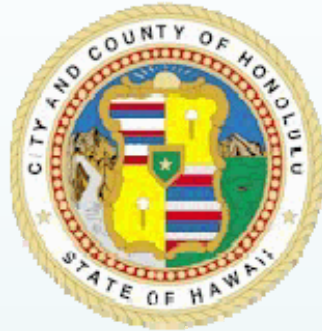


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City and County of Honolulu Fiscal Year 2023 Budget Communication #4

Andrew T. Kawano, Director
Department of Budget and Fiscal Services
March 7, 2022

DEPT. COM 169
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The FY 2023 Budget was prepared with the following priorities:

- Strive for excellence in governing
- Commitment to our communities
- Address affordable Housing and Homelessness
- Modernize City operations
- Drive Economic Recovery
- Efficiency in sustained core services and transformative change
- Address Climate Change, Sustainability and Resiliency

Operating Budget Comparison by Source of Funds

<u>Fund</u>	<u>FY 22</u>	<u>FY 23</u>	<u>% Change</u>
General Fund	1,702,649,101	2,028,914,529	19.2%
Highway Fund	119,984,540	145,239,834	21.0%
Sewer Fund	366,580,661	378,661,633	3.3%
Transportation Fund	226,376,990	285,474,437	26.1%
Liquor Commission Fund	7,145,547	7,523,426	5.3%
Bikeway Fund	848,403	911,309	7.4%
Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	5,095,540	4,924,604	-3.4%
Special Events Fund	10,673,587	11,916,082	11.6%
Honolulu Zoo Fund	11,568,251	12,658,489	9.4%
Golf Fund	14,586,980	15,779,814	8.2%
Solid Waste Special Fund	201,902,154	215,677,125	6.8%
Hanauma Bay Nature Preserve Fund	7,118,196	7,355,647	3.3%
Rental Assistance Fund	233,000	233,000	0.0%

Operating Budget Comparison by Source of Funds (continued)

Fund	FY 22	FY 23	% Change
Housing Development Special Fund	793,932	698,382	-12.0%
Clean Water and Natural Lands Fund	245,984	376,212	52.9%
Affordable Housing Fund	445,969	376,212	-15.6%
Patsy T. Mink Central Oahu Regional Park Fund	34,800	34,800	0.0%
Waipio Peninsula Soccer Park Fund	112,100	112,100	0.0%
Grants in Aid Fund	9,290,916	9,734,658	4.8%
Community Development Fund	2,162,448	3,088,703	42.8%
Housing and Community Development Rehabilitation Loan Fund	2,004,300	2,004,300	0.0%
Housing and Community Development Section 8 Contract Fund	63,896,178	72,069,904	12.8%
Federal Grants Fund	162,432,596	134,077,674	-17.5%
Special Projects Fund	15,569,398	16,775,653	7.7%
TOTAL	2,931,751,571	3,354,618,527	14.4%

CIP Budget Comparison by Source of Funds

Fund	FY22	FY23	% Change
Sewer Revenue Bond Improvement Fund	335,837,000	79,800,000	-76.2%
General Improvement Bond Fund	462,849,810	143,636,250	-69.0%
Highway Improvement Bond Fund	169,476,000	115,262,000	-32.0%
Solid Waste Improvement Bond Fund	109,600,000	55,162,000	-49.7%
Affordable Housing Fund	37,569,000	7,166,028	-80.9%
Bikeway Fund	200,000	1,055,000	427.5%
Transportation Fund	-	1,231,000	n/a
Clean Water and Natural Lands Fund	17,167,000	17,894,939	4.2%
Capital Projects Fund	-	2,724,000	n/a
Golf Fund	-	329,000	n/a
General Fund	200,000	8,461,859	4130.9%
Highway Fund	-	4,245,700	n/a
Hanauma Bay Nature Preserve Fund	1,241,000	70,000	-94.4%
Honolulu Zoo Fund	-	12,000	n/a
Parks and Playgrounds Fund	996,006	3,713,953	272.9%
Sewer Fund	204,100,000	268,793,136	31.7%
Utilities' Share	100,000	-	-100.0%
Solid Waste Special Fund	-	12,775,000	n/a
Community Development Fund	6,541,887	5,736,164	-12.3%
Federal Grants Fund	65,069,336	73,522,467	13.0%
TOTAL	1,410,947,039	801,590,496	-43.2%

