



City and County of Honolulu Fiscal Year 2024 Budget Communication #3

Andrew T. Kawano, Director
Department of Budget and Fiscal Services
March 6, 2023

The FY 2024 Budget was prepared with the following priorities:

- **Affordable Housing:** O‘ahu, like the rest of the state, is in a housing crisis where demand grossly exceeds housing inventory at all income levels, especially at lower area median incomes (AMI). The proposed CIP budget includes \$100 million for land and property acquisition for affordable housing, \$6 million for affordable housing infrastructure planning in places like Halawa and Iwilei, and \$8.4 million for the Affordable Housing Strategic Development Program, to be used for the renovation and/or development of low income housing units.
- **Homelessness:** The FY24 operating budget also includes approximately \$15.4 million for homeless initiatives including: \$11.5 million for continuation of the successful Housing First initiative and related support services, \$1.5 million for services related to the Hale Mauiola Housing Navigation Center at Sand Island, \$1.4 million in Home Investments Partnerships program for rental subsidies serving approximately 100 persons experiencing homelessness and \$1.0 million for services at the Pūnāwai Rest Stop in Iwilei.

The FY 2024 Budget was prepared with the following priorities:

- **Public Safety:** Funding for the Honolulu Police Department, Honolulu Fire Department, Honolulu Emergency Services Department (Ocean Safety, Emergency Medical Services) and other public safety programs make up 17.3% of the City's proposed Operating budget, at \$591 million. The proposed CIP budget also includes \$7.5 for improvements of the HPD headquarters and other police station buildings and \$5 million for fire station improvements across O'ahu.
- **Public Transportation:** Funding for the City and County of Honolulu's mass transit programs in the proposed Operating budget amounts to \$411.3 million, or about 12.06% of the budget – a figure which includes \$85.1 million for the annualized operating and maintenance cost of Honolulu's rail system, which will open to the public later this year. The proposed budget also includes \$87.3 million for the acquisition of new vehicles for TheBus and TheHandi-Van and a combined \$46.5 million has been set aside for road rehabilitation and road resurfacing across the island. \$33.2 million has also been allocated for the planning, design, and execution of computerized systems that connect all forms of O'ahu's public transportation infrastructure.

The FY 2024 Budget was prepared with the following priorities:

- **Parks:** Mayor Blangiardi continues to support the increased maintenance of our parks and upgrades to park facilities, with \$11.9 million in CIP funds budgeted for various park improvements and \$7.3 million allotted for roof repairs, parking lot repaving, refurbishing of gym floors and other miscellaneous repairs. Also included in the CIP budget is \$5.5 million of Community Development Block Grant (CDBG) funds to complete “multi-year” park improvements across the island in eligible neighborhoods.

Operating Budget Comparison by Source of Funds

<u>Fund</u>	<u>FY 23</u>	<u>FY 24</u>	<u>% Change</u>
General Fund	1,890,827,349	1,997,480,298	5.6%
Highway Fund	145,239,834	158,182,601	8.9%
Sewer Fund	378,661,633	409,386,546	8.1%
Transportation Fund	286,128,437	323,324,819	13.0%
Liquor Commission Fund	7,523,426	7,661,523	1.8%
Bikeway Fund	911,309	868,350	-4.7%
Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	4,924,604	5,497,765	11.6%
Special Events Fund	11,916,082	12,282,699	3.1%
Honolulu Zoo Fund	12,658,489	13,005,185	2.7%
Golf Fund	15,779,814	17,056,610	8.1%
Solid Waste Special Fund	215,917,125	222,458,835	3.0%
Hanauma Bay Nature Preserve Fund	7,355,647	7,517,124	2.2%
Rental Assistance Fund	233,000	233,000	0.0%

Operating Budget Comparison by Source of Funds (continued)

