedicated, hard-working public servants whose mission is to strengthen O'ahu's economy, support local businesses and help residents deal with the rising cost of living — would render our Administration unable to fulfill its Charter-prescribed responsibility to the residents of our island.

At a time when families continue to struggle with affordability and local businesses are fighting to survive in an increasingly difficult economy, this proposal moves the City and County of Honolulu in the wrong direction. The City Council's passing of a budget that all but eliminates funding for OER sends a clear message from the Council to the people of O'ahu that economic strength is not a priority, that local businesses are on their own, and that the promise of a more affordable Honolulu is not one this Council is interested in keeping.

Members of the Council have repeatedly cited an audit published in January 2026 as the justification for gutting the Office of Economic Revitalization. While we disagree with many of the material findings of the audit, this Administration believes strongly that the performance of every department, office and agency within the City can always improve — that is the spirit in which performance audits are conducted.

The Council, however, appears to be interested in acting against the direct recommendations of the Office of the City Auditor that were laid out in the audit, none of which were to eliminate personnel or defund the office. The audit provided a clear roadmap, with goals and objectives, to help strengthen OER's performance — not a directive to dismantle it.

For the record, I want to be very clear about which programs the Council's proposal would eliminate and the corresponding impact your decision would have on our communities:

1. Nearly every City-led small business support program

The Council's proposal would dismantle programs that directly support entrepreneurs, small businesses, and economic opportunity on Oʻahu, at a time when revitalizing our local economy and stemming the tide of outmigration have never been more important.

This includes:

- **Oʻahu Business Connector**: A City-run program that connects thousands of small businesses annually to funding and technical support. **$750,000** in Federal and State funds will not be distributed to businesses and technical assistance providers that serve our communities.
- **Small Business Incubator (Idea2Biz)**: The only incubator program on Oʻahu designed to jumpstart business ideas from Oʻahu entrepreneurs. This first cohort for this program was based in Waiʻanae and was tremendously successful, but a second cohort planned for 20 entrepreneurs in the Koʻolauloa region in summer 2026 will be canceled if the Council does not fund OER, cutting off public and private funding in an area that already faces economic barriers.
- **Kona Low Business Recovery Grants and Disaster Preparation:** The City's ability to distribute $4 million in State funding for disaster recovery grants — designed to help businesses impacted by the Kona Low storms in March of 2026 — will be jeopardized.
- **Micro-Loan Program:** Launched on May 20, 2026, this new program was designed to provide flexible financing to early-stage entrepreneurs on Oʻahu who face barriers to accessing traditional bank loans.

2. Elimination of City support for local agriculture

That means:

- The City will no longer have a role in helping expand local agricultural markets or supply chains.
- The elimination of a $500,000 initiative supporting 100 farmers markets across Oʻahu over the next 2 years. These markets directly support local vendors selling fresh, local produce, proteins and value-added goods.
- Reduced coordination and support for farmers impacted by the Kona Low storms due to the elimination of key OER positions involved in disaster recovery assistance.

At a time when many of our communities are exceedingly interested in improved food security on Oʻahu and the reduction of Hawaiʻi's dependence on imported food products, the Council's proposal weakens one of the few City offices actively working on these issues.

3. Fundamental damage to workforce development and high-paying jobs

- OER currently manages the $5 million Good Jobs Oʻahu initiative and other City-supported workforce pipelines that connect residents directly to employment opportunities. To date, these programs have helped nearly 6,000 people increase household income through training for careers in sectors like healthcare and clean energy. This work will be eliminated by the Council's decision to defund OER.
- Additionally, Honolulu residents would face fewer structured, accessible pathways into City jobs and emerging industries that depend on City leadership and alignment.

4. Loss of City-wide economic data, planning, and coordination, which are essential to compete for Federal, State and private funding.

The Council's proposal would effectively eliminate the City's economic development infrastructure.

That means:

- No City-level economic coordination or convening power.

- No seat at economic development tables.
- No new economic development funding from the public and private sector.
- No innovative programs bringing together City, State, Federal and private partners for economic development at the City level.
- No leadership to expand digital access, to investment in Opportunity and Enterprise Zones, or to develop new industries like advanced manufacturing and the blue economy.
- The cancellation of critical 2026 planning efforts that guide public and private investments—essential to enable the City to compete for funding:
    - Oʻahu Tourism Strategic Plan
    - Oʻahu Comprehensive Economic Development Strategy (CEDS)
    - Economic Forecast for Oʻahu

The Office of Economic Revitalization is not a temporary program that can simply be abolished through the budget process. OER was established through the City Charter, with responsibilities specifically outlined in that Charter. If the Council truly believes the office should be eliminated, then the honest and appropriate way to pursue that is through a Charter amendment where the issue can be publicly debated and considered on its own merits.

If there are concerns about how the office operates, the solution is not to destroy it and terminate the jobs of public servants who are dedicated to economic development across our communities. The answer is to work collaboratively with my Administration and the Economic Revitalization Commission, whose members were confirmed by this Council, to strengthen the office and improve its operations.

The testimony supporting OER includes some of Hawaiʻi's most respected business and economic leaders, including Chamber of Commerce Hawaiʻi President and CEO Sherry Menor, DBEDT Director James Kunane Tokioka and the leaders of some of Hawaiʻi's most prominent community organizations, including Hawaiian Council and the Hawaii Community Foundation. These individuals and organizations profoundly understand what is at stake for Oʻahu's economy and the important role OER plays in sustaining it.

The decision to defund the Office of Economic Revitalization is not in the best interests of the residents of Oʻahu and the taxpayers of the City and County of Honolulu. I strongly urge the City Council to reconsider this proposal, restore funding to OER's core functions and work directly with our Administration to address your concerns and improve economic opportunities for all of our residents.

If the Office of Economic Revitalization remains defunded in the budget that is ultimately passed by the City Council, I will have no choice but to veto it.

Sincerely,

Rick Blangiardi
Mayor