JOSH GREEN, M.D. GOVERNOR

EMPLOYEES' RETIREMENT SYSTEM HAWAI'I EMPLOYER-UNION HEALTH BENEFITS TRUST FUND OFFICE OF THE PUBLIC DEFENDER



STATE OF HAWAI'I DEPARTMENT OF BUDGET AND FINANCE Ka 'Oihana Mālama Mo'ohelu a Kālā P.O. BOX 150 HONOLULU, HAWAI'I 96810-0150 LUIS P. SALAVERIA DIRECTOR

SABRINA NASIR DEPUTY DIRECTOR

ADMINISTRATIVE AND RESEARCH OFFICE BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION FINANCIAL ADMINISTRATION DIVISION OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE TO THE SENATE COMMITTEE ON WAYS AND MEANS ON SENATE BILL NO. 1476, S.D. 1

> February 28, 2023 10:00 A.M. Room 211 and Videoconference

RELATING TO SPECIAL PURPOSE REVENUE BONDS.

The Department of Budget and Finance offers the following comments on Senate Bill No. 1476, S.D. 1, which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist West Maui Hospital Foundation, Inc., a Hawaii nonprofit corporation, to finance the costs related to the design and construction of and equipment for the West Maui Hospital and Medical Center, including any necessary infrastructure improvements pursuant to Part II, Chapter 39A, Hawaii Revised Statutes.

The Department would like to inform the Legislature and prospective SPRB parties that should the legislation be approved, approval of the SPRB issuance and conduit loan will require further review of the financing proposal to ensure compliance with all federal, state and credit underwriting requirements. For additional information, please consult our FAQ located at the following link: <u>http://budget.hawaii.gov/wp-content/uploads/2012/11/SPRB-FAQ.pdf.</u>

Thank you for your consideration of our comments.

Council Chair Alice L. Lee



Director of Council Services Traci N. T. Fujita, Esq.

Deputy Director of Council Services David M. Raatz, Jr., Esq.

Councilmembers Tom Cook Gabe Johnson Tasha Kama Tamara Paltin Keani N.W. Rawlins-Fernandez Shane M. Sinenci Yuki Lei K. Sugimura Nohelani U'u-Hodgins

COUNTY COUNCIL

COUNTY OF MAUI 200 S. HIGH STREET WAILUKU, MAUI, HAWAII 96793 www.MauiCounty.us

February 25, 2023

TO: The Honorable Senator Donovan M. Dela Cruz, Chair, and Members of the Senate Committee on Ways and Means

FROM: Alice L. Lee, Chair Maui County Council

SUBJECT: HEARING OF FEBRUARY 28, 2023; TESTIMONY IN <u>SUPPORT</u> OF SB 1476, SD1 RELATING TO SPECIAL PURPOSE REVENUE BONDS

Thank you for the opportunity to testify in **support** of this important measure. This measure authorizes the Department of Budget and Finance to issue special purpose revenue bonds for up to \$20 million to assist the West Maui Hospital Foundation with the financing of design, construction, and equipment for the West Maui Hospital and Medical Center.

On December 16, 2022, the Maui County Council adopted Resolution 22-252, CD1, "URGING THE STATE LEGISLATURE AND THE GOVERNOR OF THE STATE OF HAWATI TO PROVIDE FOR THE ESTABLISHMENT OF THE PROPOSED WEST MAUI HOSPITAL AND MEDICAL CENTER" (attached). Therefore, I am providing this testimony on the Council's behalf.

The Maui County Council **supports** this measure for the following reasons:

- 1. This measure would provide the financial support necessary to continue the development of the West Maui Hospital and Medical Center, which will provide the region with its first acute care hospital.
- 2. An acute care hospital is needed because unprecedented projected rates of growth in residents and visitors will substantially increase healthcare demands for the already underserved West Maui population.
- 3. The West Maui Hospital and Medical Center will create significant job opportunities for local residents trained in health care.

For these reasons, the Maui County Council **supports** this measure.

ocs:proj:legis:23legis:23testimony:sb1476_sd1_paf23-007(55)_rem

Attachment

Resolution

No. 22-252, CD1

URGING THE STATE LEGISLATURE AND THE GOVERNOR OF THE STATE OF HAWAI'I TO PROVIDE FOR THE ESTABLISHMENT OF THE PROPOSED WEST MAUI HOSPITAL AND MEDICAL CENTER

WHEREAS, West Maui is home to several of Maui County's largest residential communities and renowned as one of Hawai'i's premier visitor destinations but has no acute care hospital or related medical campus; and

WHEREAS, West Maui has an estimated population of 31,410 residents, with approximately 55,000 daily visitors; and

