



Administrative Overview

Fiscal Year 2017 Budget

March 9, 2016

The FY 2017 Budget was prepared with the following themes:

- Fiscal prudence
- Continued focus on core services
- Continued focus on deferred maintenance
- Continued evolution of budget practices

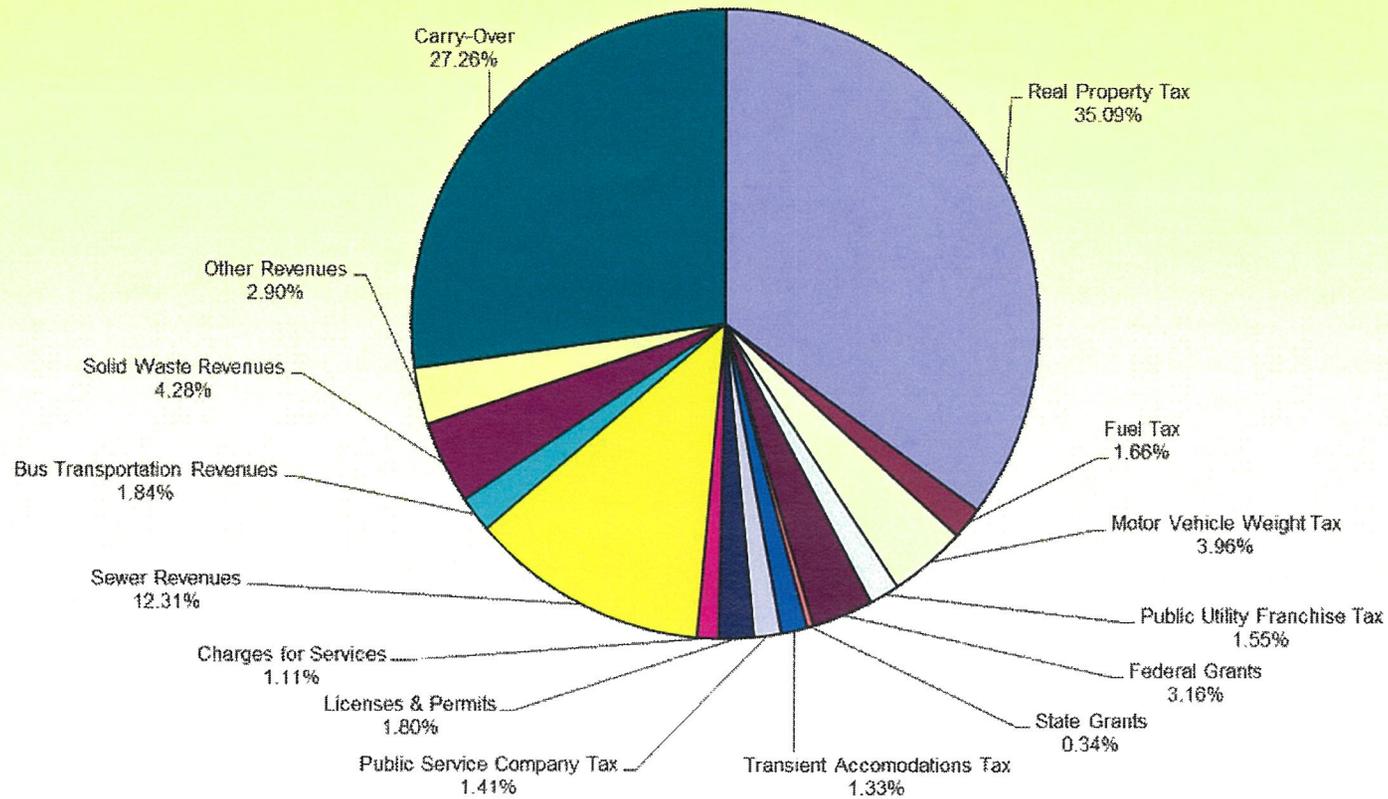
The FY 2017 Budget was prepared with the following themes:

- **No New Taxes or Fees**
- **No Increases in Tax Rates or Fees**

Budget Changes

- No Contribution to the Fiscal Stability Reserve
- Majority of Equipment Funded in the Capital Budget
- Reduced the Provision for Vacant Positions by 27%
- Funded OPEB Only to the Amount Required by Law (60% of ARC)

