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# **City and County of Honolulu Fiscal Year 2025 Budget Communication #3**

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Department of Budget and Fiscal Services

March 11, 2024

DEPT. COM. 154  
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# The FY 2025 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). Acquisition, development and construction of affordable housing through an Affordable Housing Working Group that optimizes collaboration between the various City agencies with a role in executing affordable housing units. The FY25 proposed CIP budget includes \$22.8 million affordable housing development, adding to the \$205 million two year FY24 CIP budget. Included in this year’s budget is funding of \$3 million for planning and design for development near Iwilei Kuwili rail station transit oriented area redevelopment, and \$5 million for grants incentivizing the construction of affordable rental housing units on smaller lots.
- **Homelessness:** The FY25 Operating budget includes approximately \$19.5 million for homeless initiatives including: \$12.3 million for the continuation of the successful Housing First initiative and related support services, \$3 million for homeless services at Iwilei Center to provide relocation, triage, medical care, respite, shelter and other wrap around services, \$1.6 million for services related to the Hale Mauiola Housing Navigation Center at Sand Island, \$1.5 million in Home Investments Partnerships program for rental subsidies serving approximately 100 persons experiencing homelessness and \$1.1 million for services at the Pūnāwai Rest Stop in Iwilei.

# The FY 2025 Budget was prepared with the following priorities:

- **Public Safety:** \$626.6 million in combined operating funding for the Honolulu Police Department (HPD), Honolulu Fire Department (HFD), Honolulu Emergency Services, Ocean Safety and other public safety programs make up 17.25% of the City's proposed Operating budget. The FY25 CIP budget includes \$14.9 million for HFD fire station improvement and relocation projects, \$10.5 million for improvements to HPD headquarters and substations, \$3.5 million for ambulance facilities and Ocean Safety stations.
- **Public Transportation:** Funding for the City and County of Honolulu's mass transit programs including TheBus, TheHandi-Van and Skyline in the proposed Operating budget totals \$427.7 million, or about 11.77% of the budget, which includes \$89.2 million for Skyline operations and maintenance costs. \$64.5 million has also been budgeted for road rehabilitation and road resurfacing across O'ahu. The proposed budget also includes \$54.9 million for the acquisition of new City buses and TheHandi-Van vehicles.

# The FY 2025 Budget was prepared with the following priorities:

- **Parks:** The FY25 Operating budget continues to prioritize City park operations and maintenance with \$117.9 million in funds. The FY25 CIP budget of \$55.8 million for various park improvements includes \$26.4 million from the Clean Water Natural Lands charter fund for the acquisition of preservation and conservation lands on O‘ahu. Approximately \$6 million is included in various CIP bulk funds to perform certain sustainable park improvements. Also included is \$6 million of Community Development Block Grant (CDBG) funds to complete multi-year park improvements.
- **Sanitation Improvements:** Honolulu’s sewer system is a critical component of the City’s infrastructure. The FY25 capital budget for City sanitation projects totaling \$445.3 million includes \$417.8 million to fund wastewater capital improvement projects primarily scheduled to comply with the 2010 Consent Decree. Included is \$171.7 million to fund the major capital improvement projects (CIP) at the Honouli‘uli and Sand Island wastewater treatment plant projects.

## Operating Budget Comparison by Source of Funds

<u>Fund</u>	<u>Appropriated FY 24</u>	<u>Proposed Budget FY 25</u>	<u>% Change</u>
General Fund	2,002,540,116	2,135,019,578	6.6%
Highway Fund	156,210,581	156,306,708	0.1%
Sewer Fund	409,386,546	438,487,449	7.1%
Transportation Fund	323,524,494	411,117,697	27.1%
Liquor Commission Fund	7,661,523	7,798,707	1.8%
Bikeway Fund	868,350	929,204	7.0%
Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	5,497,765	5,077,565	-7.6%
Special Events Fund	12,282,699	12,938,445	5.3%
Honolulu Zoo Fund	13,005,185	13,931,593	7.1%
Golf Fund	17,056,610	17,561,542	3.0%
Solid Waste Special Fund	222,548,835	245,123,597	10.1%
Hanauma Bay Nature Preserve Fund	7,517,124	7,504,292	-0.2%
Rental Assistance Fund	233,000	252,000	8.2%

