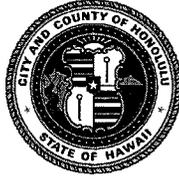


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PETER B. CARLISLE
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CHRYSTN K. A. EADS
DEPUTY MANAGING DIRECTOR

May 4, 2012

The Honorable Ernest Y. Martin, Chair
And Councilmembers
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawai'i 96813

RECEIVED
CITY CLERK
& C OF HONOLULU
2012 MAY -4 PM 3:07

Subject: Bill 14 (2012), CD1, FD1 – Operating Budget of The Managing Director
Re: The Agricultural Liaison, The Office of Economic Development, and
The Mayor's Office of Culture and the Arts

Dear Chair Martin and Councilmembers,

Thank you for the opportunity to express my concern regarding the city council's proposals in Bill 14 (2012), CD1, FD1 affecting the agricultural liaison, the mayor's office of culture and the arts ("MOCA"), and the office of economic development ("OED").

With respect to the applicable positions, salaries, and grant funds for the agricultural liaison, MOCA and OED, the city council's proposed budget for fiscal year ("FY") 2013, Bill 14 (2012), CD1, FD1:

1. Transfers the position and associated salary (\$70,000) requested for the agricultural liaison from the managing director's office to the department of planning and permitting ("DPP").
2. Transfers three positions and part of the associated salaries (\$132,756)¹ and \$357,979 in current expenses requested for OED from the managing director's office to the department of community services ("DCS"). The \$357,979 in current expenses is appropriated to DCS subject to a proviso that restricts the use of the funds to the exact same purpose for which they were requested for OED.
3. Transfers \$328,656 in current expenses requested for MOCA from the managing director's office to DCS. The \$328,656 in current expenses is appropriated to DCS subject to a proviso that restricts the use of the funds to the exact same purpose for which they were requested for MOCA.

It is my position that these proposed amendments constitute an improper attempt by city council to reorganize the Executive Branch via the budget, in violation of the Charter. As I stated last year in connection with the FY 12 Executive Budget, Section 4-202 of the Revised Charter of the City and County of Honolulu (2000) (the "Charter") provides that only the mayor may reorganize or change

¹ The requested salary for the three positions was \$226,760; the difference is \$94,004.

County of Honolulu (2000) (the "Charter") provides that only the mayor may reorganize or change the duties and functions of existing departments or agencies. (Mayor's Message 96, 2011) Moreover, while the FY 12 budget, like the FY 13 budget, deleted salary and current expenses from one agency and made a corresponding appropriation to another, the proposed FY 13 budget amendments also attempt to delete and add positions. This runs afoul of additional charter provisions, which vest only in the mayor the authority to:

- Create or abolish positions within the executive branch as provided by law.² RCH § 5-103(c);
- Make temporary transfers of positions between departments or between subdivisions of departments, RCH § 5-103 (d); and
- Assign new duties and functions to departments of the executive branch.³ RCH § 4-201.

I believe this is consistent with the position that the department of corporation counsel has historically taken as well. If the city council does not abide by this interpretation of the law, and nonetheless passes Bill 14 (2012), CD1, FD1 in its present form, I will be left to consider my options under the law. At worst, I see the amendments eliminating entirely the positions and activities that the city council attempts to transfer. At best, the amendments will add an additional layer of bureaucracy that might preserve, but will unnecessarily impede the good work done by the agricultural liaison, MOCA and OED.

The positions and activities that city council seeks to delete belong in the managing director's office, not just for my term, but for the long term, and to move them elsewhere not only overreaches city council's authority, but does a disservice to the communities that these agencies were intended to serve. I am a strong believer that the agricultural liaison, OED, and MOCA grants can reach farther and more effectively within the managing director's office. While the budget chair's stated goal is to make the grantees more independent of the city, councilmembers have also expressed equal, if not greater, concern about the loss of available funds from other sources, and a commitment to supporting the activities of nonprofits by "doing more with less." Moving the positions, associated salaries, and grant funds to another executive department does not serve either of these objectives, but undermines them both and is not the answer.⁴ My conviction that these positions and activities should remain in the managing director's office is solidified by the concerns of the director of the department of community services about the ability of his department, currently and under future directors, to execute the expanded grant functions allocated to DCS by the proposed budget amendments. It is further supported by the virtually unanimous testimony in opposition to the proposed amendments.

² The term "law" as used in "as provided by law" in this section does not mean the council can create or abolish positions by ordinance in contravention of the Charter, RCH § 5-103(c). Fasi v. City Council, 72 Hawai'i 513, 519 ("the term 'law,' as used in the language ['as provided by ... law'], does not include 'ordinances.'")

³ While this provision excepts departments and agencies reporting directly to the mayor, the only department reporting directly to the mayor is the corporation counsel. See, RCH § 4-102.

⁴ Chapter 6, Article 29 of the Revised Ordinances of Honolulu provides the authority and sets the standards for appropriation of funds to private organizations.

With regard to the specific proposed amendments, please consider the following:

The Agricultural Liaison:

The position of the agricultural liaison was created pursuant to Resolution 11-70, adopted by the city council last year. The council, as stated in the resolution, envisioned the liaison as a proactive position, (1) advocating for the development of city policies and procedures that promote, rather than hinder, agriculture; (2) enabling the city to capitalize on agricultural funding opportunities provided by federal and state government agencies; and (3) providing a point person to coordinate efforts with the state to develop appropriate state and county incentives pursuant to Act 183 in order to identify and designate important agricultural lands.

The involvement of the department of planning and permitting in Act 183, important agricultural lands, is limited. The function of the agricultural liaison is to develop incentives for such designation and to coordinate efforts with the State, not to actually identify and map the lands. The position of agricultural liaison discussed by the council in the committee report spans several city departments and has duties far in broader than simply identifying and designating important agricultural lands.