Operating Budget Comparison by Function

<u>Function</u>	<u>FY22</u>	<u>FY23</u>	<u>% Change</u>
General Government	230,962,519	241,520,127	4.57%
Public Safety	516,583,167	527,939,225	2.20%
Highways and Streets	41,597,322	38,744,158	-6.86%
Sanitation	304,926,767	300,300,904	-1.52%
Human Services	144,227,484	132,176,426	-8.36%
Culture-Recreation	112,459,217	115,300,831	2.53%
Utilities or Other Enterprises	334,769,710	394,413,856	17.82%
Debt Service	598,654,000	774,963,000	29.45%
Miscellaneous	647,571,385	829,260,000	28.06%
TOTAL	2,931,751,571	3,354,618,527	14.42%

CIP Budget Comparison by Function

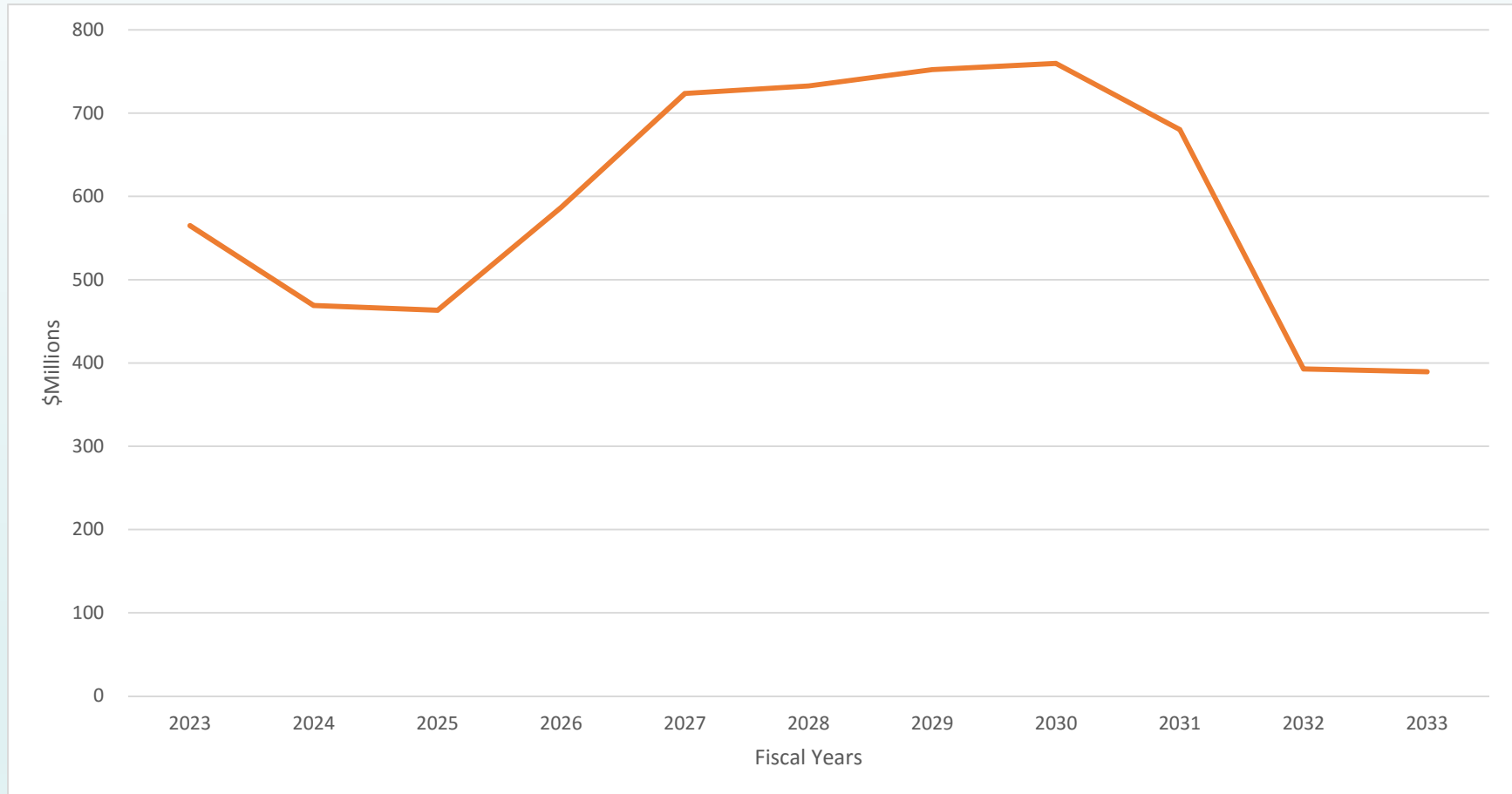
<u>Function</u>	<u>FY22</u>	<u>FY23</u>	<u>% Change</u>
General Government	72,387,160	107,886,559	49.0%
Public Safety	85,044,200	76,444,000	-10.1%
Highways and Streets	149,326,000	83,313,000	-44.2%
Sanitation	632,672,000	405,255,136	-35.9%
Human Services	295,537,386	9,670,495	-96.7%
Culture-Recreation	118,150,293	58,878,306	-50.2%
Utilities or Other Enterprises	57,830,000	60,143,000	4.0%
TOTAL	1,410,947,039	801,590,496	-43.2%