## Operating Budget Comparison by Source of Funds (continued)

<u>Fund</u>	<u>Appropriated FY 24</u>	<u>Proposed Budget FY 25</u>	<u>% Change</u>
Housing Development Special Fund	698,382	698,382	0.0%
Clean Water and Natural Lands Fund	417,735	849,849	103.4%
Affordable Housing Fund	417,735	432,114	3.4%
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	11,102,303	10,404,288	-6.3%
Community Development Fund	2,924,770	2,924,770	0.0%
Housing and Community Development Rehabilitation Loan Fund	2,004,300	2,000,000	-0.2%
Housing and Community Development Section 8 Contract Fund	87,978,236	87,386,265	-0.7%
Federal Grants Fund	111,026,300	56,054,357	-49.5%
Special Projects Fund	19,209,091	19,481,181	1.4%
<b>TOTAL</b>	<b>\$3,414,258,580</b>	<b>\$3,632,426,483</b>	<b>6.4%</b>

## CIP Budget Comparison by Source of Funds

Fund	Appropriated FY24	Proposed Budget FY25	% Change
Sewer Revenue Bond Improvement Fund	269,702,000	207,559,000	-23.0%
General Improvement Bond Fund	443,027,734	129,641,600	-70.7%
Highway Improvement Bond Fund	138,739,000	127,775,000	-7.9%
Solid Waste Improvement Bond Fund	72,648,000	27,532,000	-62.1%
Affordable Housing Fund	8,378,000	22,848,000	172.7%
Bikeway Fund	1,059,000	1,354,000	27.9%
Transportation Fund	168,275	-	-100.0%
Clean Water and Natural Lands Fund	27,631,000	26,429,000	-4.4%
Capital Projects Fund	100,000	3,360,000	3260.0%
General Fund	4,915,000	2,450,000	-50.2%
Highway Fund	3,921,975	-	-100.0%
Hanauma Bay Nature Preserve Fund	-	1,660,000	n/a
Parks and Playgrounds Fund	1,405,683	716,350	-49.0%
Special Events Fund	60,000	-	n/a
Sewer Fund	236,562,790	211,738,800	-10.5%
Community Development Fund	5,431,719	6,021,719	10.9%
Federal Grants Fund	126,407,882	149,955,749	18.6%
<b>TOTAL</b>	<b>\$1,340,158,058</b>	<b>\$919,041,218</b>	<b>-31.4%</b>

## Operating Budget Comparison by Function

<u>Function</u>	<u>Appropriated FY 24</u>	<u>Proposed Budget FY 25</u>	<u>% Change</u>
General Government	278,990,107	298,801,587	7.1%
Public Safety	593,843,168	626,561,376	5.5%
Highways and Streets	62,671,181	70,214,250	12.0%
Sanitation	326,483,833	375,680,797	15.1%
Human Services	153,658,604	159,615,627	3.9%
Culture-Recreation	142,129,525	151,609,669	6.7%
Utilities or Other Enterprises	411,314,423	427,709,177	4.0%
Debt Service	656,871,000	677,580,000	3.2%
Miscellaneous	788,296,739	844,654,000	7.1%
<b>TOTAL</b>	<b>\$3,414,258,580</b>	<b>\$3,632,426,483</b>	<b>6.4%</b>