WHEREAS, unprecedented projected rates of growth will substantially increase healthcare demands for an already underserved West Maui population; and

WHEREAS, West Maui's distance from Maui Memorial Medical Center and challenging traffic conditions along Honoapi'ilani Highway have often resulted in injured and sick residents and visitors having to endure ambulance drive times of more than an hour, posing lifethreatening dangers; and

WHEREAS, Newport Hospital Corporation acquired a 14.99-acre site on Kaka'alaneo Drive in the Kaanapali 2020 Development for a proposed West Maui Hospital and Medical Center; and

WHEREAS, Newport Hospital Corporation has obtained the required off-site infrastructure, water and sewer entitlements, and critical certificate of need for the facility; and

WHEREAS, the current land value of the West Maui Hospital and Medical Center site is in excess of \$30 million, including sites for an acute care hospital, one or more medical clinics, and assisted living facility, which to date have all been privately funded by Newport Hospital Corporation; and

WHEREAS, Newport Hospital Corporation will provide a 5.085-acre portion of the site on a long-term land lease to West Maui Hospital Foundation, Inc., a nonprofit foundation that will build, own, and operate the West Maui Hospital and Medical Center with a 24-hour emergency room, operating rooms, radiology, lab, pharmacy, and inpatient and outpatient services; and

WHEREAS, to provide needed construction funding to the West Maui Hospital Foundation for the West Maui Hospital and Medical Center, potential private and public financing entities have requested governmental financial participation in the construction phase specifically, hospital building plans and infrastructure costs—of this project; and

WHEREAS, the Council has been informed that construction of this project can proceed upon receiving \$7 million from the State of Hawai'i's Capital Improvement Funds; and

WHEREAS, establishment of the West Maui Hospital and Medical Center would further a number of Maui County General Plan policies and objectives, including:

- "In cooperation with the Federal and State governments and nonprofit agencies, broaden access to social and healthcare services . . ." (Countywide Policy Plan, page 54.);
- "... facilitate the establishment of new healthcare facilities ..." (*Countywide Policy Plan, page 54.*); and
- "Support the immediate development of a critical access hospital in West Maui." (Maui Island Plan, page 6-59); now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

- 1. That it urges the State Legislature and the Governor of the State of Hawai'i to provide funding for the establishment of the proposed West Maui Hospital and Medical Center; and
- 2. That certified copies of this Resolution be transmitted to West Maui Hospital Foundation, Inc.; the Governor of the State of Hawai'i; the Hawai'i State Senate President, the Hawai'i State Speaker of the House, Maui County's delegation to the State Legislature; and the Mayor of the County of Maui.

COUNCIL OF THE COUNTY OF MAUI

WAILUKU, HAWAII 96793

CERTIFICATION OF ADOPTION

It is HEREBY CERTIFIED that RESOLUTION NO. 22-252, CD1, was adopted by the Council of the County of Maui, State of Hawaii, on the 16th day of December, 2022, by the following vote:

MEMBERS	Alice L. LEE Chair	Keani N. W. RAWLINS- FERNANDEZ Vice-Chair	Gabriel JOHNSON	Natalie A. KAMA	Kelly T. KING	Michael J. MOLINA	Tamara A. M. PALTIN	Shane M. SINENCI	Yuki Lei K. SUGIMURA
ROLL CALL	Ауе	Ауе	Excused	Ауе	Ауе	Ауе	Ауе	Aye	Ауе

(athy L. Kuohn

COUNTY CLERK

<u>SB-1476-SD-1</u> Submitted on: 2/24/2023 3:08:49 PM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
	Testifying for West Maui Hospital Foundation, Inc.		Written Testimony Only

Comments:

Dear Chair Dela Cruz, Vice Chair Agaran and Committee Members -

As a former West Maui Council member, retired Maui County DOT Director and resident of West Maui this issue could not be more critical to the welfare and stability of our community's future. It is something that the people of West Maui asked for even when I was first elected to the Council in 2000. I am now in a position as the VP/Secretary for the West Maui Hospital Foundation to be a full time advocate for this long awaited critical care facility.

Our Maui County Council has consistently supported this project. Also, following the Covid shutdown it has become even more apparent that this project will serve those of us who are a 45 minute to an hour ambulance ride away from any hospital providing urgent care. I have watched for years as my friends and loved ones were subjected to this nightmare.

We sometimes have more visitors than residents in West Maui and they too have life threatening illnesses or injuries that cannot be treated here in our clinics. Many of them, as well as a number of kupuna who I knew personally, unfortunately did not survive the trip.

This cannot continue and with all of the new developments planned for West Maui, including DHHL projects, we must move forward now with the construction phase of this project.

