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

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June 1, 2026

The Honorable Tommy Waters
Chair and Presiding Officer
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawai'i 96813

Dear Chair Waters and Councilmembers:

SUBJECT: Opposition to Bill 22 (2026), CD2 (5-1-26 BUD) Relating to Proposed Reductions of Selected Department of Budget and Fiscal Services ("BFS") Current Expense ("CE") Budget Lines

The reduction of CE budget for BFS' Accounting and Fiscal Services Activity by ($55,328) (GN funded) - This budget includes approximately $73K to begin the process to procure and implement new software to produce the City's Annual Comprehensive Financial Report ("ACFR"). The current process is manual. New technology using ACFR software will create an efficient and automated process to streamline the creation of the ACFR. With ongoing changes to fund structures, generally accepted accounting standards and reporting requirements, these updates are essential to ensure the ACFR remains accurate, compliant, and accessible while also allow BFS to provide new reporting required by City Council. We respectfully ask for restoration of this budget amount of $55,328 for FY27 as this division's current expense budget is relatively small at about 1% of BFS' total department budget, and we plan to fully use this activity's CE budget.

The reduction of CE budget for BFS' Treasury Activity by ($194,635) (GN funded) - This Division has been assigned the responsibility for the billing and collection of the Downtown Honolulu Business Improvement District ("DoHO BID"). Insufficient funding would compromise compliance with the Ordinance 25-47, enacted on October 20, 2025, and could delay or disrupt the administration and enforcement of these assessments. Treasury has made sincere efforts to prepare the billings as mandated to be effective July 1, 2026. We are requesting funding to allow the Division

to provide the services going forward including the further development of a billing and collection software application that can address DoHO and other BID requirements and responsibilities including Waikiki BID as well as office supplies and postage. Any reduction in funding would stymie the forward movement already in place to implement and manage special assessments within the BIDs as these funds support essential software and consulting services. Therefore, we respectfully ask for restoration of this budget amount of $194,635.

The reduction of CE budget for BFS' Real Property Activity by ($97,908) (GN funded) - This Division's FY 2027 already constrained budget request includes reductions across most current expense object codes. Further reducing funding would not only undermine current and ongoing operational improvements but also weaken the City's ability to safeguard real property tax revenues, which is its largest and most stable source of funding. In effect, the CE reduction risks creating downstream revenue losses that would far exceed the short-term savings. The remaining funding is largely committed to fixed and essential costs, including software maintenance, equipment rentals, and postage, each of which is necessary to carry-out core activities for the division. The proposed reduction would directly impair the Division's ability to sustain basic operations and maintain service levels. Therefore, we respectfully ask for restoration of this budget amount of $97,908.

We appreciate your continued assistance and support. If you have any questions concerning this matter, please call me at (808) 768-3901.

Sincerely,

Andrew T. Kawano
Director

APPROVED:

Krishna F. Jayaram, Managing Director Designate
Office of the Managing Director