## CIP Budget Comparison by Function

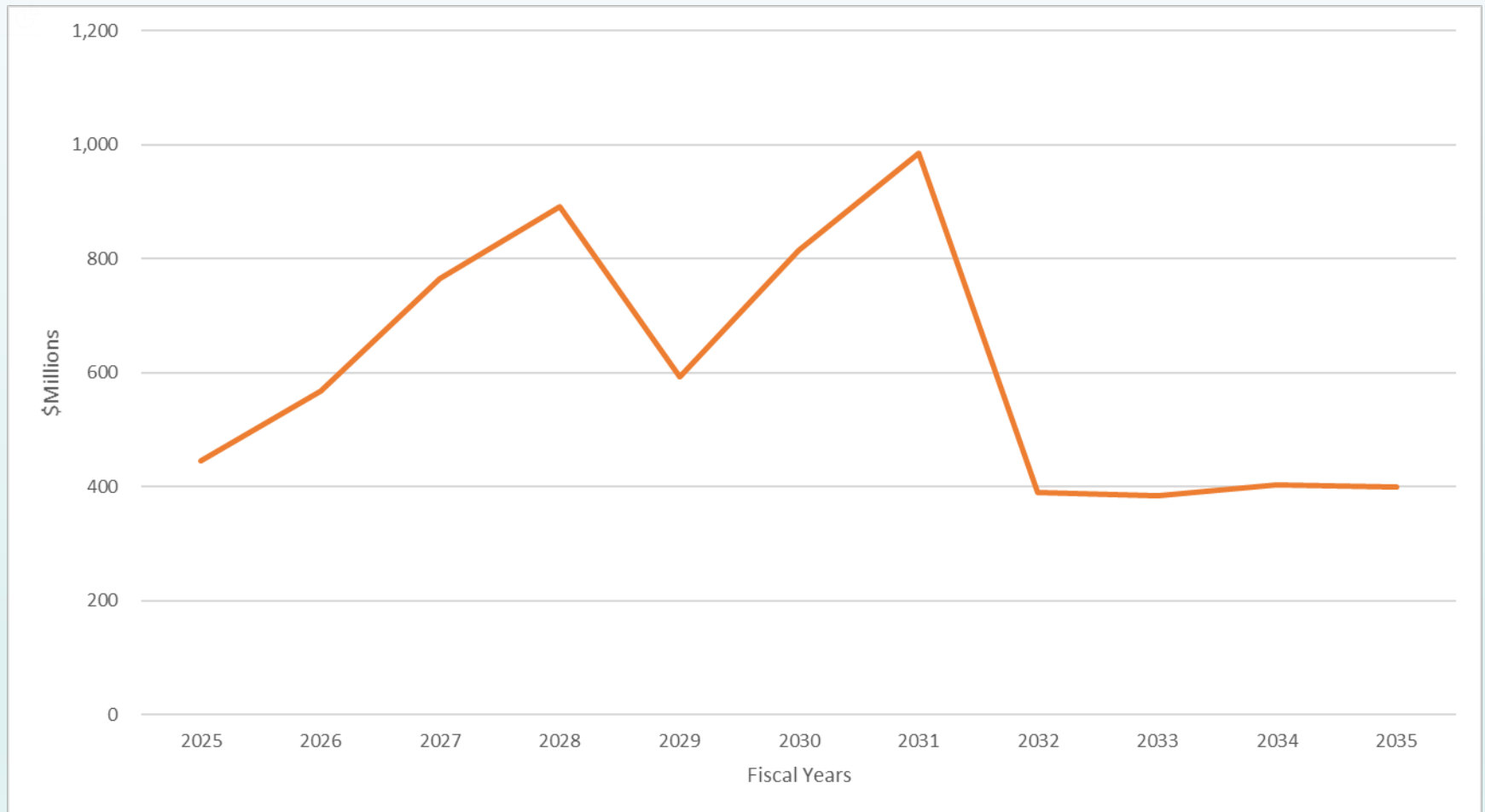
<u>Function</u>	<u>Appropriated FY 24</u>	<u>Proposed Budget FY 25</u>	<u>% Change</u>
General Government	85,390,325	87,716,600	2.7%
Public Safety	74,441,680	62,301,000	-16.3%
Highways and Streets	159,595,000	162,166,000	1.6%
Sanitation	565,177,790	445,329,800	-21.2%
Human Services	288,472,882	27,703,749	-90.4%
Culture-Recreation	75,850,381	68,803,069	-9.3%
Utilities or Other Enterprises	91,230,000	65,021,000	-28.7%
<b>TOTAL</b>	<b>\$1,340,158,058</b>	<b>\$919,041,218</b>	<b>-31.4%</b>

# 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>
2025	381,361,000	270,180,000	111,181,000
2026	330,949,000	335,365,439	(4,416,439)
2027	827,393,000	358,700,334	468,692,666
2028	520,031,000	377,388,761	142,642,239
2029	266,694,000	380,156,670	(113,462,670)
2030	266,085,000	607,117,399	(341,032,399)
2031	266,085,000	792,109,902	(526,024,902)
2032	266,085,000	221,694,285	44,390,715
2033	266,085,000	212,519,384	53,565,616
2034	266,085,000	227,914,987	38,170,013
2035	266,085,000	221,736,870	44,348,130

