



# **Administrative Overview**

## **Fiscal Year 2024 Budget**

**March 6, 2023**

# Responsible Spending on City Priorities

- Affordable Housing and Homelessness
- Public Safety and Public Health
- Transit and Transportation
- Government Efficiencies and Transformative Change
- Climate Change and Adaptation
- Improved City Communications with O'ahu residents and businesses

# FY 2024 Priorities

## •Affordable Housing and Homelessness

- Formed an Affordable Housing Working Group to optimize cross-functional collaboration between City agencies to execute the acquisition, development, and construction of affordable housing
- Facilitate and incentivize development of properties that provide a full range of affordable housing inventory
- Optimize the use of the City's Private Activity Bond Cap
  - Work with the developers and the State's Housing Finance and Development Corp (HHFDC)
- Expand and sustain Crisis Outreach Response and Engagement (CORE) homelessness services

# FY 2024 Priorities

- Public Safety and Public Health
  - Excellence in providing core services to O'ahu residents and businesses across the diversified communities we serve
    - Committed to aggressive hiring, training and retention of first responders to achieve low vacancies
  - Unwavering commitment to prioritize public safety, reduce crime and keep residents
- Transit and Transportation
  - Electrification of transportation, energy conservation and improved intermodal transit facilities.
  - City-State coordinated transportation grid across O'ahu that incorporates state of the art adaptive traffic-signal control technologies with fiber-optic connectivity (broadband) to rural and often underserved

# FY 2024 Priorities

- Government Efficiencies and Transformative Change
  - Committed to modernization and improvement of City operations for greater efficiencies, accountability and excellence in service
    - Increase maintenance of parks and upgrades to park facilities
    - Strengthen and improve operational and organizational efficiencies in the Department of Planning and Permitting (DPP)
    - Significantly improve hiring and retention processes in the Department of Human Resources

# FY2024 Priorities

- Climate Change and Adaptation

- The Office of Climate Change, Sustainability and Resiliency (OCCSR) to facilitate the City's transition from a focus on climate change policies to adaptation of City operations and infrastructure

- Improve City Communication with O'ahu Residents and Businesses

- Increase awareness of important City policies and programs by providing accurate and timely information to residents, businesses and the media.
- Clear, transparent, and consistent open communication is essential to improving public understanding of City operations and earning the public's trust and confidence