According to the committee report, CR 101 (2011), councilmembers wanted a person that would be full-time, proactive and take leadership in helping communities to become self-sustaining through community gardens and green spaces. They wanted a person who would assist the farmers by advocating for tax relief for agricultural parcels and workforce housing; and most importantly, a person that could come up with a solid plan of action to support the agricultural community, rather than waiting for groups to come to them.

The administration strongly feels that to fulfill all of these expectations, the agricultural liaison should be an appointed position within the managing director's office. This would allow the liaison direct access to the administration and to transcend the city departments in order to make these changes happen faster. As important, the liaison should be accountable and responsive to the administration and to the city council as the current liaison has been, and as an appointee, should be replaceable by the mayor in the event of non-performance. Other than the DPP director and deputy and their secretaries, there are no exempt positions in DPP and it would take months to create a new civil service position.

The Mayor's Office of Culture and Arts:

Over the past 40 years, the commission on culture and the arts ("commission") has assisted the city in acquiring more than 900 pieces for its collection; these are displayed in public spaces and buildings to expose our children to the arts. The curator of the collection is MOCA. The commission is composed of experts and kupuna in art, dance, music, and ethnic cultures. They work closely with MOCA to perpetuate the traditions of our distinctive ethnic cultures and create opportunities for individuals to realize and expand their talents in all forms of art. This special relationship between MOCA and the commission has worked successfully since 1978.

"Not only does MOCA have a proven track record of working with local arts organizations, but it is also the City's only office that has the expertise, experience, and understanding of the issues faced and solved by arts and cultural programming. You will not only be making an investment towards the future of Honolulu's vibrant arts landscape, but also towards the future of

Honolulu's youth as well." Randy Wong, Hawai'i Youth Symphony (Misc. Com. 1086, 2012.)

"Through its grants and support of the arts, MOCA has supported the creation of new artistic works for the community-at-large to enjoy and benefit from. Culture and the arts sustains not only those that practice them but also the spirits of all who can experience it by exhibition and/or performance." Chizuko Endo, executive director of Taiko Arts Center (Misc. Com. 1104, 2012.)

By virtue of the relationship between the commission, the mayor's office, and MOCA, some of which is dictated in Chapter 3, Article 2 of the Revised Ordinances of Honolulu, MOCA is better suited to handling its grant program than the department of community services and has been doing so for several decades.

The Office of Economic Development:

OED fosters and stimulates business and economic development and restores civic pride. While it is true that OED originated in the department of community services, that was many years ago and OED has expanded and refocused since that time.

The world is awakening to the reality that the Asia-Pacific market is the new frontier in the twenty-first century and Honolulu is uniquely positioned at its hub. Since its transfer from the department of community services to the office of the managing director, OED has developed an international expertise through its nearly daily engagement in international contact on behalf of the city and the international sister cities program. An agency with this expertise and assignment belongs under the umbrella of the managing director's office.

"It would be a serious blow to the City's attempts to cultivate visitor relationships with China if the Office of Economic Development ... were to close and these exchanges were to stop, I personally believe that the closing of this Office would have a direct negative impact on our tourism development from China. Any change in the structure of this office or the shifting of its functions would signal to our foreign partners that the priority of these programs has diminished." Jeffrey Daniel Lau, immediate past president of the Chinese Chamber of Commerce of Hawai'i. (Misc. Com. 1082, 2012.)

"I am a member of the Sons and Daughters of the 100th 442nd Regimental Combat Team, I also served as the chairperson of the Bruyeres to Honolulu Planning Committee, which coordinated the visitation of 36 citizens from our sister city of Bruyeres, France. This celebration would not have been possible without the grant supported by the Office of Economic Development and the staff who worked with us." Willard Holck, 'Bruyeres to Honolulu 2011' planning committee. (Misc. Com. 1114, 2012.)

It is OED that is helping turn these emerging international opportunities into business and economic reality at the community level. OED is accomplished at coordinating grants and a multitude of city departments to inspire business revitalization across O'ahu and can do so most effectively as part of the managing directors office.

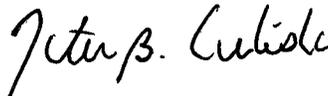
As a team, the administration worked hard to keep the budget lean, focused and prudent, while still providing the needed resources to continue our rehabilitation of core city infrastructure. But even in these careful financial times, the operating budget is not only about core infrastructure; it is also about the opportunities these agencies provide in the community.

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MOCA, OED and the agricultural liaison are 'umbrella' agencies that help to coordinate the resources of all other city departments in order to help the people of Honolulu appreciate their heritage, develop their talents, and provide them an economic opportunity to remain on O'ahu to live and work. With my strong support, MOCA, OED and the agricultural liaison keep us in touch with aspiring communities, businesses, organizations and individuals on O'ahu, as well as our sister cities and potential business and economic investment from abroad. Through city-sponsored events, revitalization efforts and farmers markets, these agencies bring us together. It is very important that MOCA, OED and the agricultural liaison positions are funded so they can continue to serve the people in these vital roles.

The return on the investment we make in our *ohana* and our *aina* through the relatively small budgets of MOCA, OED and the agricultural liaison can't fully be quantified in dollars; the most important return is in individual self-worth, community pride and economically viable hope for the future. I respectfully request that the City council reconsider the proposed amendments in Bill 14 (2012), CD1, FD1 and restore the funding to the managing director's office as requested in the mayor's proposed executive operating budget so their funding does not lapse.

Very truly yours,



Peter B. Carlisle
Mayor