New G.O. Bond Issuances, Retirements and Net Debt Issuance Projections

Fiscal Year	G.O. Bond Issuance	(G.O. Bond Retirements)	Net Additional Debt
2023	564,060,000	366,176,599	197,883,401
2024	445,788,000	282,957,958	162,830,042
2025	304,003,000	278,912,910	25,090,090
2026	760,745,000	389,255,620	371,489,380
2027	569,177,000	513,783,483	55,393,517
2028	258,487,000	535,310,588	(276,823,588)
2029	258,487,000	549,902,353	(291,415,353)
2030	258,487,000	571,554,882	(313,067,882)
2031	258,487,000	281,859,524	(23,372,524)
2032	258,487,000	232,077,241	26,409,759
2033	258,487,000	226,751,910	31,735,090

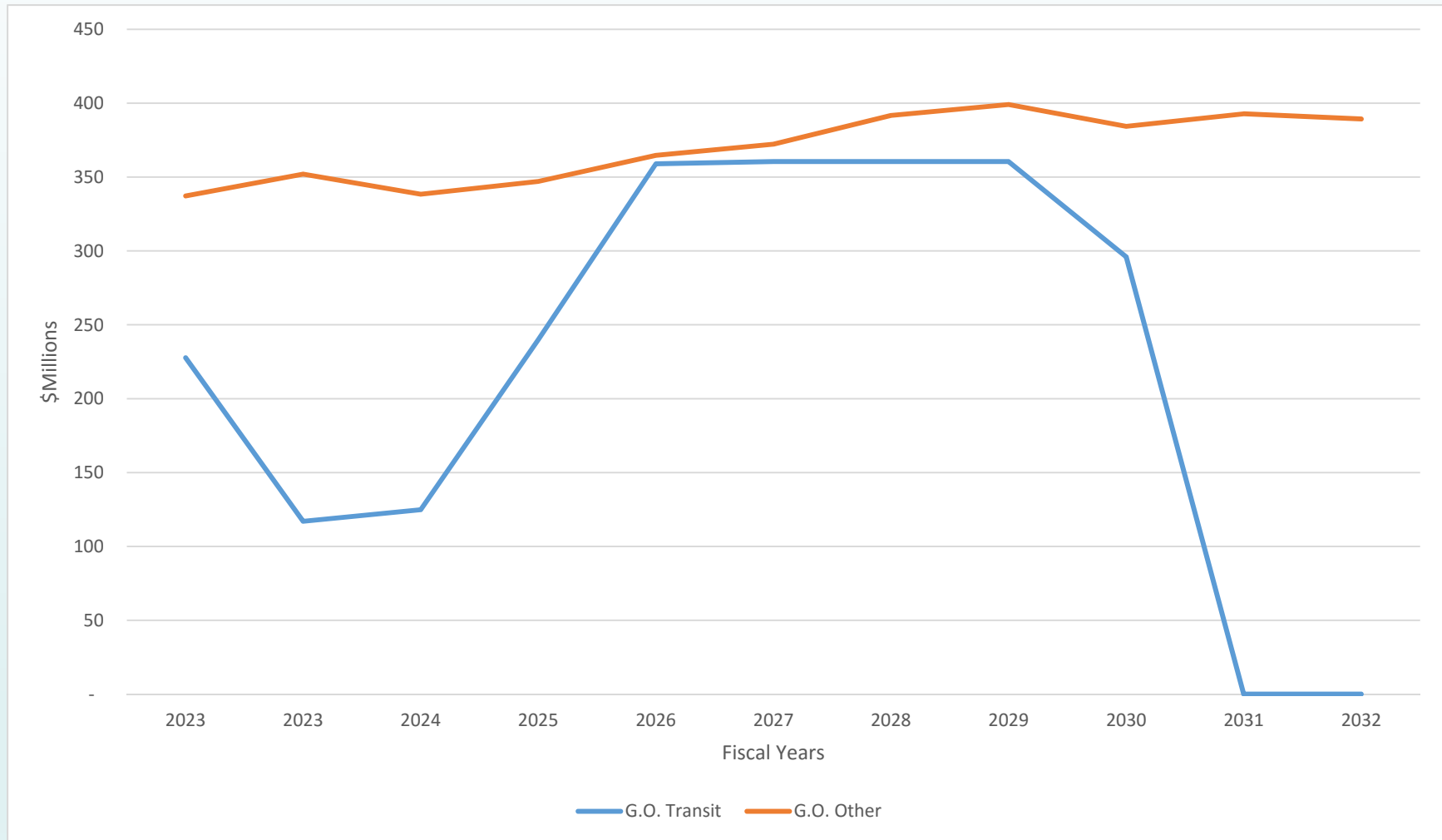
FY 2023, FY 2026 and FY 2027 G.O. issuance amounts include G.O. bonds (not including TECP) for HART. Information on HART bonds was obtained from HART.

G.O. Bond Debt Service Projections (In millions)



Assuming annual G.O. bond issue projection provided in Question 3. Includes G.O. bond debt service for Rail, which is paid by HART.