Where the City Gets Its Dollars FY2017 Operating Resources (\$3.07 Billion)



Comparison of Key Revenues

(In Millions)

	<u>FY 2016</u>	<u>FY2017</u>	<u>Increase (Decrease)</u>
Real Property Tax	\$1,005.5	\$1,084.0	\$78.5
Transient Accommodation Tax	\$45.4	\$41.0	(\$4.4)
Motor Vehicle Weight Tax	\$121.1	\$121.8	\$0.7
Fuel Tax	\$51.9	\$51.0	(\$0.9)
Franchise Tax	\$55.2	\$47.5	(\$7.7)
Public Service Company Tax	\$51.1	\$43.4	(\$7.7)
	\$1,330.2	\$1,388.7	\$58.5

Real Property Tax Revenues

<u>Land Use Class</u>	<u>Tax Rate</u>	<u>Revenue</u>
Residential	\$3.50	\$506,423,000
Residential A	\$6.00	\$94,281,000
Commercial	\$12.40	\$213,522,000
Industrial	\$12.40	\$113,356,000
Hotel/Resort	\$12.90	\$146,396,000
Other	\$5.70 TO \$8.50	\$8,755,000
Total		\$1,082,733,000

Mayor's Priorities In FY2017

Operating and Capital Improvement Budgets

- **Road Repaving:** \$100M in CIP for road repaving and \$5M in Operating for in-house repair and pavement preservation
- **Bus and HandiVan Service:** \$250.1M in operating and \$21.3M in CIP
- **Bus & Rail Integration & TOD:** \$7M in CIP primarily for equipment for a multimodal fare collection system, \$250K in operating and \$21.9M in CIP for TOD and bus and rail integration.
- **Sewers/Global Consent Decree:** \$490.4 million in Capital Improvements
- **Parks:** \$76 million in operating and \$22.4M in CIP
- **Homelessness:** \$6.6 million in operating for Housing First to provide permanent supportive housing and services for up to 315 households; \$1.8M for operating and service provider costs for the Hale Mauiola homeless transition project at Sand Island.

Operating Budget Overview

Challenge

- \$1.8 Billion Unfunded Liability for Retiree Health Care (as of July 1, 2015)
 - Act 268 requires mandatory contributions
 - 60 percent of Annual Required Contribution (ARC)
 - Proposed Budget includes \$48.8 Million to Prefund OPEB

