

# **City and County of Honolulu Fiscal Year 2017 Budget Communication #2**

Nelson H. Koyanagi, Jr., Director  
Department of Budget and Fiscal Services  
March 9, 2016

The FY 2017 Budget was prepared with the following guiding principles:

- Continue to focus on core services and repairs and maintenance of facilities and infrastructure**
- Address mandated requirements**
- Spend prudently to maintain fiscal sustainability**

The Administration's main policy initiatives for FY 2017 include the following priorities:

- Repaving, reconstructing and preserving roads
- Enhancing TheBus and TheHandi-Van services
- Maintaining sewer infrastructure and complying with the Global Consent Decree
- Dealing with Oahu's homeless crisis
- Building rail better by integrating bus and rail service and planning for transit oriented development
- Maintaining and improving our parks and facilities

## Operating Budget Comparison by Source of Fund

<u>Fund</u>	<u>FY 16</u>	<u>FY 17</u>	<u>% Change</u>
General Fund	1,242,427,459	1,283,891,387	3.3%
Highway Fund	126,761,814	125,306,258	-1.1%
Sewer Fund	310,541,144	315,816,860	1.7%
Bus Transportation Fund	232,009,882	237,568,390	2.4%
Liquor Commission Fund	5,907,083	5,980,516	1.2%
Bikeway Fund	713,935	798,177	11.8%
Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	5,520,913	5,280,588	-4.4%
Special Events Fund	18,809,332	20,995,256	11.6%
Golf Fund	14,030,412	14,152,830	0.9%
Solid Waste Special Fund	192,733,194	193,733,144	0.5%
Hanauma Bay Nature Preserve Fund	5,266,697	5,597,114	6.3%
Rental Assistance Fund	233,000	233,000	0.0%

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

<u>Fund</u>	<u>FY 16</u>	<u>FY 17</u>	<u>% Change</u>
Leasehold Conversion Fund	12,685	0	-100.0%
Housing Development Special Fund	200,000	200,000	0.0%
Clean Water and Natural Lands Fund	0	115,061	n/a
Affordable Housing Fund	0	1,350,835	n/a
Patsy T. Mink Central Oahu Regional Park Fund		173,420	n/a
Waipio Peninsula Soccer Park Fund		85,800	n/a
Grants in Aid Fund	6,445,586	6,421,193	-0.4%
Community Development Fund	1,662,214	1,964,496	18.2%
Housing and Community Development Rehabilitation Loan Fund	3,005,000	3,000,000	-0.2%
Housing and Community Development Section 8 Contract Fund	50,106,784	48,082,629	-4.0%
Federal Grants Fund	45,295,910	46,348,133	2.3%
Special Projects Fund	<u>7,632,898</u>	<u>9,418,178</u>	23.4%
 TOTAL	 2,269,315,942	 2,326,513,265	 2.5%

## CIP Budget Comparison by Source of Funds

<u>Fund</u>	<u>FY 16</u>	<u>FY 17</u>	<u>% Change</u>
Sewer Revenue Bond Improvement Fund	143,497,000	372,824,000	159.8%
General Improvement Bond Fund	103,583,300	112,557,300	8.7%
Highway Improvement Bond Fund	170,599,000	143,790,000	-15.7%
Solid Waste Improvement Bond Fund	9,827,000	25,189,600	156.3%
Affordable Housing Fund	12,135,922	5,600,000	-53.9%
Clean Water and Natural Lands Fund	4,533,000	16,100,000	255.2%
General Fund	1,300,000	240,000	-81.5%
Hanauma Bay Nature Preserve Fund	1,746,972	1,200,000	-31.3%
Parks and Playgrounds Fund	1,027,388	1,335,948	30.0%
Sewer Fund	70,123,000	117,906,700	68.1%
Utilities' Share	100,000	100,000	0.0%
Solid Waste Special Fund	10,000,000	3,000,000	n/a
Community Development Fund	6,863,281	8,838,600	28.8%
Federal Grants Fund	33,838,332	25,962,055	-23.3%
TOTAL	569,174,195	834,644,203	46.6%

## Operating Budget Comparison by Function

<u>Function</u>	<u>FY16</u>	<u>FY17</u>	<u>% Change</u>
General Government	190,138,591	198,901,238	4.6%
Public Safety	435,560,742	463,565,862	6.4%
Highways and Streets	34,463,471	34,733,867	0.8%
Sanitation	284,356,823	292,262,054	2.8%
Human Services	96,656,339	100,020,877	3.5%
Culture-Recreation	97,517,976	103,340,877	6.0%
Utilities or Other Enterprises	255,601,766	260,528,405	1.9%
Debt Service	452,854,000	439,942,000	-2.9%
Miscellaneous	422,166,234	433,218,085	2.6%
TOTAL	2,269,315,942	2,326,513,265	2.5%