<u>Fund</u>	<u>FY 23</u>	<u>FY 24</u>	<u>% Change</u>
Housing Development Special Fund	698,382	698,382	0.0%
Clean Water and Natural Lands Fund	376,212	417,735	11.0%
Affordable Housing Fund	376,212	417,735	11.0%
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	9,734,658	11,102,303	14.0%
Community Development Fund	2,959,360	2,959,360	0.0%
Housing and Community Development Rehabilitation Loan Fund	2,004,300	2,004,300	0.0%
Housing and Community Development Section 8 Contract Fund	72,069,904	87,978,236	22.1%
Federal Grants Fund	134,328,419	111,084,941	-17.3%
Special Projects Fund	16,775,653	19,209,091	14.5%
TOTAL	3,217,546,749	3,410,974,338	6.0%

CIP Budget Comparison by Source of Funds

<u>Fund</u>	<u>FY23</u>	<u>FY24</u>	<u>% Change</u>
Sewer Revenue Bond Improvement Fund	79,800,000	269,702,000	238.0%
General Improvement Bond Fund	167,771,250	196,893,479	17.4%
Highway Improvement Bond Fund	127,564,000	111,819,000	-12.3%
Solid Waste Improvement Bond Fund	55,162,000	72,648,000	31.7%
Affordable Housing Fund	7,166,028	8,378,000	16.9%
Bikeway Fund	1,055,000	1,059,000	0.4%
Transportation Fund	1,231,000	168,275	-86.3%
Clean Water and Natural Lands Fund	17,894,939	27,631,000	54.4%
Capital Projects Fund	2,724,000	100,000	-96.3%
Golf Fund	329,000	-	-100.0%
General Fund	8,461,859	28,313,080	234.6%
Highway Fund	4,245,700	3,921,975	-7.6%
Hanauma Bay Nature Preserve Fund	70,000	-	-100.0%
Honolulu Zoo Fund	12,000	-	-100.0%
Parks and Playgrounds Fund	3,713,953	1,405,683	-62.2%
Special Events Fund	-	60,000	n/a
Sewer Fund	268,793,136	236,312,790	-12.1%
Solid Waste Special Fund	12,775,000	-	-100.0%
Community Development Fund	5,495,959	5,495,959	0.0%
Federal Grants Fund	266,666,103	127,070,632	-52.3%
Waipio Peninsula Soccer Park Fund	100,000	-	-100.0%
TOTAL	1,031,030,927	1,090,978,873	5.8%

Operating Budget Comparison by Function

<u>Function</u>	<u>FY23</u>	<u>FY24</u>	<u>% Change</u>
General Government	242,671,217	282,588,356	16.45%
Public Safety	528,619,545	590,986,015	11.80%
Highways and Streets	39,444,158	64,719,829	64.08%
Sanitation	300,540,904	326,393,833	8.60%
Human Services	132,371,738	154,118,282	16.43%
Culture-Recreation	117,700,831	140,644,184	19.49%
Utilities or Other Enterprises	395,067,856	411,289,748	4.11%
Debt Service	636,870,500	656,871,000	3.14%
Miscellaneous	824,260,000	783,363,091	-4.96%
TOTAL	3,217,546,749	3,410,974,338	6.01%

