

**DEPARTMENT OF BUDGET AND FISCAL SERVICES**  
**KA 'OIHANA MĀLAMA MO'OHELU A KĀLĀ**  
**CITY AND COUNTY OF HONOLULU**

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April 3, 2025

The Honorable Tyler Dos Santos-Tam, Chair  
and Members  
Committee on Budget  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawai'i 96813

Dear Chair Dos Santos-Tam and Councilmembers:

SUBJECT: Budget Communication No. 14 – Request for Additional Information  
Relating to the Sewer Fund

In response to your request, dated March 27, 2025, attached is the requested  
information on the Sewer Fund.

If you have any questions, please call me at (808) 768-3901.

Sincerely,

A handwritten signature in blue ink that reads "A. T. Kawano".

Andrew T. Kawano  
Director

Attachment

APPROVED:

A handwritten signature in black ink that reads "Michael D. Formby".

Michael D. Formby, Managing Director  
Office of the Managing Director

- 1. Question – Please specify whether the anticipated revenue increase resulting from fee increases in Bill 60 (2024) has been included in the Detailed Statement of Revenues and Surplus section of the Fiscal Year 2026 Executive Program and Budget, Volume 1 Operating Program and Budget.**

Answer:

Potential revenue increases from Bill 60 (2024) were not included in the Detailed Statement of Revenues and Surplus section of the Fiscal Year 2026 Executive Program and Budget, Volume 1 Operating Program and Budget.

- 2. Question – Please provide additional detail regarding the significant decrease of \$281,897,839 in the “Unreserved Fund Balance” from \$754,865,069 (FY 2025 Estimate) to \$472,967,230 (FY 2026 Est Rev).**

Answer:

The FY 2025 Estimate, Unreserved Fund Balance reflects the actual carryover amount from FY 2024 to FY 2025 following completion of the Annual Comprehensive Financial Report (ACFR). This includes any lapses from the FY 2024 Executive and Legislative budget as well as FY 2023 Capital appropriations that weren't expended or encumbered. It could also include the release of any encumbered funds related to contracts that were closed in FY 2024.

The FY 2026 Est Rev is a conservative estimate which assumes most of the Sewer Fund appropriations from the FY 2025 Executive, Capital and Legislative budgets as well as the FY 2024 Capital budget will be encumbered or expended by June 30, 2025.

- 3. Question – Please provide additional detail regarding the decrease of \$295,869,239 in the “Total – Sewer Fund” from \$1,227,344,169 (FY 2025 Estimate) to \$931,474,930 (FY 2026 Est Rev).**

Answer:

The majority of the decrease between FY 2025 Estimate and FY 2026 Est Rev is related to Unreserved Fund Balance, which is discussed in question 2. The other significant decrease is revenues from “Investments-Pool”, this is due to the City's conservative approach in projecting future investment yields during the current uncertain market outlook. For more information, please reference Department Communication 234 (2024) pdf page 828, question 57.