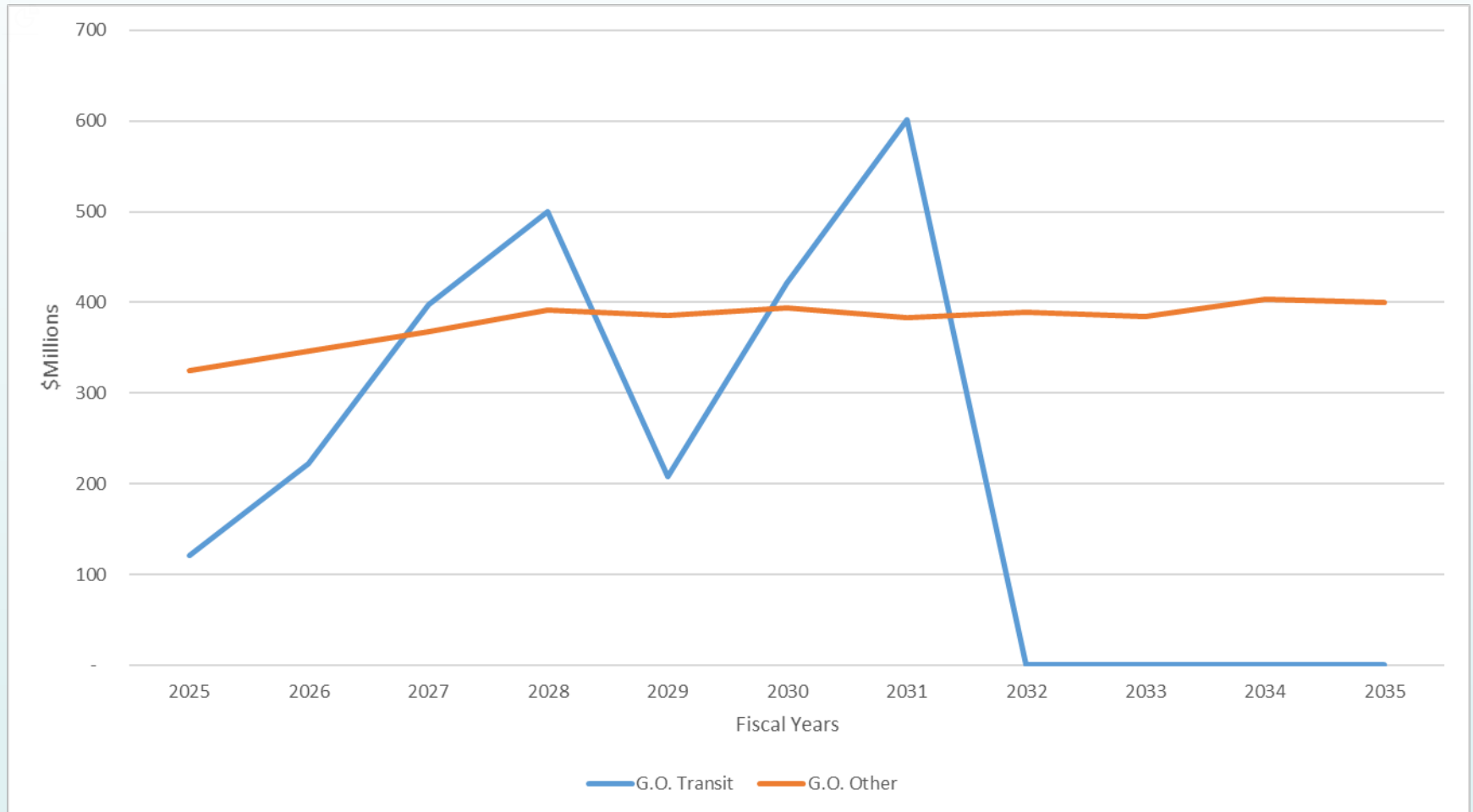
FY 2026, FY 2027 and FY 2028 G.O. issuance amounts include G.O. bonds (not including TECP) for HART. Information on HART bonds was obtained from HART.