CIP Budget Comparison by Function

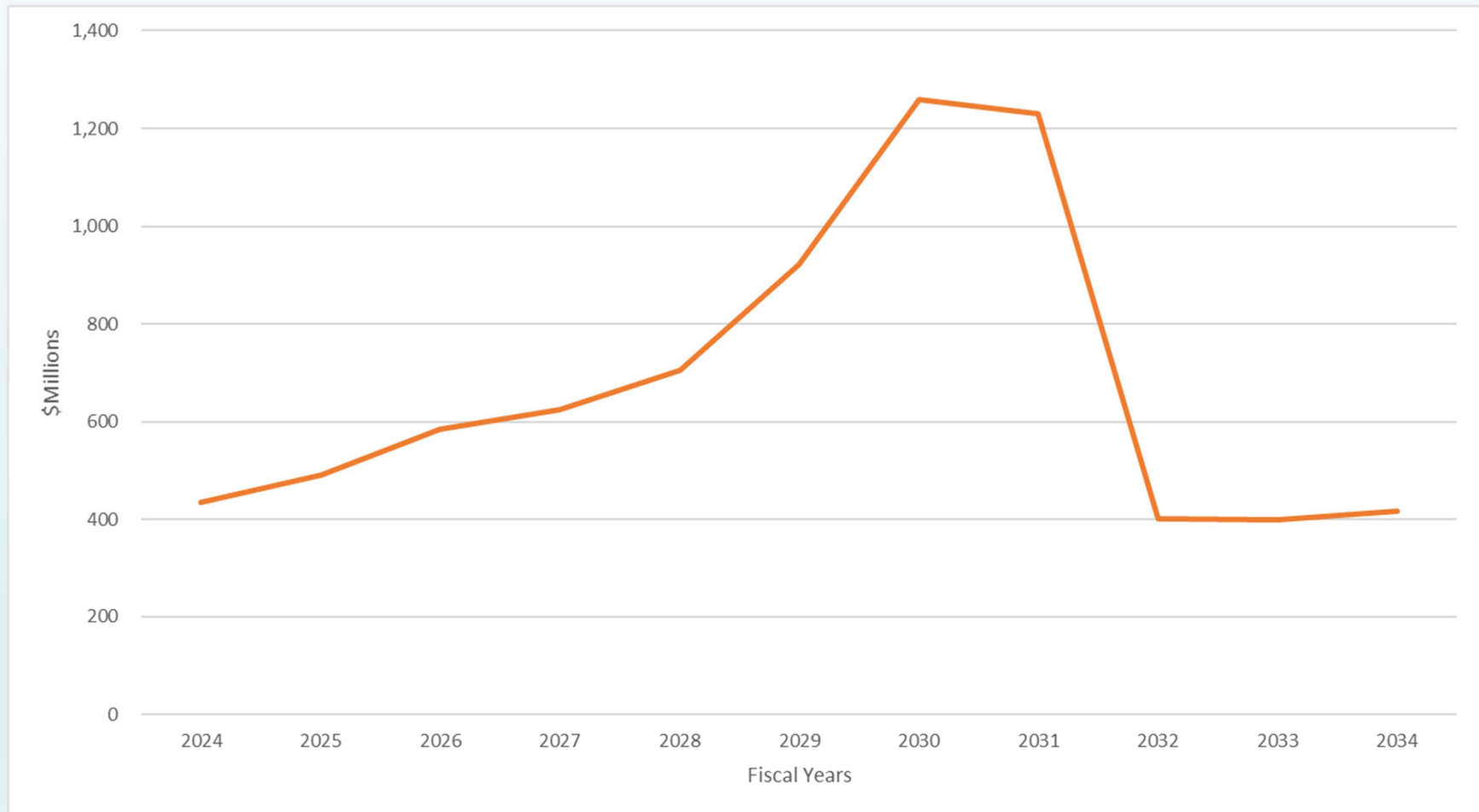
<u>Function</u>	<u>FY23</u>	<u>FY24</u>	<u>% Change</u>
General Government	314,762,630	73,814,150	-76.5%
Public Safety	87,104,000	67,336,680	-22.7%
Highways and Streets	85,865,000	117,975,000	37.4%
Sanitation	405,255,136	564,927,790	39.4%
Human Services	17,688,060	111,135,632	528.3%
Culture-Recreation	60,213,101	64,559,621	7.2%
Utilities or Other Enterprises	60,143,000	91,230,000	51.7%
TOTAL	1,031,030,927	1,090,978,873	5.8%

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

<u>Fiscal Year</u>	<u>G.O. Bond Issuance</u>	<u>(G.O. Bond Retirements)</u>	<u>Net Additional Debt</u>
2024	381,361,000	256,740,000	124,621,000
2025	1,037,033,000	280,682,358	756,350,642
2026	857,512,000	343,682,083	513,829,917
2027	715,333,000	367,165,573	348,167,427
2028	276,469,000	450,886,374	(174,417,374)
2029	266,372,000	675,721,406	(409,349,406)
2030	266,372,000	1,031,209,277	(764,837,277)
2031	266,372,000	1,025,337,131	(758,965,131)
2032	266,372,000	230,845,131	35,526,869
2033	266,372,000	225,831,790	40,540,210
2034	266,372,000	241,890,273	24,481,727