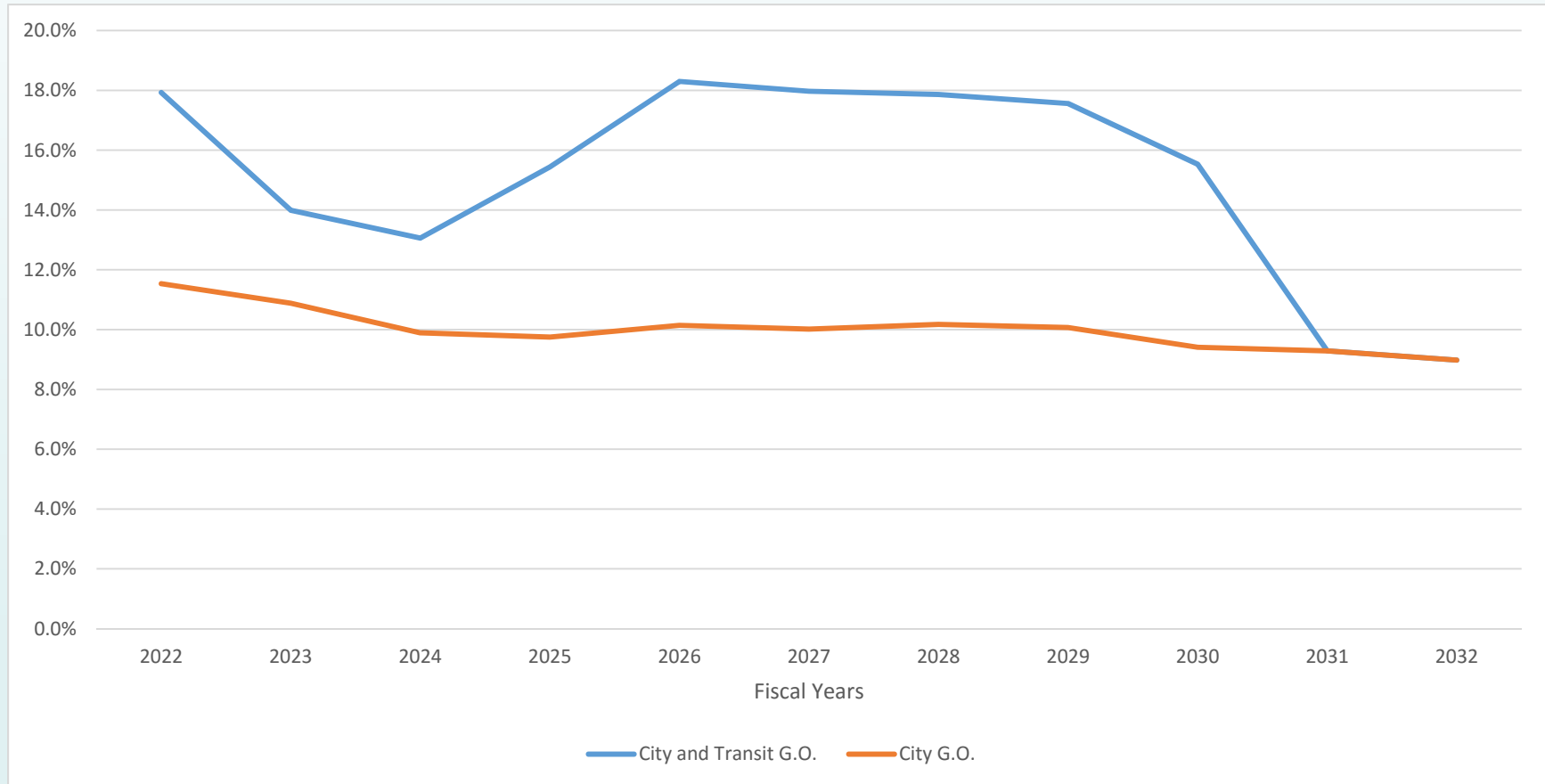
G.O. Bond Debt Service Projections



Assuming annual G.O. bond issue projection provided in Question 3.

Budget Communication #4, Question 4

G.O. Bond Debt Service as a Percentage of Operating Budget



Upper line is the percentage of total debt service to the City's operating budget but Transit debt service is paid with Transit revenues per Ordinance 07-001.

Budget Communication #4, question 4

City's Outstanding Debt

As of March 4, 2022

Gross funded indebtedness	\$	6,856,557,502
Less Exclusions:		
G. O. for HART		988,740,000
G. O. for Sewer		456,418
State Loans Payable		329,753,906
Wastewater Revenue Bonds		2,025,410,000
Water Supply Revenue Bonds		293,310,000
G. O. for Solid Waste		178,185,150
G. O. for H-POWER		378,790,000
G. O. for Housing		17,005,677
Total Exclusions		4,211,651,151
Net Funded Debt	\$	2,644,906,351

(a) Outstanding balance as of March 4, 2022. Total includes \$988,740,000 in G.O. bonds which are to be paid for from HART revenues.

City's Current Authorized, but Unissued Debt(a)

As of February 28, 2021

General Obligation Bonds	\$	2,162,196,643
GO - HART		7,496,506,561
Sewer Improvement Revenue Bonds		<u>1,684,726,830</u>
	\$	<u>11,343,430,034</u>

HART Breakout by Ordinance:

Ordinance No. 11-23 (2011-12)	15,413,419
Ordinance No. 12-23 (2012-13)	209,957,633
Ordinance No. 13-23 (2013-14)	646,451,878
Ordinance No. 14-21 (2014-15)	768,741,929
Ordinance No. 15-28 (2015-16)	253,641,682
Ordinance No. 16-17 (2016-17)	691,899,770
Ordinance No. 17-35 (2017-18)	166,634,275
Ordinance No. 18-26 (2018-19)	870,873,197
Ordinance No. 19-16 (2019-20)	2,027,730,269
Ordinance No. 20-25 (2020-21)	220,833,047
Ordinance No. 21-23 (2021-22)	<u>1,624,329,462</u>
	<u>\$ 7,496,506,561</u>