# Revenues

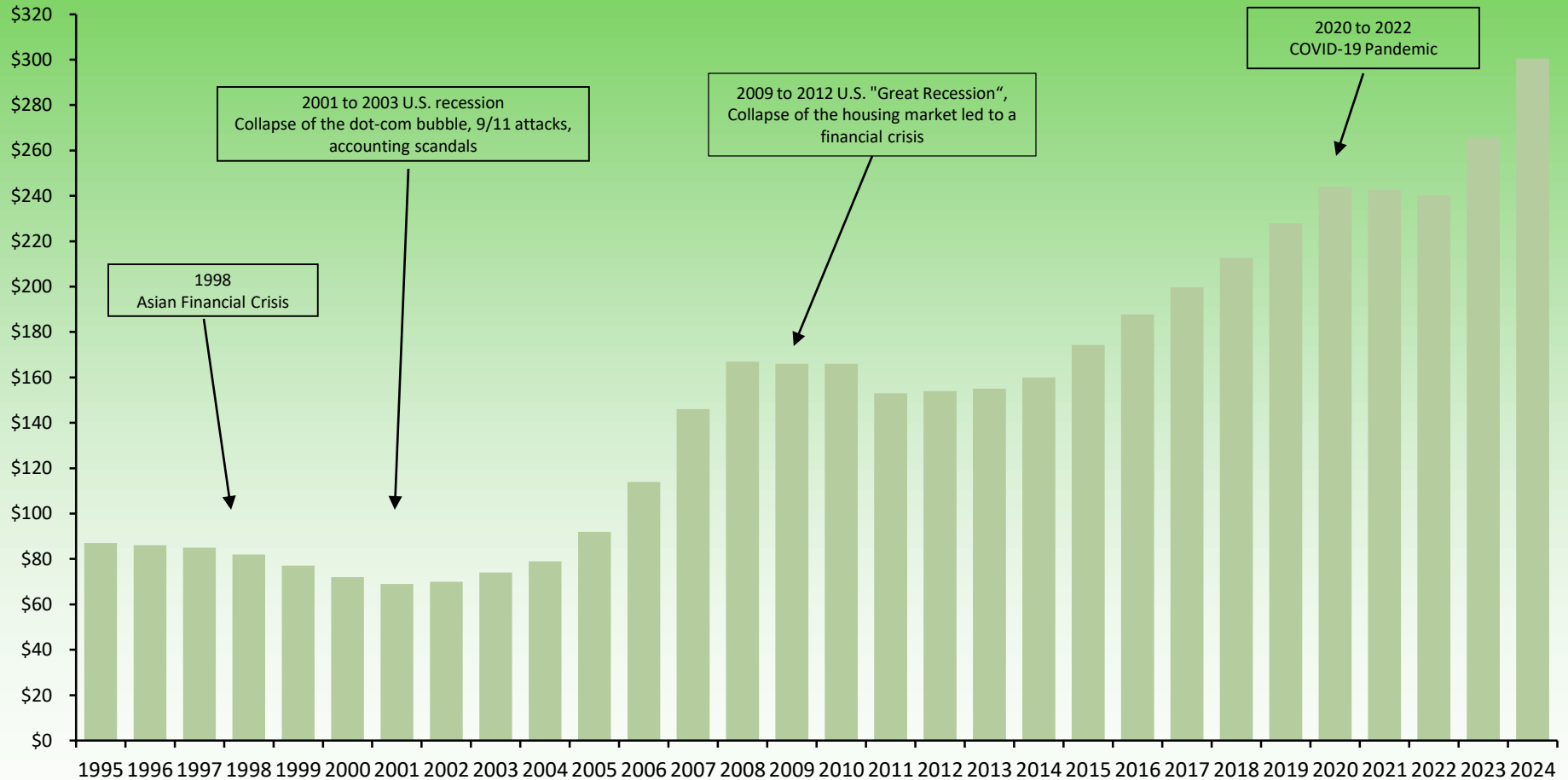
# Comparison of Key Revenues

## (In Millions)

	<b><u>FY 2023</u></b> <b><u>Appropriated</u></b>	<b><u>FY2024</u></b> <b><u>Proposed</u></b>	<b><u>Increase</u></b> <b><u>(Decrease)</u></b>
Real Property Tax	\$1,504.8	\$1,670.9	\$166.1
Transient Accommodation Tax	\$85.8	\$94.0	\$8.2
Motor Vehicle Weight Tax	\$181.9	\$184.8	\$2.9
Fuel Tax	\$37.7	\$43.0	\$5.3
PUC Franchise Tax	\$43.8	\$53.0	\$9.2
Public Service Company Tax	\$44.0	\$44.5	\$0.5
Investments-Pool	\$2.3	\$61.2	\$58.9
	<b>\$1,900.3</b>	<b>\$2,151.4</b>	<b>\$251.1</b>