# 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.

# City's Outstanding Debt

As of March 4, 2024

Gross funded indebtedness		\$7,124,889,696
Less Exclusions:		
G. O. for HART		1,108,125,000
G. O. for Sewer		309,966
State Loans Payable		365,604,696
Wastewater Revenue Bonds		2,279,420,000
Water Supply Revenue Bonds		365,720,000
G. O. for Solid Waste		154,338,306
G. O. for H-POWER		339,435,000
G. O. for Housing		9,526,753
Total Exclusions		4,622,479,721
Net Funded Debt		\$2,502,409,975

(a) Outstanding balance as of March 4, 2024.

Budget Communication #3, question 5

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

As of February 29, 2024

City's Current Authorized, but Unissued Debt (a)	
As of February 29, 2024	
General Obligation Bonds	\$ 2,781,042,359
G0 - HART	8,112,461,502
Sewer Improvement Revenue Bonds	<u>1,446,422,336</u>
	\$ 12,339,926,198

(a) Lapsed report cut-off date is February 29, 2024

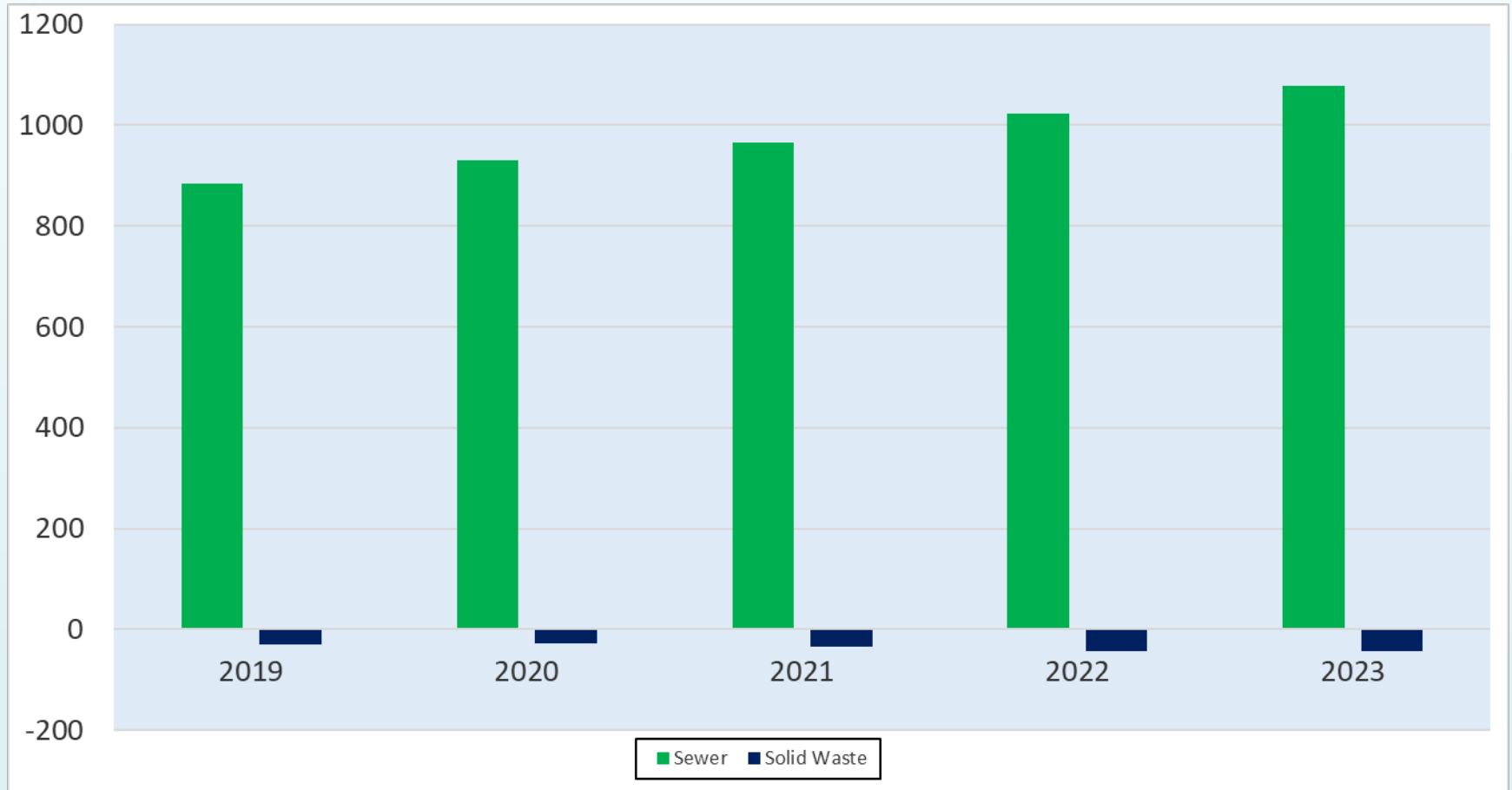
# Bond Issuances and/or Restructuring Proposed for Fiscal Year 2025