Newport Hospital Corporation has already put almost 30 million dollars into this endeavor and now we need to secure funds that will allow us to proceed. We are hoping to complete the connections to our infrastructure that are already finished in order to begin building. The SPRB will help us to secure much needed funding to make that possible.

Brian Hoyle of Newport Hospital has worked tirelessly over the years to secure loans but there never seemed to be any governmental buy-in to show lending sources that they were on board. The passage of this Bill will allow us to complete that missing piece.

With the passage of HB1255 and companion SB1476 we will finally be able to say to our community that we can help them. Please support this measure so that it will make this dream a reality. My husband Jim and my husband Larry, are both buried here on Maui and I know they are watching over me in my efforts to fulfill my promise to them / that I will not give up on the West Maui Hospital. I will not give up. Thank you for supporting our community and future generations of West Maui residents and visitors.

<u>SB-1476-SD-1</u> Submitted on: 2/25/2023 11:44:57 AM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Brian Hoyle	Testifying for West Maui Hospital Foundation	Support	Written Testimony Only

Comments:

I am Brian Hoyle, President of the West Maui Hospital Foundation and with my company, Newport Hospital Corporation, I have been working with the Community of West Maui for the development of this much needed West Maui Hospital for over 15 years. This project is Certificate of Need Approved with a fully graded and development entitled site in Kaanapali and approvals/permits for all the required offsite infrastructure construction. We are now seeking the Hawai'i State Approval for this SPRB with a Maui County Financial Guaranty that is critical in our efforts to obtain the financing to design the Hospital, complete construction of the infrastructure, and provide equipment for the West Maui Hospital as part of the total financing to build this 5 bed Critical Access Hospital with a 24 hour Emergency Room, 3 Operating Rooms, Radiology, Lab, Pharmacy, and Outpatient Services.

All previous attempts to finance the Hospital construction have failed due to lack of financial support by the Hawai'i State or Maui County government that will now be provided by this State SPRB with a Maui County Financial Guaranty.

I thank you for your consideration and support of this SPRB that will make the West Maui Hospital a reality - finally!

Brian Hoyle



Testimony of Lisa H. Paulson Executive Director Maui Hotel & Lodging Association

Senate Committee on Ways and Means Senate Bill 1476 SD1: Relating to Special Purpose Revenue Bonds February 28, 2023, 10:00 am Conference Room 211

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry for Maui County. We represent over 180 property and allied business members and 22,000 employees. **MHLA supports Senate Bill 1476 SD1**, which authorizes the issuance of special purpose revenue bonds to assist West Maui Hospital Foundation, Inc. in the construction of West Maui Hospital and Medical Center in the county of Maui, including any necessary infrastructure. Requires the county of Maui to serve as guarantor of any debt service on the special purpose revenue bonds.

Maui has only <u>one</u> acute care hospital, Maui Memorial Medical Center, located in Central Maui. West Maui is one of Hawaii's premier visitor destinations and has a growing residential population but has no acute care hospital or 24-hour urgent care facilities. West Maui's distance from Maui Memorial Medical Center often requires residents and visitors to be transported by ambulance for close to an hour, which could result in delayed treatment or even the patient's death.

West Maui has been waiting for a hospital for decades. The island's west side can become isolated if the road in and out is blocked due to car accidents, fire, flooding, landslides, etc. This has and will continue to cause poor patient outcomes.

For the reasons stated above, MHLA supports Senate Bill 1476 SD1.

Thank you for the opportunity to provide this testimony.



<u>SB-1476-SD-1</u> Submitted on: 2/27/2023 1:28:36 PM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Joseph D Pluta	Testifying for WEST MAUI TAXPAYERS ASSOCIATION INC.	Support	Written Testimony Only

Comments:

Aloha and Mahalo for hearing and passing this bill. West Maui may be the only place in the entire United States where there is an average daily census of over 80,000 people in a community that contributes over 50% of all of the State and County Tax Income from Maui island that is isolated over an hour away from 24-7 acute emergency medical care. Lives have been lost and tragic medical outcomes mandate emergency medical support from the State of Hawaii.

Please approve this measure asap.

Warm Regards,

Joseph D Pluta, President, West Maui Taxpayers Association Inc.

www.westmaui.org



HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211 TUESDAY, FEBRUARY 28, 2023 AT 10:00 A.M.

