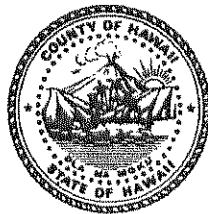


William P. Kenoi
Mayor



William T. Takaba
Managing Director

Walter K.M. Lau
Deputy Managing Director

County of Hawai'i Office of the Mayor

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Aloha kakou,

As your Mayor I am often reminded of the challenges all of us face in this current economic downturn. Many are uneasy about the future or are struggling financially. As I travel around the Big Island I meet people who are very concerned about the future of their jobs, homes, businesses and families.

We in County government share your concerns. However, I can assure you that my department heads and I are taking the necessary steps to ensure the County of Hawai'i remains financially stable while continuing to provide core services to our residents and visitors.

We balanced our County budget without raising taxes or cutting essential services such as police and fire protection. We kept our island-wide bus service free for riders. We maintained funding for non-profit groups that provide services and programs for our keiki and senior citizens. We kept our debt load under control, and our excellent credit rating gives us significant borrowing power.

With the help of our Congressional delegation led by the Honorable Senator Daniel K. Inouye, Hawai'i County is receiving nearly \$100 million in federal stimulus funds for projects that will put people to work. That money will be used to build new roads, repair bridges, renovate buildings, expand drinking water systems, extend sewer lines, refurbish public buildings, and more. As that funding flows into our community, our residents will see the results. It will help get our workers in the construction trades back on the job.

We supported the development of new Target and Safeway stores, a combined \$50 million project on Department of Hawaiian Home Lands in Hilo, as well as the \$50 million Keaukaha Military Reservation Armed Forces Reserve Center, both of which recently broke ground. We are working to expedite the state's \$73 million Phase II Queen Kaahumanu project and the \$48 million Mid-Level Road in Kona, which will provide more construction jobs and improve the quality of life in West Hawai'i.

In addition to all of that activity, the county at this moment has contracted for \$110.5 million for new or ongoing construction, money that is in the works but has not yet been spent. We will be pushing county construction projects out as rapidly as possible to take advantage of today's favorable bid prices. That will allow us to obtain the best possible value for county taxpayers while we also generate jobs for our residents.

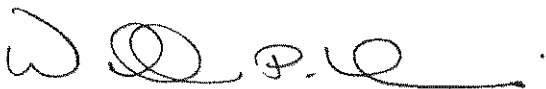
Some of the County projects that are planned or ongoing include the West Hawai'i Civil Center for \$56 million; the Makalei Fire Station in North Kona for \$9 million; and the ongoing \$28 million contract for workforce housing in Waikoloa.

Apart from our efforts to boost the construction industry, we are working to promote the County of Hawai'i as a visitor destination, and we have seen the number of airline seats on flights to the County of Hawai'i significantly increase this year over last year's levels. We are making progress.

No doubt the County will face continued difficulty in balancing next year's budget, but we are already laying the groundwork necessary to meet the challenge. As long as we stick together, keep a positive outlook and always remain willing to help our friends and neighbors in times of need, I am confident we will emerge from this downturn stronger and better than ever.

Mahalo for your hard work and your contributions to our communities.

William P. Kenoi

A handwritten signature in black ink, appearing to read 'W. P. Kenoi', with a long horizontal line extending to the right.

MAYOR