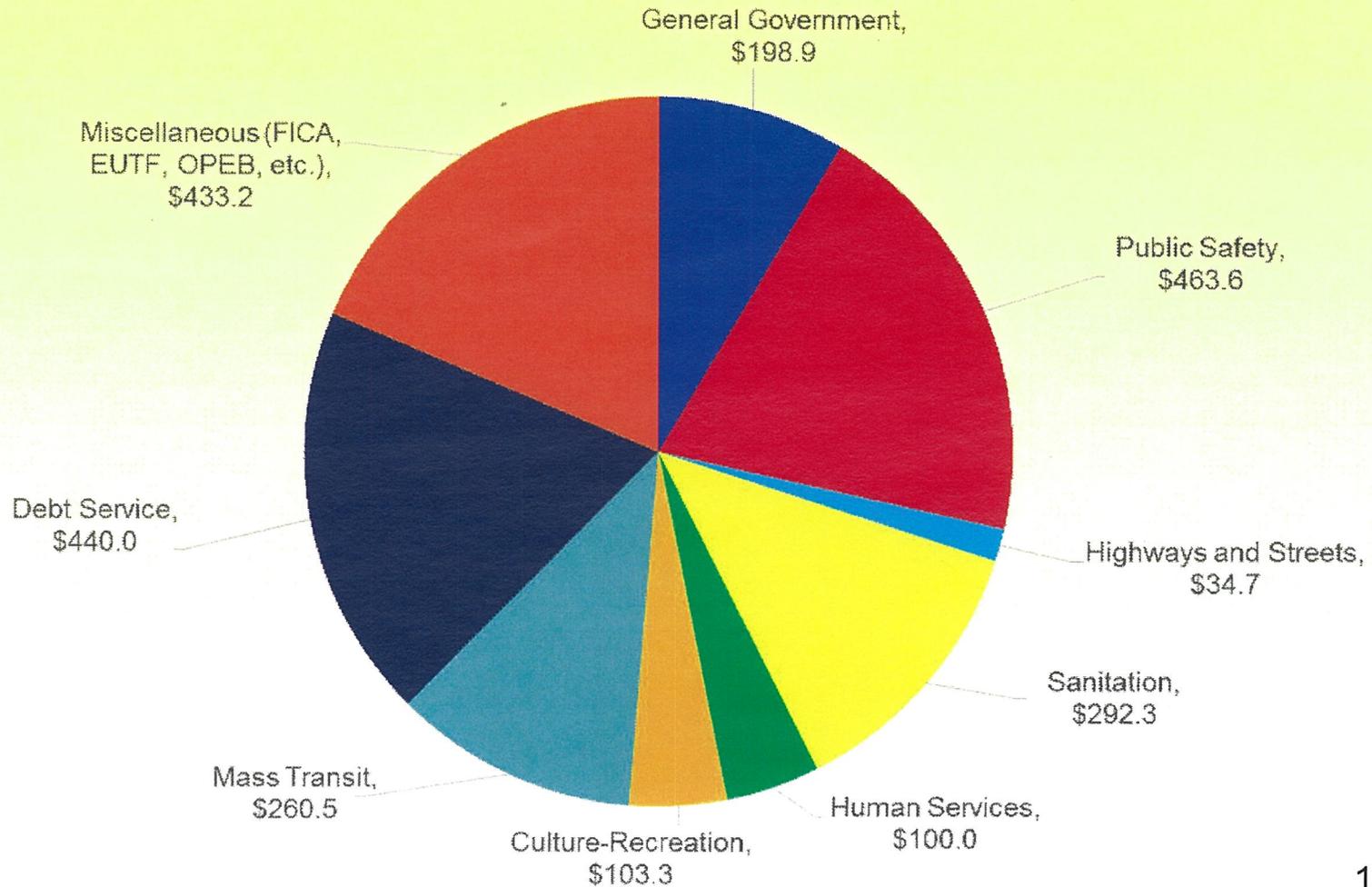
Challenge

- \$1.3 Billion Pension Liability at June 30, 2015
- Increase in collective bargaining and related fringe benefit costs of \$73 million

Fiscal Year 2017 Operating Budget

\$2.33 Billion

(In Millions)



Operating Budget Expenditures by Cost Element (In Millions)

	FY2016	FY2017	Increase (Decrease)	% Change
Department/Agency	\$1,394.2	\$1,453.4	\$59.2	4.25%
Debt Service	\$452.9	\$439.9	-\$13.0	-2.87%
Retirement Contributions	\$135.7	\$149.2	\$13.5	9.95%
FICA & Pension Costs	\$29.8	\$30.9	\$1.1	3.69%
Health Benefit Contributions	\$112.2	\$130.5	\$18.3	16.31%
Other Post Employment Benefits	\$51.5	\$48.6	-\$2.9	-5.63%
Provision for Vacant Positions	\$30.3	\$23.1	-\$7.2	-23.76%
Miscellaneous	\$62.7	\$50.9	-\$11.8	-18.82%
Total	\$2,269.3	\$2,326.5	\$57.2	2.52%

New or Reactivated Positions (Public Safety)

- **15 Fire positions** – Man a new truck at the East Kapolei station
- **8 EMS positions** – Establish a new Central Honolulu District to improve ambulance service
- **4 Water Safety Officer positions** – To provide better supervision & more coverage
- **8 HPD positions** for the Waianae station

New or Reactivated Positions

- **19 Parks positions** – Groundskeepers, park attendants and irrigation maintenance
- **10 DFM positions** – 2 more crews to maintain the median strips
- **8 Zoo positions** – Improve animal care and enhance the customers' experience
- **5 new positions in DFM and 1 position in DPP** for storm water quality

Operating Budget Projects

- \$9.4M for Homeless Initiatives
- \$8M for NPDES
- \$1.2M for a grant program to non-profits to provide housing to persons with special needs
- \$1.9M to refurbish HFD Helicopter