To The Honorable Senator Donovan M. Dela Cruz, Chair The Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair Members of the committee on Ways and Means

SUPPORT FOR SB1476 SD1 RELATING TO SPECIAL PURPOSE REVENUE BONDS

The Maui Chamber of Commerce **strongly supports SB1476 SD1** which authorizes the issuance of special purpose revenue bonds to assist West Maui Hospital Foundation, Inc. in the construction of West Maui Hospital and Medical Center in the County of Maui, including any necessary infrastructure. Also, the measure requires the County of Maui to serve as guarantor of any debt service on the special purpose revenue bonds.

The population of residents and visitors on the west side of Maui has greatly increased. With the increased population and traffic, along with the closing of Honoapi'ilani highway due to flooding, fire or vehicle wreck, additional medical services on the Westside are greatly needed.

The West Maui Hospital is a viable alternative to allow medical services be performed in a timely manner. The hospital is in need of funding from all stakeholders. This bill will add another avenue for that funding.

For these reasons we strongly support SB1476 SD1.

Sincerely,

amela Jumpap

Pamela Tumpap President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

Submitted on: 2/24/2023 7:51:34 PM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Judith Hougaz	Individual	Support	Written Testimony Only

Comments:

Aloha,

I fully support this bond measure to allow the West Maui hospital to be built. The hospital is needed as the population on the West Side continues to grow. A hospital is an integral part of a community.

Mahalo,

Judith Hougaz

<u>SB-1476-SD-1</u> Submitted on: 2/24/2023 9:17:34 PM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
michael willinsky	Individual	Support	Written Testimony Only

Comments:

Please approve the bond measure and any and all support for the West Maui hospital. We are desperate for this hospital and it will immediately save countless lives. Many tourists have been drowning on West Maui beaches. Many injured and sick locals cannot make it to our local hospital in time and suffer greatly or die. Our nearest hospital is almost an hour away. Please approve this measure immediately. Thank you, Michael Willinsky

<u>SB-1476-SD-1</u> Submitted on: 2/25/2023 5:00:30 PM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

Please support SB1476 SD1.

<u>SB-1476-SD-1</u> Submitted on: 2/26/2023 10:56:38 AM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
James Kimo Falconer	Individual	Support	Written Testimony Only

Comments:

West Maui has been waiting for a hospital or an emergency care facility for far too long. Imagine you or a loved one waiting to be transported to Maui Memorial Hospital via ambulance and after the EMT's arrive you are looking at a minimum 40 minute ride over the Pali through traffic.

This project has been long been supported by the community and has a ready benefactor to support the effort to find bond funding. Your approval will finally mean we have the means to make this a reality. It should be noted that many, many West Maui citizens have made this project a personal purpose, which steps beyond where one would normally rely on Government to enable this.

Thank you for the opportunity to testify.

My name is Bob Shroder and I live in Lahaina. I have lived in Maui full time since August of 2020. This is our only house and our permanent home.

Why am I supporting this bill? I am here because West Maui desperately needs emergency room services and improved diagnostic capabilities. How do I know that? Because I have spent my entire career reviewing and then trying to meet the healthcare needs of the communities where I lived and worked. I am a retired healthcare executive with over 40 years of experience. My last position, which I held for 14 years, was the President and Chief Executive Officer of a multi-hospital system in Northeast Ohio. I was responsible for 3 acute care hospitals, 3 long-term care facilities, multiple outpatient centers, a home care company and a hospice company. I had over 5000 employees and 130 physicians working for me. I know healthcare, and I know West Maui has deficiencies in healthcare services that this project being discussed today will help address. I have also been appointed this year by Governor Ige to serve on the Tri-Isle Healthcare Planning Council, and I have been asked to chair the West Maui Tax Payer's Association Healthcare Subcommittee.

I want to remind everyone that the need for a small hospital with an emergency room has already been determined and approved years ago by the State Planning Commission. The need for this type of facility has only grown since it was approved. I personally know of people who have suffered harm because of the lack of emergency and diagnostic services in West Maui, and I've heard many other anecdotal stories.

On a perfect day, it is a 48-minute drive time to an emergency room from my house. That is also after the ambulance gets to my house, which on that same perfect day would be 12 minutes coming from Napilli. If both West Maui ambulances are already engaged, it would be 30 minutes from Kihei. Obviously, people who live in Napilli, Kahana, or Kapalua would have even longer drives. On a not so perfect day, it could be and has been over 2 hours. It happens not infrequently due to fires, accidents, or just plain road work. Any healthcare professional knows that the longer time you are from receiving emergency services, the morbidity and mortality rates go up. For conditions like heart attacks, strokes, aneurysms and traumatic injuries, the mortality rates can be up to 50% higher if you are more than 30 minutes away from emergency services, compared to being within the 30-minute window. How anyone can say that this makes no medical sense is baffling to me, and I personally know Maui doctors who completely support this project. I will tell you that the vast majority of the West Maui citizens see an emergency room on our side of the island as not only extremely desirable but essential.