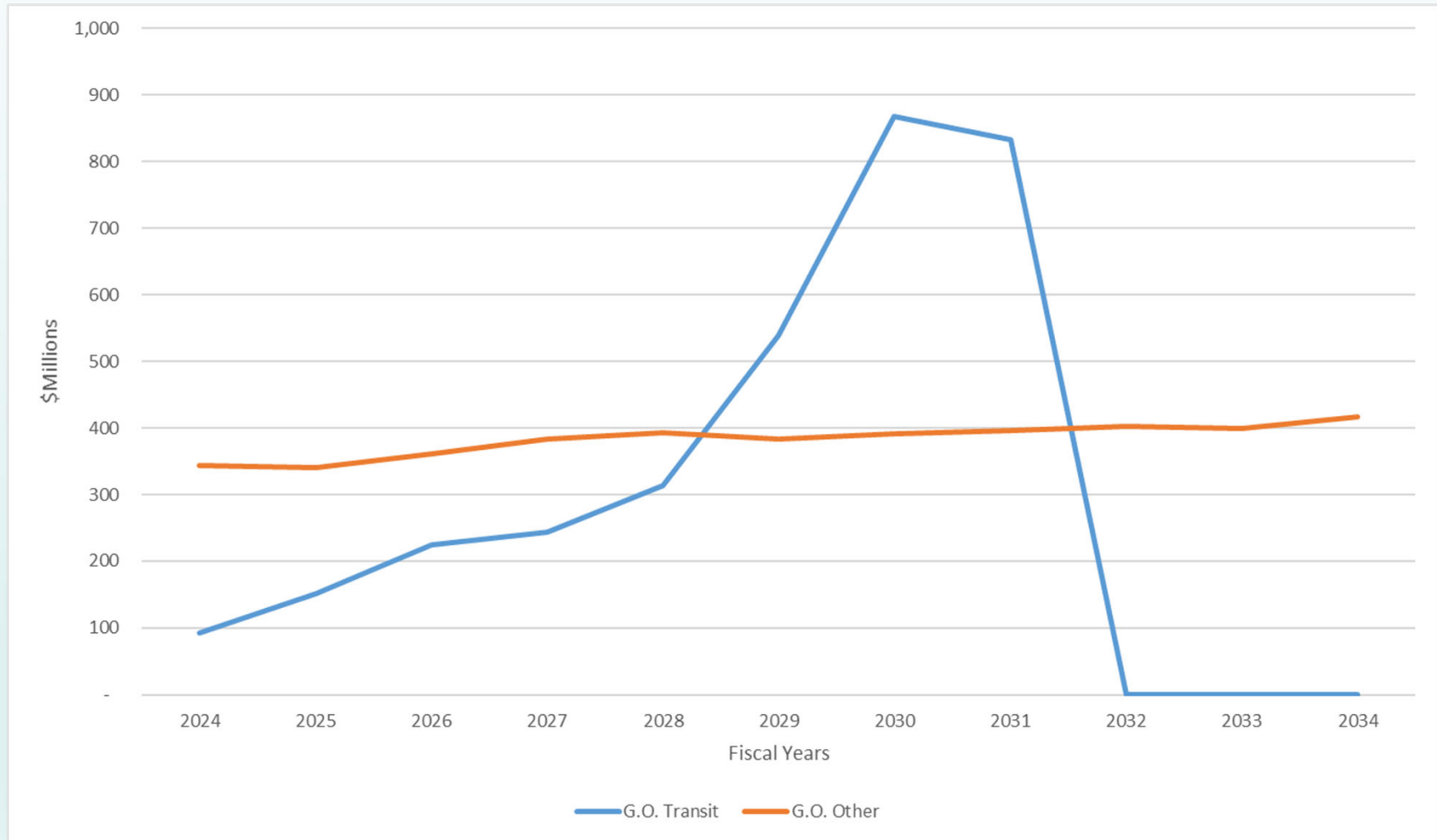
FY 2025, FY 2026 and FY 2027 G.O. issuance amounts include G.O. bonds (not including TECP) for HART. Information on HART bonds was obtained from HART.