# Real Property Assessments (In Billions)



# Real Property Tax Revenues

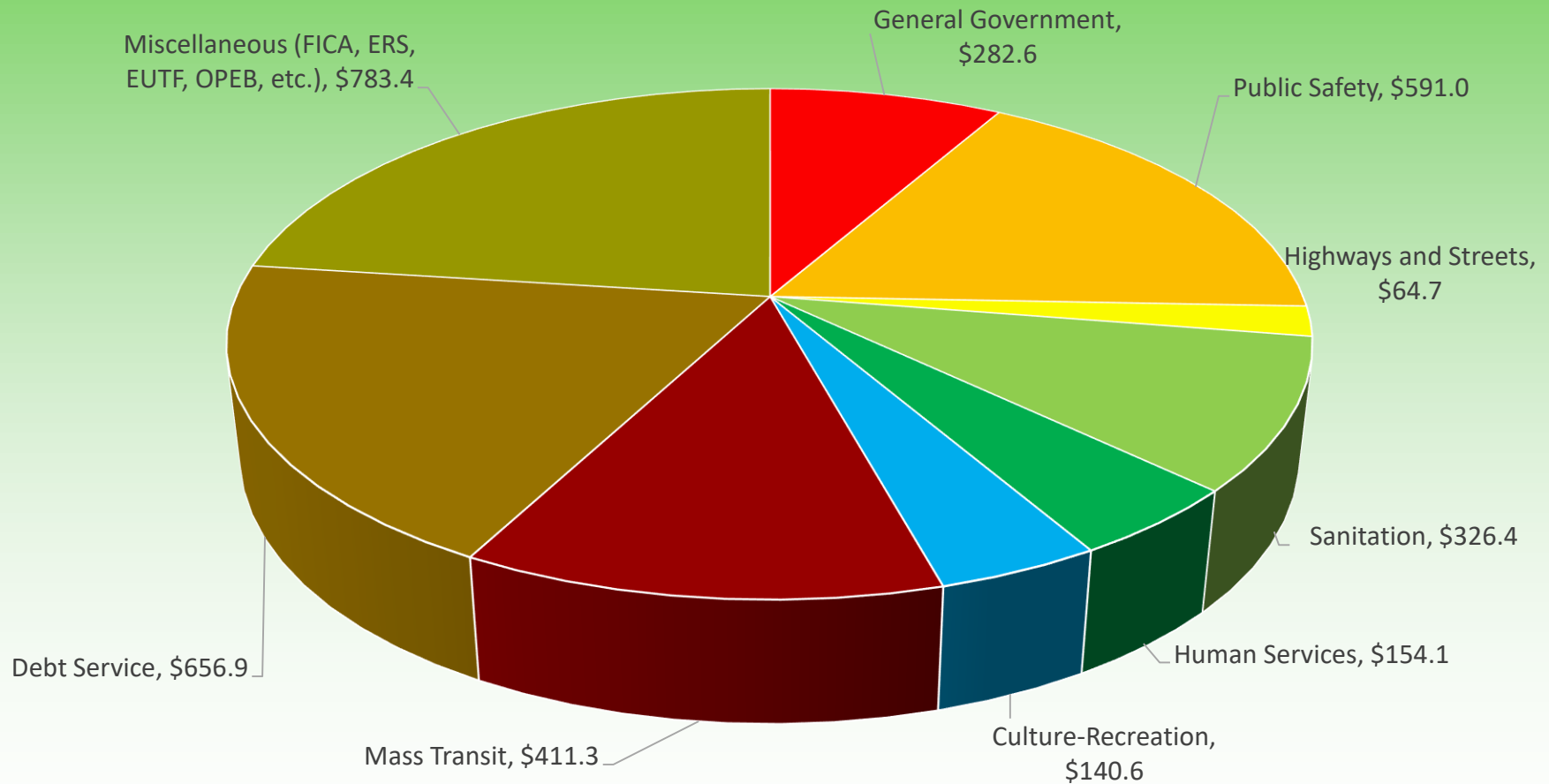
<u>Land Use Class</u>	<u>Tax Rate</u>	<u>FY 2023 Revenue</u>	<u>FY 2024 Revenue</u>
Residential	\$3.50	\$634,513,000	\$692,312,000
Residential A	\$4.50/\$10.50	\$216,599,000	\$301,180,000
Commercial	\$12.40	\$281,263,000	\$290,732,000
Industrial	\$12.40	\$160,236,000	\$178,021,000
Hotel/Resort	\$13.90	\$202,630,000	\$244,688,000
Other	\$5.70 TO \$8.50	\$9,607,000	\$9,531,000
Tax Credit			(\$45,524,700)
Total		\$1,504,848,000	\$1,670,939,300