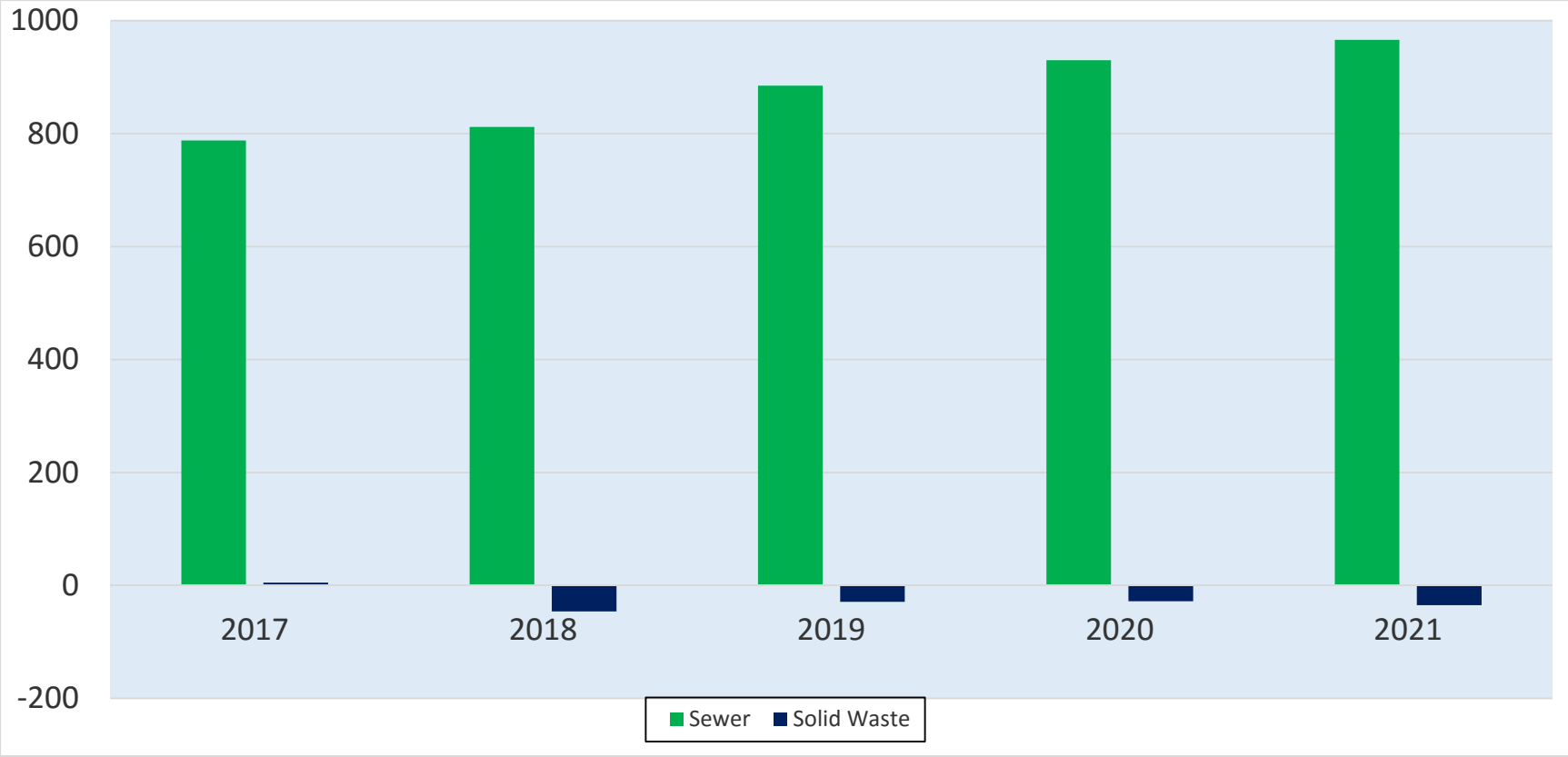
(a) Lapsed report cut-off date is February 28, 2022