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.

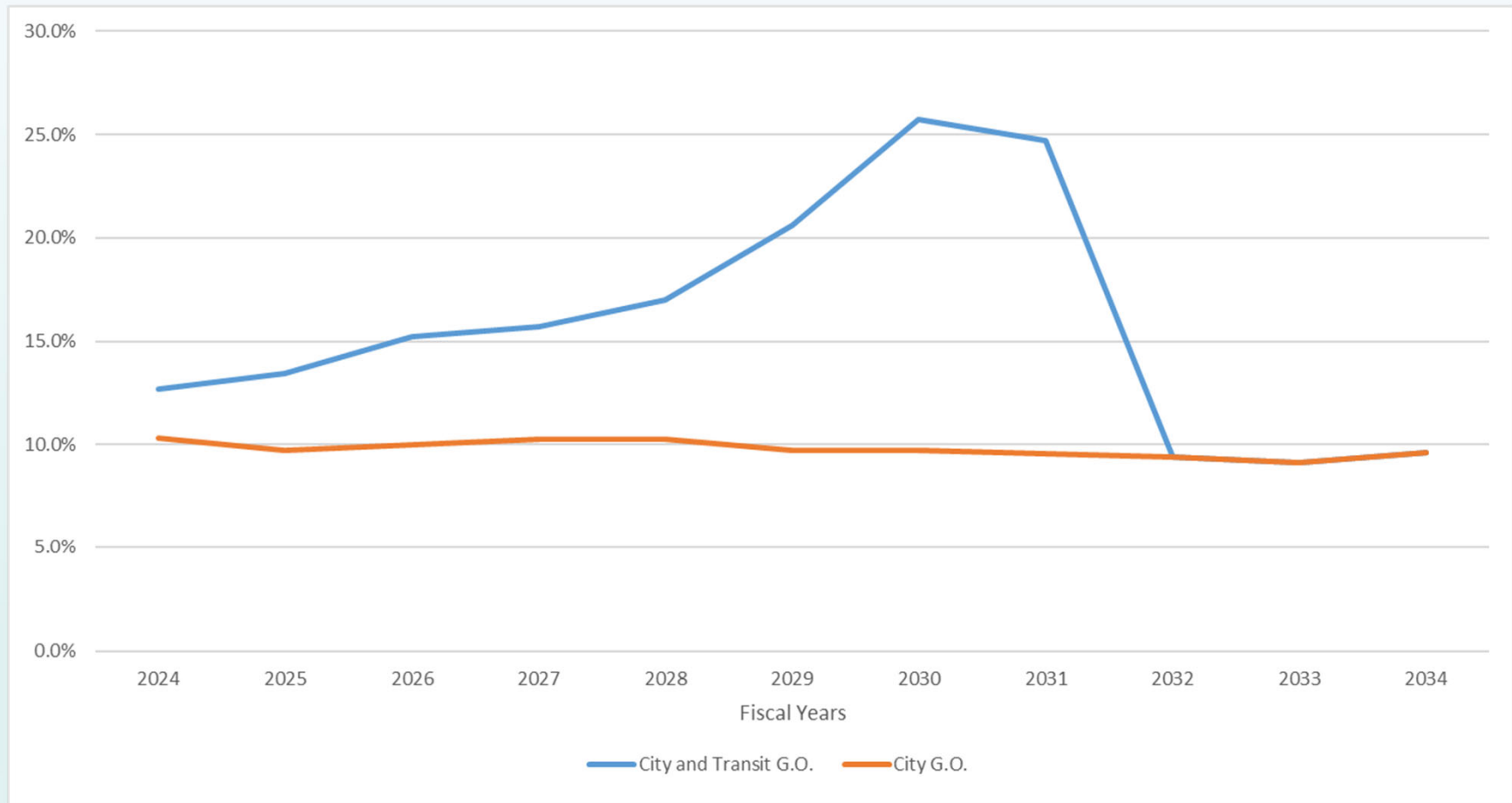
G.O. Bond Debt Service Projections



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

Budget Communication #3, 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 #3, question 4