# **Operating Expenditures Budget Overview**

# Fiscal Year 2024 Operating Budget Expenditures

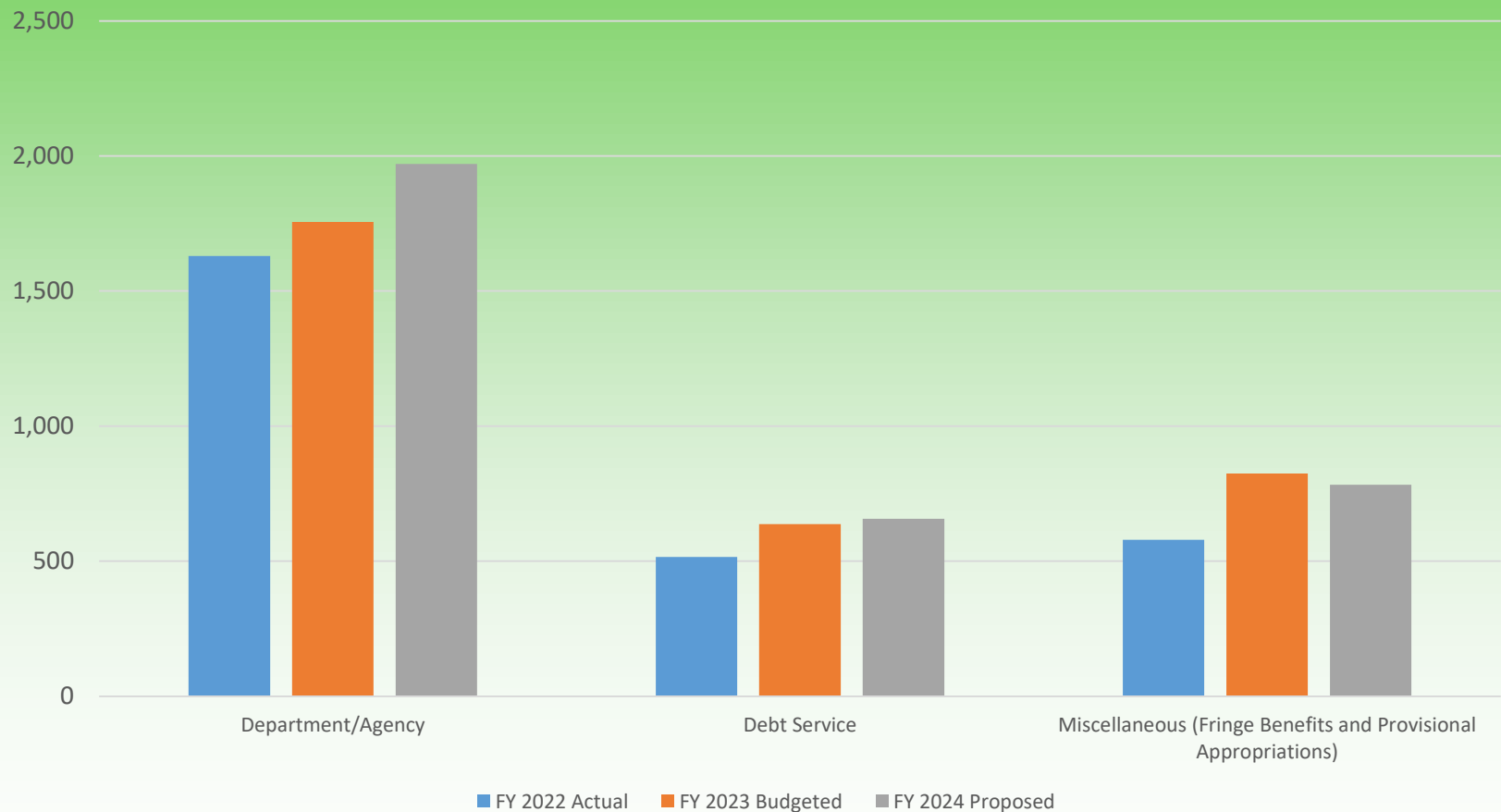
## \$3.41 Billion

(In Millions)



# Operating Expenditures Budget by Cost Element

## \$3.41 Billion (In Millions)



# Long-term Liabilities/Commitments

- OPEB
- ERS
- Debt Service
- Rail Operations and Project Costs
- Collective Bargaining Impact to FY24 and Future Years