Budget Communication #4, question 5

Bond Issuances and/or Restructuring Proposed for Fiscal Year 2023

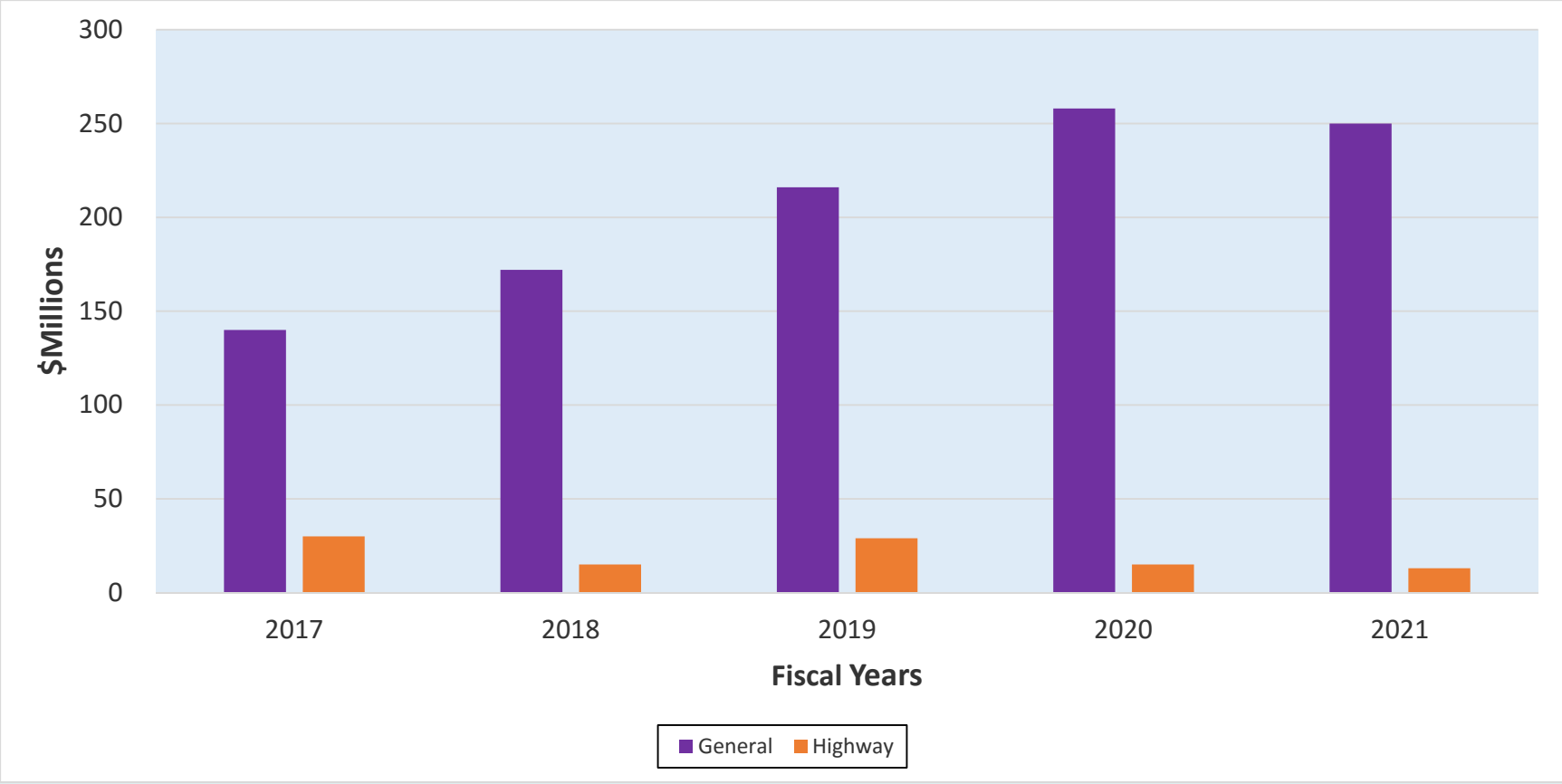
	Sewer Revenue Bonds	State Revolving Fund	General Obligation	Tax Exempt Commercial Paper (TECP)	GOB-TR
Issue amount	225,000,000	10,000,000	314,060,000	250,000,000	250,000,000
Estimated Interest Rate	4.50%	0.50%	3.75%	3.00%	5.00%
Term	30 Years	20 Years	25 Years		25 years
Structure	Level Payment	Level Payment	Level Payment		Level Payment
Projected Date of Issuance	First half of Fiscal Year	Various	Second half of fiscal year	Periodically through fiscal year based upon cash flow requirements.	First half of Fiscal Year
Projected Annual Debt Service Payment	13,813,097	526,665	19,575,890	Outstanding balance refunded in next bond issue.	\$21,000,000