City's Outstanding Debt

As of March 2, 2023

Gross funded indebtedness	\$	6,980,814,197
Less Exclusions:		
G. O. for HART		988,740,000
G. O. for Sewer		383,840
State Loans Payable		355,264,197
Wastewater Revenue Bonds		2,179,550,000
Water Supply Revenue Bonds		363,140,000
G. O. for Solid Waste		166,423,605
G. O. for H-POWER		359,440,000
G. O. for Housing		12,928,431
Total Exclusions		4,425,870,073
Net Funded Debt	\$	2,554,944,124

(a) Outstanding balance as of March 2, 2023. Total includes \$988,740,000 in G.O. bonds which are to be paid for from HART revenues.

As of February 28, 2023

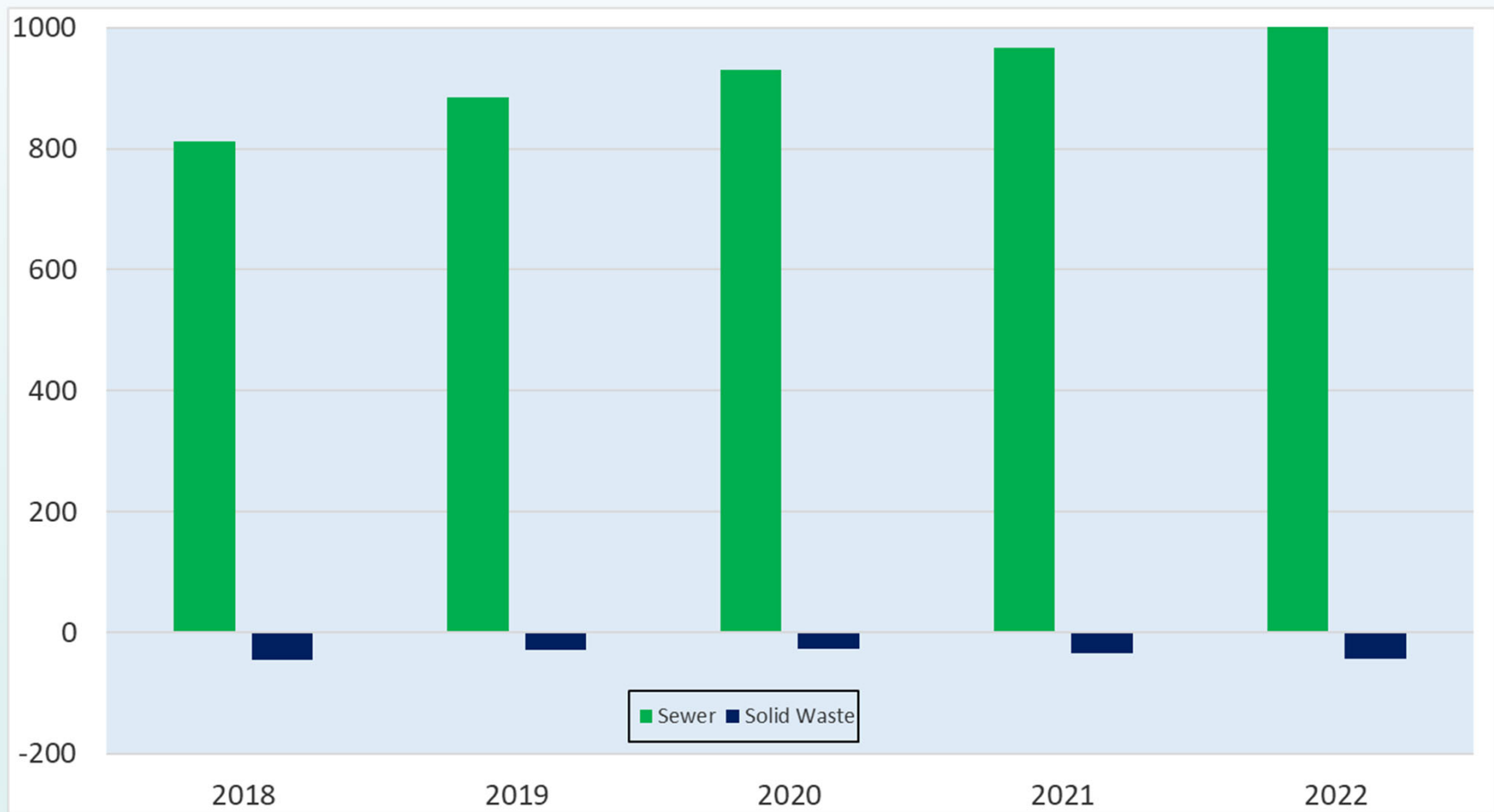
(a) Lapsed report cut-off date is February 28, 2023