CIP Budget Overview

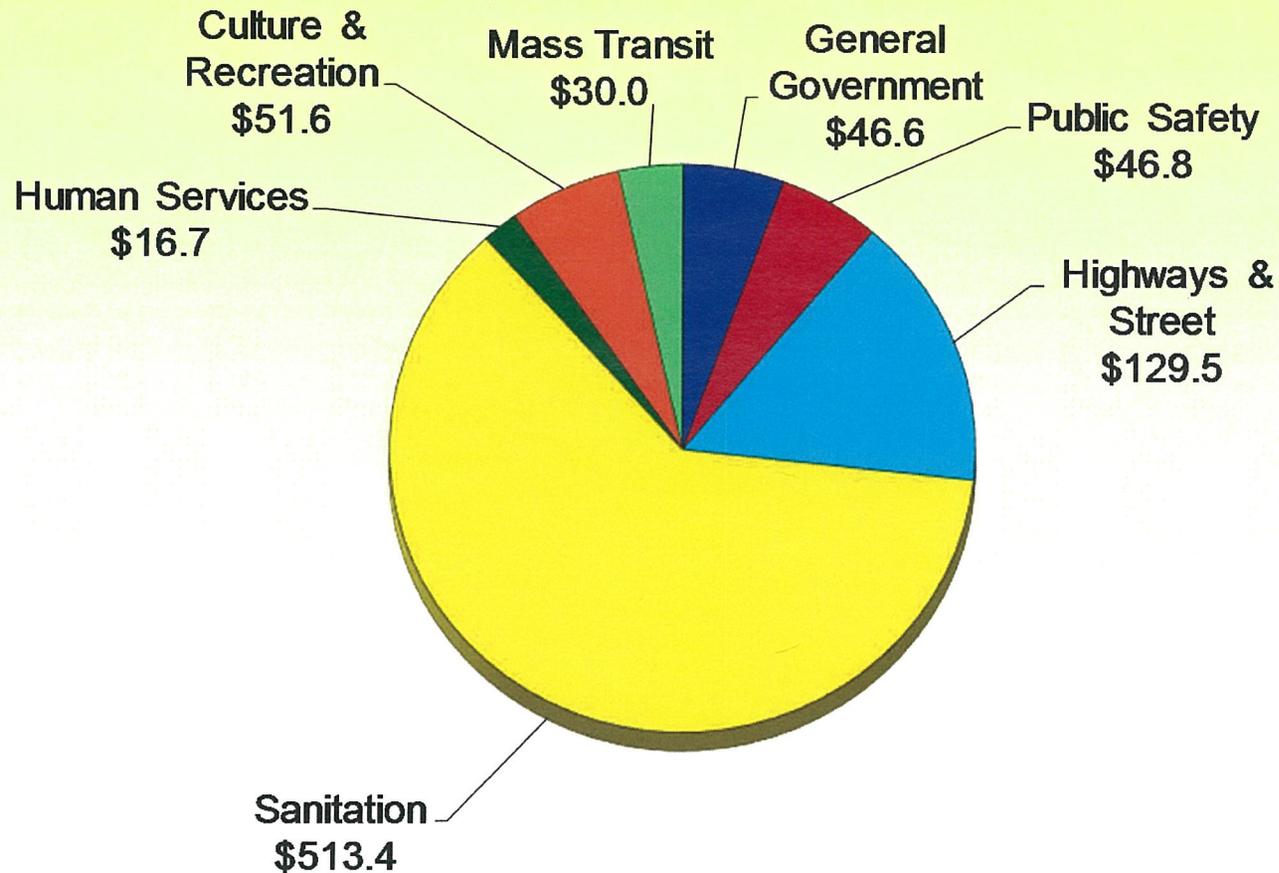
Focus

- Continue to Invest in Infrastructure
 - Meet Health & Safety Needs
 - Projects Mandated by State or Federal Law
 - Investments to Maintain the City's Parks, Recreational & Cultural Facilities
 - Continue to Invest in Bus Services
 - Leverage Affordable Housing Funds
 - TOD & Multimodal Integration with Rail
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Fiscal Year 2017 CIP Budget