Having a new modern facility on West Maui will help recruit healthcare professionals to the island. People want to work in new modern environments. Recruitment of professionals will be good for the entire island, and in my opinion, even be good for the organizations that fear the competition that this facility could bring. Another emergency facility would also help alleviate the overcrowding of existing facilities, which we have seen again in the last few weeks.

I want to thank the Senate Committee for considering this bill to help get the much-needed project financed. I am confident that a few years from now, we will all be proud of what we did to help build this hospital. Thank you.

Submitted on: 2/26/2023 6:39:07 PM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Nicola Lee	Individual	Support	Written Testimony Only

Comments:

Everyone in the Westside needs to support this hospital whether you live here or are just a visitor. Far too many accidents and long drives to the hospital on other side. This will help save lives. How can anyone not be in support of that!

<u>SB-1476-SD-1</u> Submitted on: 2/26/2023 7:38:43 PM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Annalesa Klein	Individual	Support	Written Testimony Only

Comments:

We need a hospital in West Maui

Submitted on: 2/26/2023 7:47:23 PM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
LeeAnn Myers	Individual	Support	Written Testimony Only

Comments:

We have a home on the kaanapail hillside and have planned to retire on island . However our nieghbor recently needed medical attention and we realized if we ever have an emergency we are in trouble !!!multiple times hwy 30 has been closed . I'm actually amazed with all the tourists on the west side That this hasn't became a huge problem before now?

Submitted on: 2/26/2023 10:23:59 PM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kathy Michaels	Individual	Support	Written Testimony Only

Comments:

I am in full support of this bill. A West Maui Hospital is in dire need here to support the residents as well as the visitors. I believe it will save lives in many emergency situations.

<u>SB-1476-SD-1</u> Submitted on: 2/27/2023 9:01:31 AM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kimberly Lauer	Individual	Support	Written Testimony Only

Comments:

Aloha, I am a resident of West Maui. We are eagerly awaiting a hospital for our citizens.

Maui's notoriously awful could be a factor for some, especially the elderly, when they consider whether they should visit the doctor. This hospital will save lives.

I know many nurses here who would love to work closer to home. I don't believe you will have trouble finding staff for a Westside hospital. But if there's room in the budget, maybe you should include housing for visiting doctors and nurses.

Mahalo nui loa,

Kimberlee Lauer

Submitted on: 2/27/2023 9:28:34 AM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Shawn Moore	Testifying for 0889019 BC LTd	Support	Written Testimony Only

Comments:

It takes close tl an hour to drive to the other side of the island to the hospital from the west side of maui. I know people who have died because it took too long to get to the hospital. The population and business owners whp pay taxes deserve a local hospital in lahaina.



<u>SB-1476-SD-1</u> Submitted on: 2/27/2023 6:00:07 PM Testimony for WAM on 2/28/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Howard Hanzawa	Individual	Support	Written Testimony Only

Comments:

I am a long retired resident of Maui. However before I retired I worked in West Maui for many years. For those who are not familiar with the district, there are diverse groups of people who live and work there. There is a large and strong core of families who had ties to Pioneer Mill, are alumni of Lahainaluna High School, and who have fond memories and take pride in the history of Old Lahaina Town. There is another group of people who moved to or may still commute to West Maui to work in the vibrant tourist industry. And of course, there are the tourists who take their long dreamt of trips and who stay the various hotels in West Maui including those at the world famous Kaanapali and Kapalua Resorts.

West Maui is indeed a melting pot of interests and cultures which intertwine thousands of people. However the district does have some strong needs that may affect the entire balance to the community as well as the economy of the area. One major problem is that there is only one highway that ties to Central Maui where Kahului Airport and Maui Memorial Hospital are located. A good portion of this highway is only 2 lanes and is either directly adjacent to the ocean or which runs along the the steep sides of The Pali. Disruptions due to accidents, fires, or strong storm surges can and have shut down the highway for many hours at a time.

The other major problem is that Maui Memorial Hospital is the only emergency medical facility on the island. Thus critically injured or ill patients must be transported along the previously mentioned 2 lane highway. This creates a situation where at times, patients may not be able to access professional medical care in a timely manner. These two problems have affected many of the long term residents and workers in the district as well as tourists on their vacations.

For this reason, the development and operation of a hospital to service the West Maui is really critical. It becomes more imperative with time as the population grows and with the increased possibility of major climatic incidents due to global warming.

It is for these reasons that I strongly support the development and operation of the West Maui Hospital. I urge you to do the same.

Mahalo Nui Loa, Howard Hanzawa