## CIP Budget Comparison by Function

<u>Function</u>	<u>FY16</u>	<u>FY17</u>	<u>% Change</u>
General Government	5,977,000	46,598,900	679.6%
Public Safety	36,693,000	46,775,000	27.5%
Highways and Streets	140,037,000	129,565,000	-7.5%
Sanitation	233,447,000	513,414,700	119.9%
Human Services	55,493,535	16,690,655	-69.9%
Culture-Recreation	45,354,660	51,575,948	13.7%
Utilities or Other Enterprises	52,172,000	30,024,000	-42.5%
<b>TOTAL</b>	<b>569,174,195</b>	<b>834,644,203</b>	<b>46.6%</b>

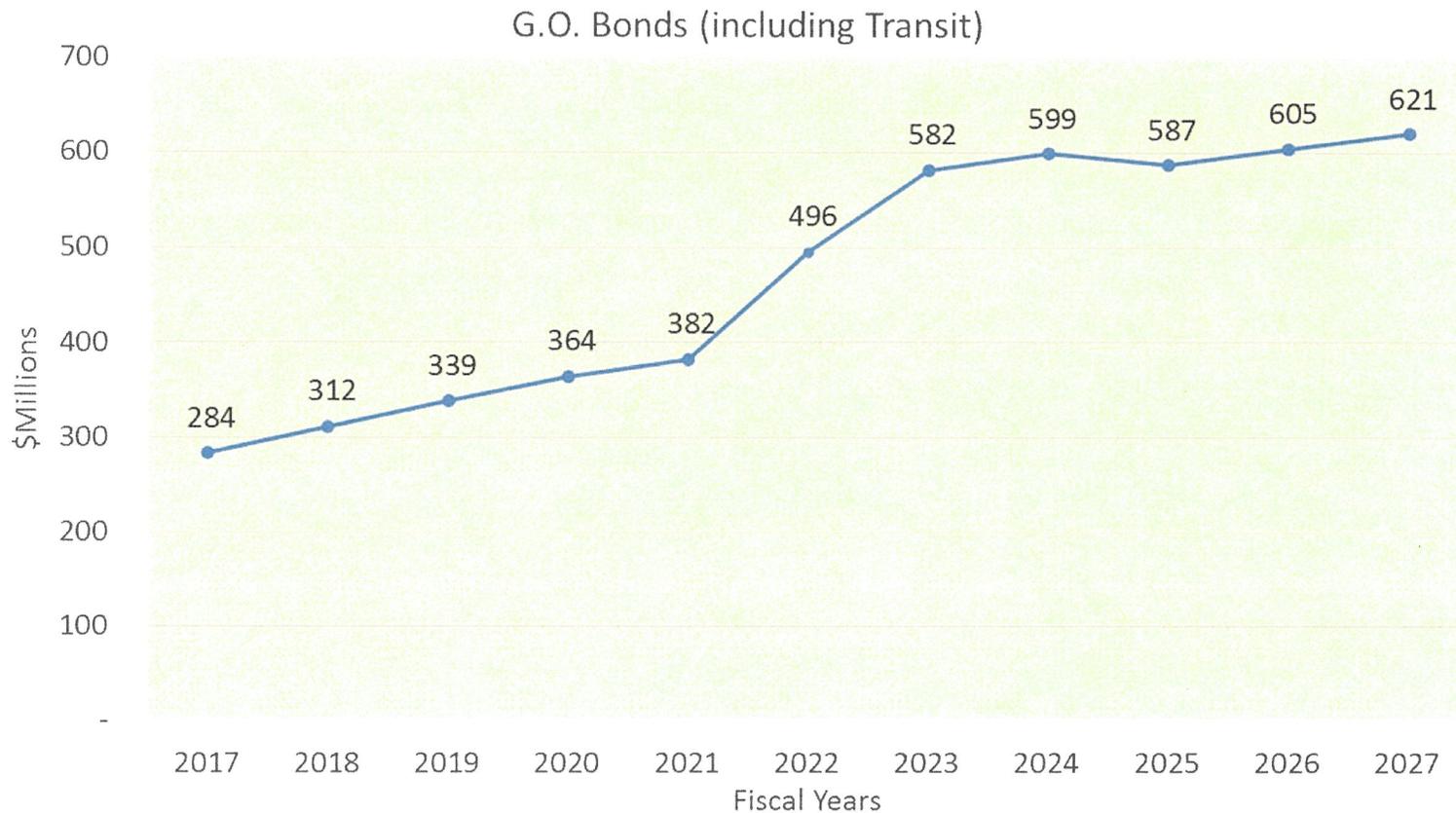
# New G.O. Bond Issuances, Retirements and Net Debt Issuance Projections

(In thousands)