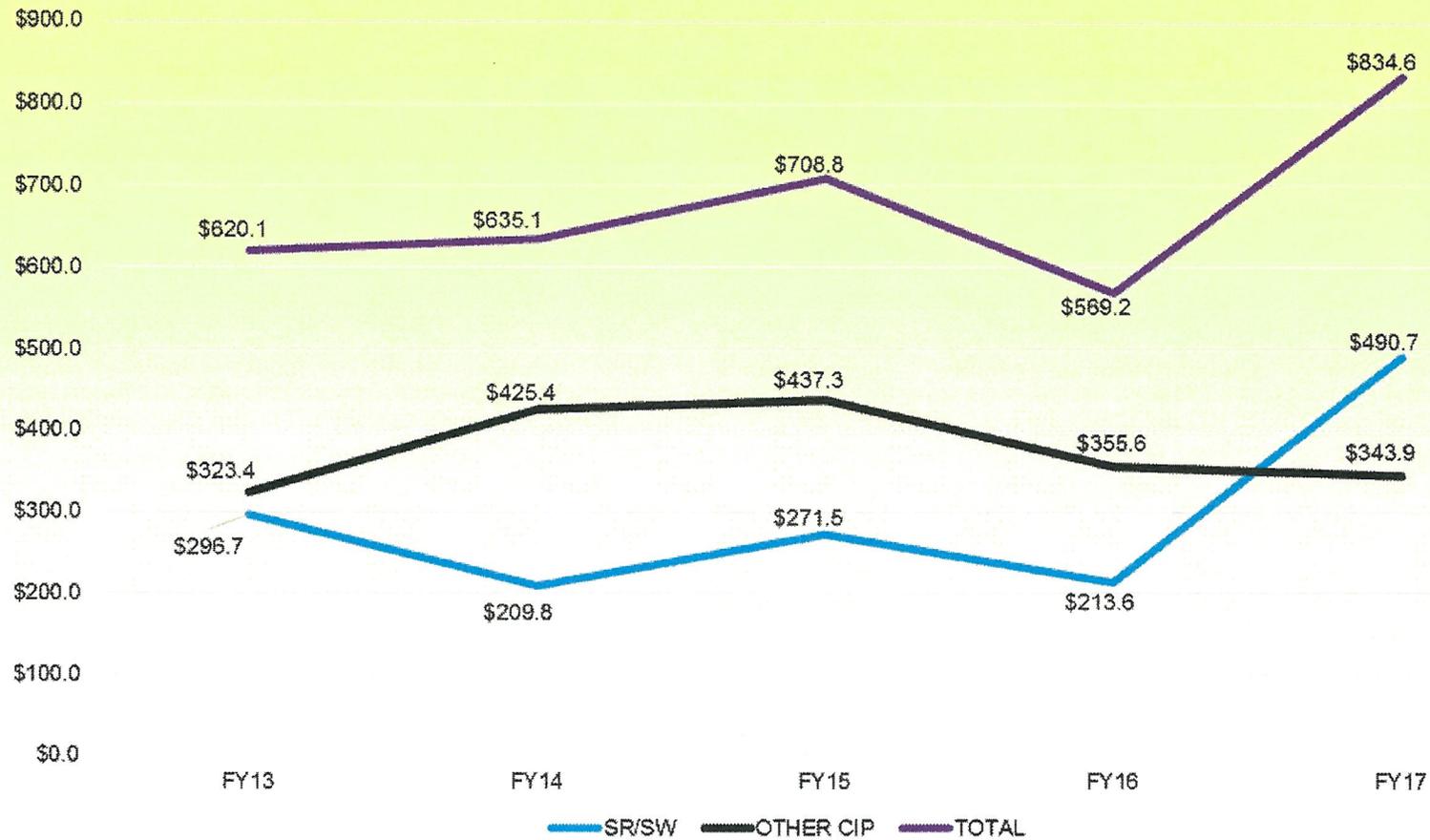
\$834.6 Million

(In Millions)



CIP Overview

(In Millions)



CIP Projects

- Ala Moana Transit Plaza – Transit Oriented Development
- Kapolei Consolidated Corporation Yard
- Telecommunications Facilities Upgrade
- Awa Street Wastewater Pump Station, Force Main and Sewer System Improvements

CIP Projects

- Dowsett Highlands Relief Sewer
- Honouliuli Wastewater Treatment Plant
Secondary Treatment
- Kailua Wastewater Treatment Plant-
Tunnel Influent Pump Station and
Headworks Facility
- Ala Moana Regional Park

CIP Projects

- Thomas Square
- Blaisdell Center Redevelopment
- Bus and Handi-Van Acquisition Program
- Multimodal Transit Fare Collection System

Thank You