	<u>Sewer Revenue Bonds</u>	<u>State Revolving Fund</u>	<u>General Obligation</u>	<u>Tax Exempt Commercial Paper (TECP) TR</u>	<u>GOB-TR</u>
Issue amount	315,000,000	15,000,000	381,360,479	50,000,000	-
Estimated Interest Rate	5.25%	0.25%	5.00%	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	Periodically through fiscal year based upon cash flow requirements.	
Projected Annual Debt Service Payment	21,078,834	831,230	27,058,463	Outstanding balance refunded in next bond issue	



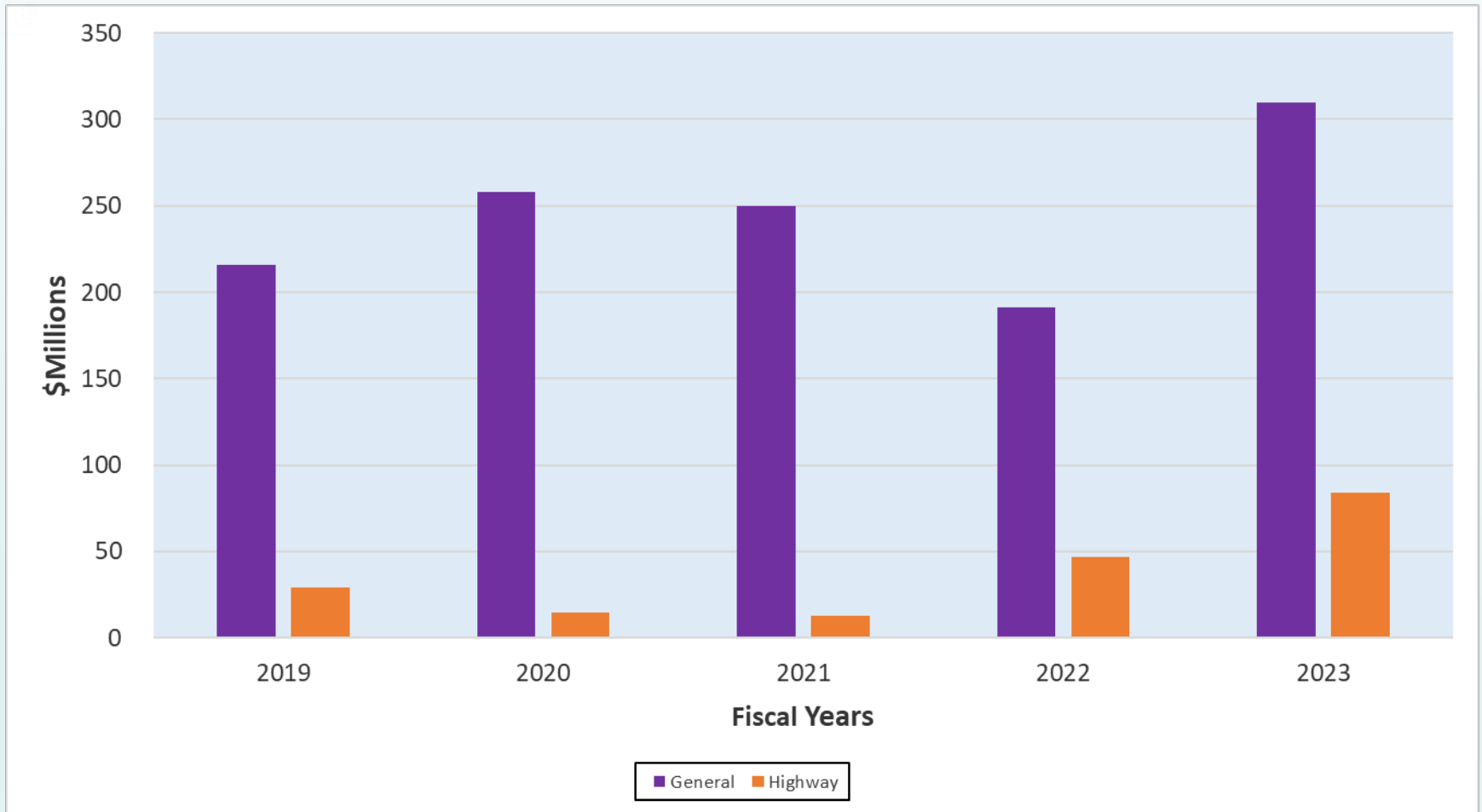
# Sewer and Solid Waste Funds Unrestricted Net Assets