# OPEB Liability

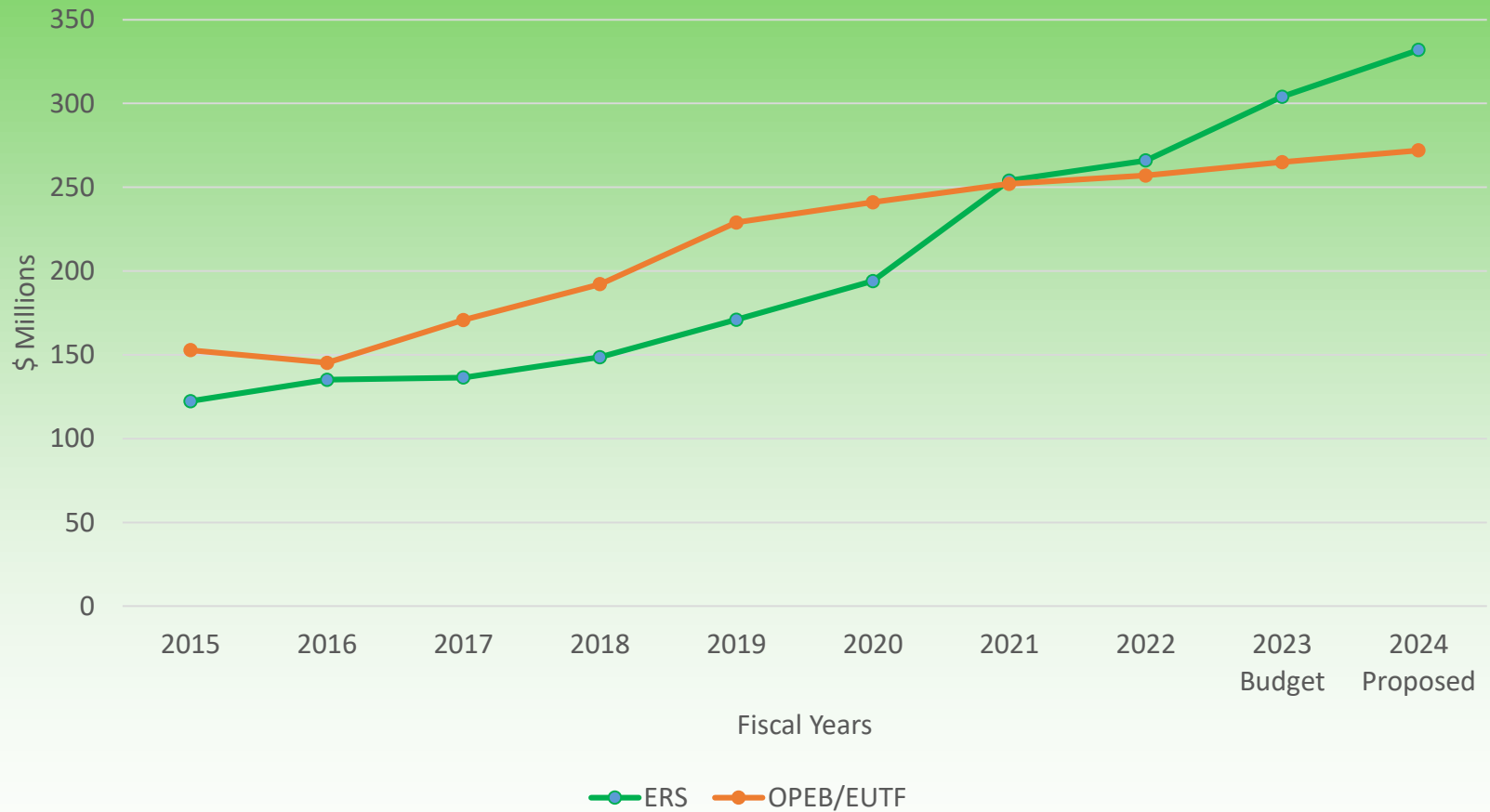
- \$1.3 Billion Unfunded Liability for Retiree Health Care (as of July 1, 2022)
  - OPEB FY 2023 Annual Required Contribution (ARC) will be expended to fully fund the ARC
  - FY 2024 budget includes the full Annual Required Contribution Amount

# Pension Liability

- \$2.3 Billion Pension Liability at June 30, 2022
- Rate increases from FY 2018 through 2021 for Employer Contributions passed by the State Legislature - Act 17 (2017)
- Budgeted Retirement System Contributions include increases for “spiking” benefits earned by recent retirees.



# ERS and OPEB/EUTF Expenditures FY2015 to FY2024



# Debt Service

- Higher borrowing costs, due to the increases in Fed Funds Rate over the past year
- Tax-exempt advance refunding can only be done with taxable bonds

# Rail Operations and Maintenance Costs

- \$85.1M operations and maintenance costs in DTS
- Act 1 prohibits the use of GET and TAT, and County TAT for rail operations and maintenance
- Ordinance 21-33 establishes a three percent county transient accommodations tax (TAT), and allocates 33.33 percent to the transit fund for two years from December 14, 2021 to the transit fund. Beginning December 14, 2023 and thereafter, 50 percent of county TAT is allocated to the transit fund.