Bond Issuances and/or Restructuring Proposed for Fiscal Year 2024

	Sewer Revenue Bonds	State Revolving Fund	General Obligation	Tax Exempt Commercial Paper (TECP) TR	GOB-TR
Issue amount	175,000,000	15,000,000	381,360,479	-	-
Estimated Interest Rate	5.25%	0.50%	4.50%		
Term	30 Years	20 Years	25 Years		
Structure	Level Payment	Level Payment	Level Payment		
Projected Date of Issuance	First half of Fiscal Year	Various	Second half of fiscal year		
Projected Annual Debt Service Payment	11,710,463	789,997	25,718,580		

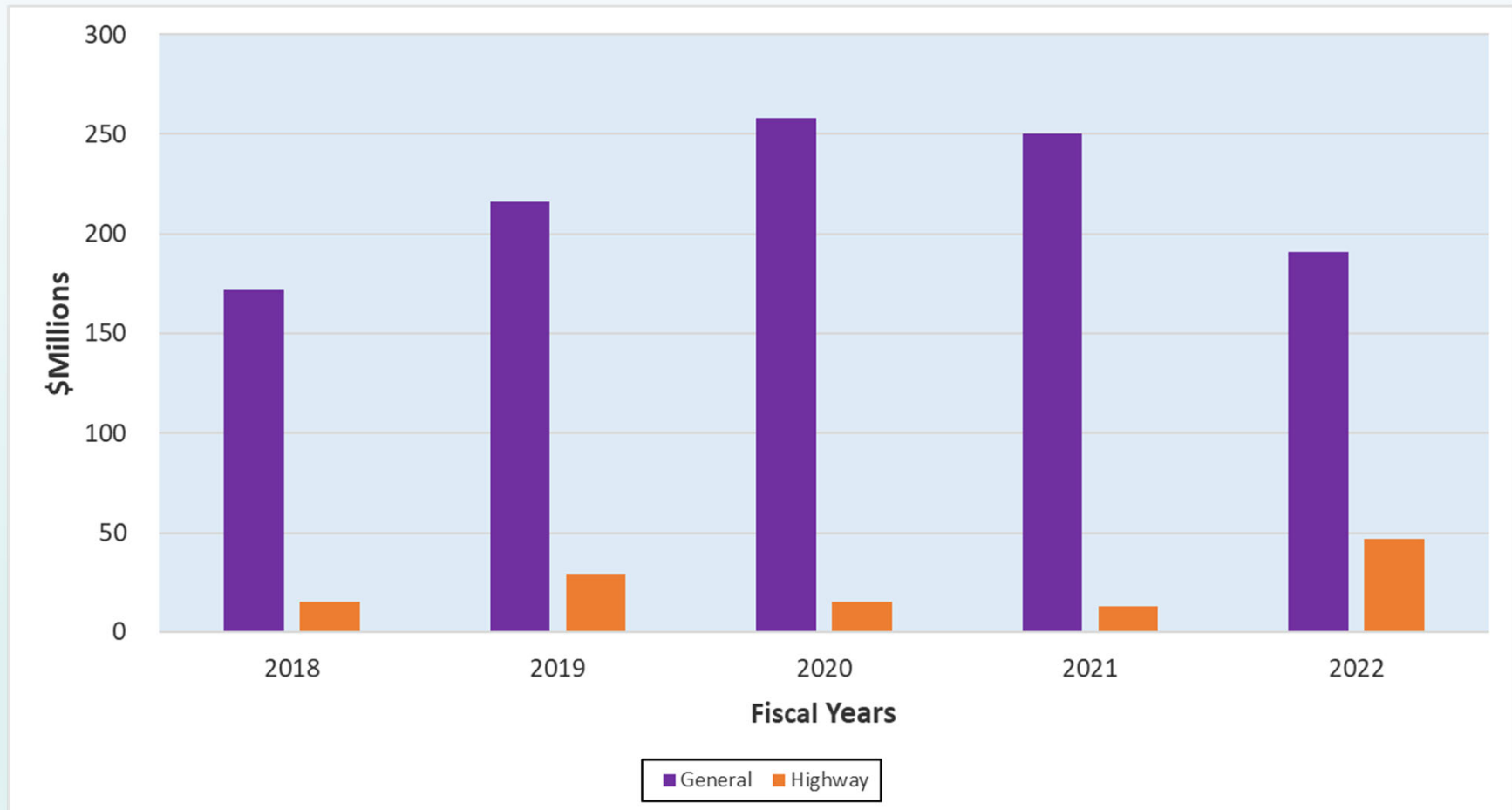
Sewer and Solid Waste Funds Unrestricted Net Assets