(In millions)



# General and Highway Fund Unreserved, Undesignated Balance

(In millions)



# Budget and Actual Resources Comparison

## (In \$Millions)

Type of Revenue	FY 2023 Budget	FY 2023 Actual	FY 2024 Budget	FY 2025 Proposed	Percent Change
Real Property Tax	1,493,551,944	1,528,857,913	1,659,643,244	1,714,171,440	3.3%
Fuel Tax	37,717,235	45,452,107	43,041,000	42,696,000	-0.8%
Motor Vehicle Weight Tax	181,857,140	186,269,165	184,824,810	184,824,810	0.0%
Public Utility Franchise Tax	43,800,000	61,694,442	53,000,000	61,800,000	16.6%
Federal Grants	260,536,906	312,723,957	204,006,749	147,176,805	-27.9%
State Grants	20,361,688	11,948,245	22,030,990	23,429,499	6.3%
Transient Accommodations Tax	85,794,000	93,590,060	93,977,000	93,865,000	n/a
Public Service Company Tax	44,000,000	44,907,807	44,520,000	48,065,000	8.0%
Licenses and Permits	61,479,243	60,301,170	58,608,487	64,645,473	10.3%
Charges for Services	42,437,415	43,553,157	72,275,324	78,299,180	8.3%
Sewer Charges	197,580,316	196,046,095	221,547,210	246,371,200	11.2%
Transportation Revenues	44,677,000	44,075,821	36,685,725	46,951,400	28.0%
Solid Waste Revenues	110,165,900	121,059,638	127,015,900	129,175,900	1.7%
Other Revenues	147,875,252	148,349,695	177,766,439	181,451,491	2.1%
Carry-Over – Unrestricted*	191,308,633	238,132,781	137,852,662	368,899,038	167.6%
Carry-Over – Restricted*	822,908,986	1,265,821,256	798,993,833	523,185,068	-34.5%
<b>TOTAL</b>	<b>3,786,051,658</b>	<b>4,402,783,309</b>	<b>3,935,789,373</b>	<b>3,955,007,304</b>	<b>0.5%</b>

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 2023	FY 2023	FY 2024	Percent	FY 2025	Percent
SOURCE	Budget	Actual	Budget	Change (1)	Proposed	Change (2)
<u>Operating Expenditures</u>						
Executive Agency Budgets	1,756	1,718	1,969	12.1%	2,110	7.2%
Debt Service	637	538	657	3.1%	678	3.2%
Fringe Benefits	611	541	647	5.9%	601	-7.1%
Miscellaneous	214	95	141	-34.1%	243	72.3%
Total Operating Expenditures	3,218	2,892	3,414	6.1%	3,632	6.4%
(1) Percentage change between FY 2024 Budget and FY 2023 Budget						
(2) Percentage change between FY 2025 Proposed and FY 2024 Budget						
Fringe Benefits includes Retirement System Contributions, FICA and Pension, Health Benefits Contributions, and OPEB						