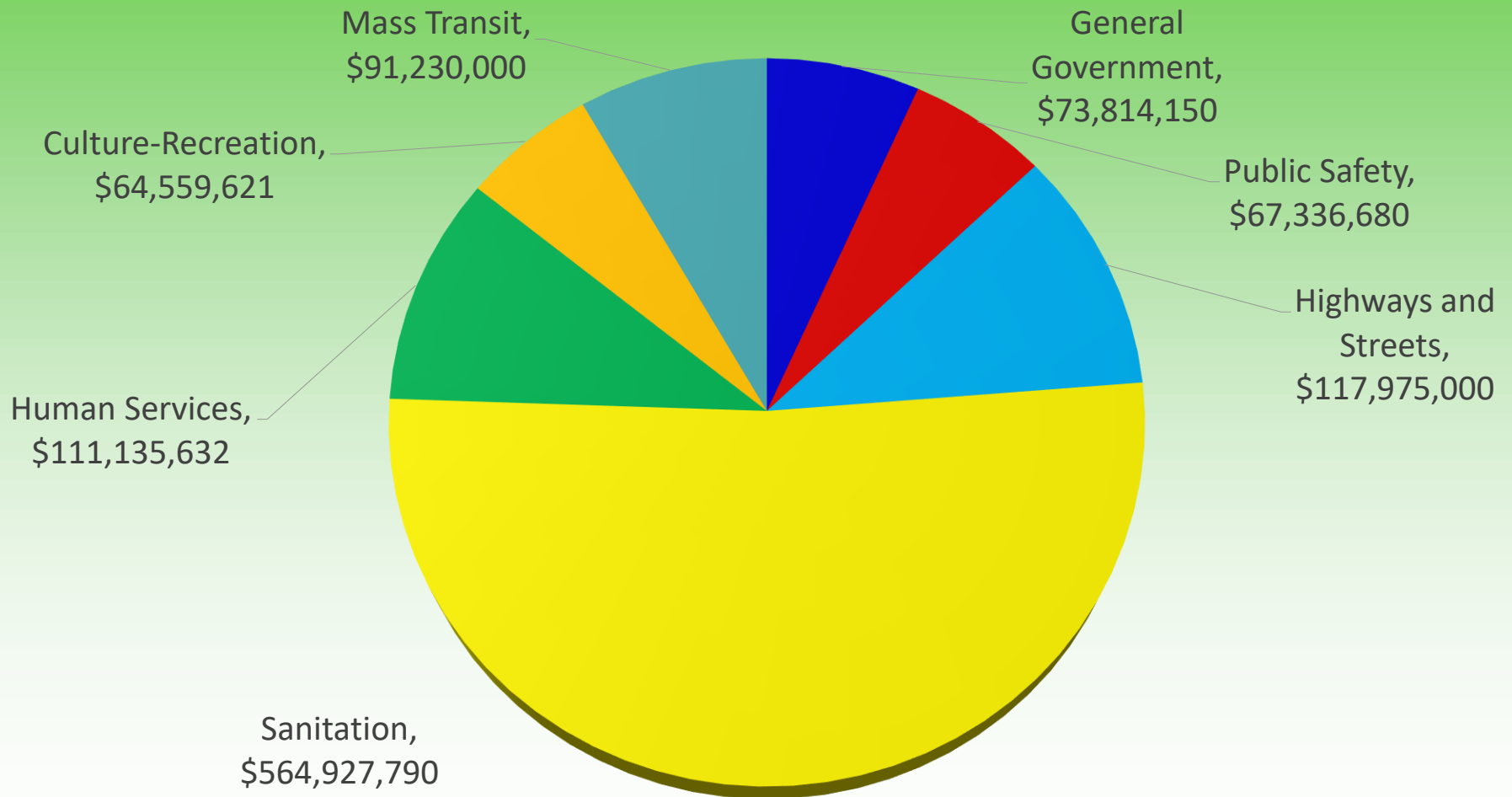
# CIP Budget Overview

# Focus

- Affordable Housing
- Homelessness
- Public Safety
- Public Transportation
- Parks
- Wastewater and Global Consent Decree projects

# Fiscal Year 2024 CIP Budget

## \$1.09 Billion



# CIP Projects

- The FY 2024 CIP of \$1.09 billion targets \$643.8 million for construction of:
  - Affordable Housing land and property acquisition
  - H-Power Facility and Wastewater Treatment Plants Improvements
  - Sewer Infrastructure Improvements
  - Electrification of Transportation Infrastructure Improvements
  - Highways, Streets, and Bridge Improvements
  - Flood Control and Storm Drainage Improvements
  - Parks, Golf Courses and Zoo Improvements
  - Computerized Traffic Control System (Intelligent Transportation Systems) Infrastructure Expansion
- The FY 2024 CIP also includes \$121.7 million for the planning and design of improvements to support the delivery of core City services.

**Thank You**