

'23MAR23 PM 3:01 CITY CLERK



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March 23, 2023

The Honorable Radiant Cordero, Chair
and Members of the Committee on Budget
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Cordero:

Subject: **Budget Communication No. 11**
Request for Additional Information Relating to HART Budgets

In response to Budget Communication No. 11, dated March 16, 2023, requesting additional information relating to HART Budgets, we submit the following information:

- Page 3 of Bill 16 (2023) states that **\$1,135,507** will transfer to the General Fund ("GN") from the Transit Fund ("TR") for Central Administrative Services Expenses ("CASE"), while page C-8 of the Program Book states that "Recov CASE-HART" will be **\$3,200,000**.

	HART	BFS	Difference
Expenditure	\$ 1,135,507	\$ -	
Recovery	\$ -	\$ (3,200,000)	
Sum Total	\$ 1,135,507	\$ (3,200,000)	\$ (2,064,493)

The amount budgeted by BFS is the full amount of CASE that is applicable to HART; however, HART allocates this amount between operating expenditures and capital expenditures. The amount of \$1,135,507 include in Bill 16 is the portion of these costs that is included in HART's Operating Budget. The remaining \$2,064,493 is budgeted in HART's Capital Budget.

- Page 3 of Bill 16 (2023) states that **\$411,720** will transfer to the GN from the TR for Services Provided to HART, while page C-7 of the Program Book states "Recov-Direct Costs HART" will be **\$1,437,812**.

	HART	BFS	Difference
Expenditure	\$ 411,720	\$ -	
Recovery	\$ -	\$ (1,437,812)	
Sum Total	\$ 411,720	\$ (1,437,812)	\$ (1,026,092)

The amount budgeted by BFS is the full amount of direct City services that is applicable to HART; however, HART allocates this amount between operating expenditures and capital expenditures. The amount of \$411,720 included in Bill 16 is the portion of these costs that is included in HART's Operating Budget. The remaining \$1,026,092 is budgeted in HART's Capital Budget.

3. Page 3 of Bill 16 (2023) states that **\$103,601,250** will transfer to the GN from the TR for Debt Service, while page C-7 of the Program Book states that "Recov Debt Svc-HART" will be **\$92,171,250**.

	HART	BFS	Difference
Expenditure	\$ 103,601,250	\$ -	
Recovery	\$ -	\$ (92,171,250)	
Sum Total	\$ 103,601,250	\$ (92,171,250)	\$ 11,430,000

HART budgeted \$103,601,250 of debt service in its Operating Budget based on the required monthly debt service payment schedule per HART's Memorandum of Understanding (MOU) with BFS. Based on a discussion with BFS, HART's expenditure will not match BFS' recovery in revenues because of a difference in the timing of debt service payments. As noted, HART makes monthly debt service payments to BFS based on its MOU. These payments from HART are deposited into a trust account that is used only for payment of debt service on G.O. Bonds assigned to HART. However, the City makes debt service payments twice a year from the funds that were paid in advance by HART. Any excess funding amount deposited in the trust account is not included in the City's budgeted revenues because the funds are restricted to debt service on G.O. Bonds assigned to HART.

If there should be any further questions, please do not hesitate to contact me.

Very truly yours,



Lori M.K. Kahikina, P.E.
Executive Director and CEO

cc: Office of the City Clerk
HART Board of Directors
Mr. Michael Formby, Managing Director
Mr. Andy Kawano, Director, Department of
Budget and Fiscal Services
Ms. Carrie Castle, Deputy Director, Department of
Budget and Fiscal Services