

CLIMATE CHANGE COMMISSION
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL
MAYOR

VICTORIA KEENER, PH.D.,
CHAIR

ROSIE ALEGADO, PH.D.,
VICE CHAIR

August 11, 2020

The Honorable Kirk Caldwell, Mayor
530 South King Street, Room 300
Honolulu, Hawai'i 96813

AND

The Honorable Ikaika Anderson,
Chair and Presiding Officer
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawai'i 96813

Dear Mayor Caldwell, Council Chair Anderson, and Members:

SUBJECT: Climate Change and Financial Risk

Pursuant to the Revised Charter of Honolulu ("RCH") Section 6-107(h), the City & County of Honolulu Climate Change Commission is charged with gathering the latest science and information on climate change impacts to Hawai'i. It provides advice and recommendations to the mayor, City Council, and executive departments as they look to draft policy and engage in planning for future climate scenarios as well as reduce Honolulu's contribution to global greenhouse gas emissions.

Climate change will affect the City's revenues and expenditures, as well as increase acute financial risk in the aftermath of climate-related disaster events. Municipal credit rating agencies have warned that cities must address climate change or otherwise face potential credit downgrading. As such, the Commission makes the following recommendations. The City should:

1. Direct City departments with authority regarding City infrastructure to assess how climate change shocks and stressors will impact their systems and long-term budgetary requirements. This can be achieved through immediate adoption of the implementation strategies of the O'ahu Resilience Strategy. In addition, departmental functional plans should be leveraged with increased coordination across departments. New integrated planning frameworks, such as the

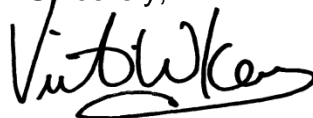
The Honorable Kirk Caldwell, Mayor,
The Honorable Ikaika Anderson, Council Chair,
and Members
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Commission's recommendation for the adoption of a 'One Water' framework, can help increase coordination across departmental silos.

2. Reexamine the adequacy of City property insurance relative to climate change shocks. Currently the City spends almost \$4 million annually to purchase approximately \$300 million in property insurance.
3. Further explore the alternative risk transfer market, which are mechanisms to transfer financial risk other than traditional insurance products, and the appropriateness of market products for the City.
4. Improve the transparency and availability of aggregate O'ahu residential-level data regarding insurance coverage to climate-relevant shocks, working with the Hawai'i Department of Commerce and Consumer Affairs (DCCA), Insurance Division.
5. Continue mainstreaming climate change adaptation measures to minimize risk exposure; for example, through building codes, stormwater management and other land use measures.

If you have questions for the Commission regarding the information presented here, we can be reached at ccc@honolulu.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Victoria Keener', with a stylized flourish at the end.

Victoria Keener, Ph.D.
Chair, Climate Change Commission

Attachment: Climate Change & Financial Risk Guidance Document