'26JUN02 PM 2:35 CITY CLERK

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

530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAI'I 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • WEBSITE: honolulu.gov/budget

RICK BLANGIARDI
MAYOR
MEIA

ANDREW T. KAWANO
DIRECTOR
PO'O

CARRIE CASTLE
DEPUTY DIRECTOR
HOPE PO'O

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, FD1 (PROPOSED) TW1
Relating to General and Specific Provisos

The Department of Budget and Fiscal Services ("BFS") is opposed to Bill 22 (2026), CD2, FD1 General and Specific Provisos which requires the Administration to compile and report information required under SECTION 12, subsection (d), SECTION 18 and SECTION 19.

First, SECTION 12, Subsection (d) states:

> "Any such limited purpose monies that were previously approved or deemed approved pursuant to Section 12(d) in the previous Executive Operating Budget ordinance, and the receipt and expenditure of which were authorized, in the prior fiscal year, but that were not received until the fiscal year covered by this ordinance, shall be appropriated and may be expended in accordance with subsection (b) without further approval by the Council; provided that ~~[it is recommended that~~] all members of the Council are notified of each expenditure when it is made."

The constant reporting places a significant administrative burden on all executive departments as reporting on each expenditure for each separate grant will be required. Substantial department and BFS staff time will be expended to comply with the reporting requirements instead of reviewing and processing eligible grant costs. We respectfully request that Section 12, subsection (d), remove the change proposed in Bill 22 (2026), CD2, FD1 (PROPOSED) TW1.

DEPT. COM. 377(26)

Secondly, we have concerns on SECTION 18 which states:
"In the event that federal funds for City programs become reduced or diminished, the Director of Budget and Fiscal Services shall identify executive departments with anticipated general fund savings exceeding $500,000 within a certain activity."

As the Mayor has discretion on the execution of City programs and level of services provided, placing additional reporting requirements identifying savings to be transferred (and possibly between departments) would be unproductive as it would very likely require the use of the supplemental budget process. We respectfully request that SECTION 18 in the Bill 22 (2026), CD2, FD1 (PROPOSED) TW1 be deferred.

Lastly, the requirement detailing salary savings as included in SECTION 19 also increases the administrative burden as the executive agencies are already tasked with managing the following human resource activities: position recruitment, position reallocation, temporary assignment, retroactive payments, accumulated lump sum vacation payments, personal services contracts and emergencies that incur additional workhours and overtime. Vacant positions and the associated salary savings fluctuate throughout the fiscal year and "point in time" quarterly reports would not provide useful information. We respectfully request that SECTION 19 in the Bill 22 (2026), CD2, FD1 (PROPOSED) TW1 be deferred.

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