(In millions)



General and Highway Fund Unreserved, Undesignated Balance

(In millions)



Budget and Actual Resources Comparison (In \$Millions)

Type of Revenue	FY 2022 Budget	FY 2022 Actual	FY 2023 Budget	FY 2024 Proposed	Percent Change
Real Property Tax	1,368,415,863	1,399,376,644	1,493,551,944	1,658,066,338	11.0%
Fuel Tax	39,184,731	45,383,489	37,717,235	43,041,000	14.1%
Motor Vehicle Weight Tax	173,267,340	187,236,065	181,857,140	184,824,810	1.6%
Public Utility Franchise Tax	47,687,023	44,575,932	43,800,000	53,000,000	21.0%
Federal Grants	229,075,238	292,337,299	260,536,906	204,099,980	-21.7%
State Grants	17,826,980	11,115,539	20,361,688	22,030,990	8.2%
Transient Accommodations Tax	0	40,157,509	85,794,000	93,977,000	n/a
Public Service Company Tax	44,362,000	37,277,880	44,000,000	44,520,000	1.2%
Licenses and Permits	63,029,172	56,294,999	61,479,243	58,608,487	-4.7%
Charges for Services	37,120,076	38,677,524	42,437,415	72,004,444	69.7%
Sewer Charges	270,946,260	255,614,248	197,580,316	221,797,210	12.3%
Transportation Revenues	40,554,400	34,442,247	44,677,000	36,685,725	-17.9%
Solid Waste Revenues	130,470,900	141,798,425	110,165,900	127,015,900	15.3%
Other Revenues	154,170,835	89,871,722	147,875,252	153,278,359	3.7%
Carry-Over – Unrestricted*	176,162,442	262,570,244	191,308,633	137,852,662	-27.9%
Carry-Over – Restricted*	730,642,160	1,195,247,644	822,908,986	801,660,739	-2.6%
TOTAL	3,522,915,420	4,131,977,410	3,786,051,658	3,912,463,644	3.3%

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 2022	FY 2022	FY 2023	Percent	FY 2024	Percent
SOURCE	Budget	Actual	Budget	Change (1)	Proposed	Change (2)
<u>Operating Expenditures</u>						
Executive Agency Budgets	1,685.00	\$1,630	1,756.00	4.21%	1,971.00	12.24%
Debt Service	599	516	637	6.34%	657	3.14%
Fringe Benefits	570	536	611	7.19%	647	5.89%
Miscellaneous	78	44	214	174.36%	136	-36.45%
Total Operating Expenditures	2,932.00	2,726.00	3,218.00	9.75%	3,411.00	6.00%
(1) Percentage change between FY 2023 Budget and FY 2022 Budget						
(2) Percentage change between FY 2024 Proposed and FY 2023 Budget						
Fringe Benefits includes Retirement System Contributions, FICA and Pension, Health Benefits Contributions, and OPEB						