Sewer and Solid Waste Funds Unrestricted Net Assets (In millions)



General and Highway Fund Unreserved, Undesignated Balance

(In millions)



Budget and Actual Resources Comparison (In \$Millions)

<u>Type of Revenue</u>	<u>FY 2021 Budget</u>	<u>FY 2021 Actual</u>	<u>FY 2022 Budget</u>	<u>FY 2023 Proposed</u>	<u>Percent Change</u>
Real Property Tax	1,332,218,621	1,438,741,921	1,368,415,863	1,493,551,944	9.1%
Fuel Tax	44,144,818	41,226,315	39,184,731	37,717,235	-3.7%
Motor Vehicle Weight Tax	175,210,229	184,521,694	173,267,340	181,857,140	5.0%
Public Utility Franchise Tax	48,801,737	41,768,508	47,687,023	43,800,000	-8.2%
Federal Grants	173,690,617	224,474,781	229,075,238	260,415,504	13.7%
State Grants	21,237,928	34,081,749	17,826,980	20,361,688	14.2%
Transient Accommodations Tax	22,711,500	0	0	85,794,000	n/a
Public Service Company Tax	42,808,500	39,239,877	44,362,000	44,000,000	-0.8%
Licenses and Permits	61,453,651	60,568,026	63,029,172	61,325,243	-2.7%
Charges for Services	34,344,809	27,790,474	37,120,076	42,437,415	14.3%
Sewer Charges	227,408,746	217,730,856	270,946,260	197,580,316	-27.1%
Transportation Revenues	54,859,860	27,422,148	40,554,400	44,677,000	10.2%
Solid Waste Revenues	133,725,700	126,962,064	130,470,900	110,165,900	-15.6%
Other Revenues	183,926,751	90,131,497	154,170,835	285,760,088	85.4%
Carry-Over – Unrestricted*	128,445,115	273,517,168	176,162,442	191,308,633	8.6%
Carry-Over – Restricted*	671,091,470	1,101,769,560	730,642,160	822,408,986	12.6%
TOTAL	3,356,080,052	3,929,946,638	3,522,915,420	3,923,161,092	11.4%

Budget and Actual Resources are for the operating budget only, consistent with page D-28 of the Executive Program and Budget Volume I.

*Unrestricted Carry-Over is comprised of General and Highway Fund Carry-Over. Restricted Carry-Over is comprised of Carry-Over in Special Funds.

Uncontrollable Cost Comparison

(in \$millions)

	FY 2021	FY 2021	FY 2022	Percent	FY 2023	Percent
SOURCE	Budget	Actual	Budget	Change (1)	Proposed	Change (2)
<u>Operating Expenditures</u>						
Executive Agency Budgets	\$1,700	\$1,800	1,685.00	-0.88%	1,750.00	3.86%
Debt Service	\$584	497	599	2.57%	775	29.38%
Fringe Benefits	558	536	570	2.15%	611	7.19%
Miscellaneous	73	44	78	6.85%	219	180.77%
Total Operating Expenditures	2,915.00	2,877.00	2,932.00	0.58%	3,355.00	14.43%
(1) Percentage change between FY 2022 Budget and FY 2021 Budget						
(2) Percentage change between FY 2023 Proposed and FY 2022 Budget						
Fringe Benefits includes Retirement System Contributions, FICA and Pension, Health Benefits Contributions, and OPEB						