<u>Fiscal Year</u>	<u>G.O. Issuance</u>	<u>G.O. Bond Retirements</u>	<u>Net Additional Debt</u>
2017	432,705,600	156,006,000	276,699,600
2018	763,702,800	165,152,000	598,550,800
2019	499,650,800	170,782,000	328,868,800
2020	570,934,800	181,004,000	389,930,800
2021	261,000,000	183,530,000	77,470,000
2022	260,000,000	291,017,000	(31,017,000)
2023	260,000,000	384,140,000	(124,140,000)
2024	260,000,000	403,817,000	(143,817,000)
2025	260,000,000	393,389,000	(133,389,000)
2026	260,000,000	413,658,000	(153,658,000)
2027	260,000,000	434,497,000	(174,497,000)

FY 2017 through 2020 G.O. issuance amounts include G.O. bonds (not including TECP) for HART. Information on HART bonds was obtained from HART.

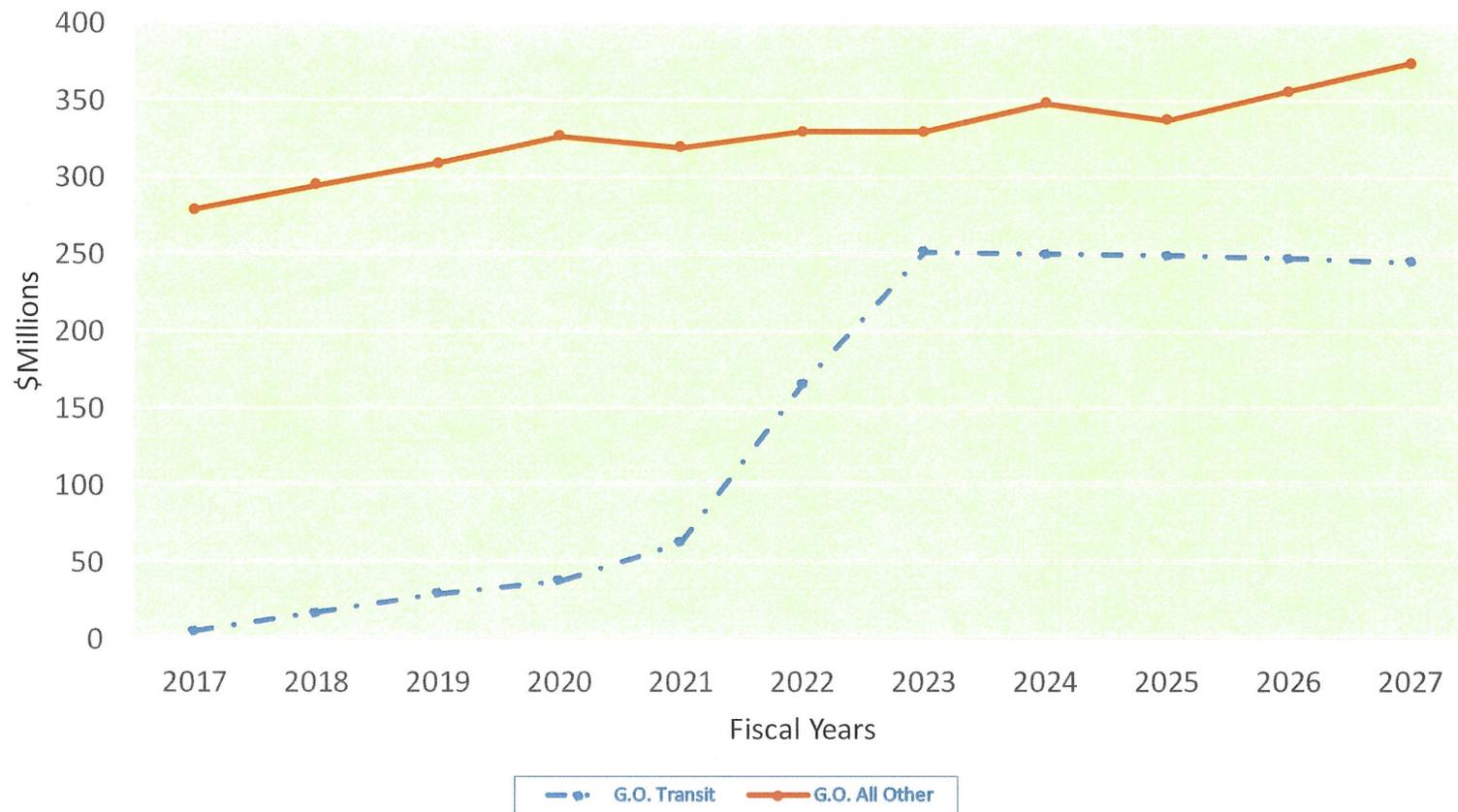
# G.O. Bond Debt Service Projections (In millions)



Assuming annual G.O. bond issue projection provided in Question 3.

Budget Communication #2, Question 4

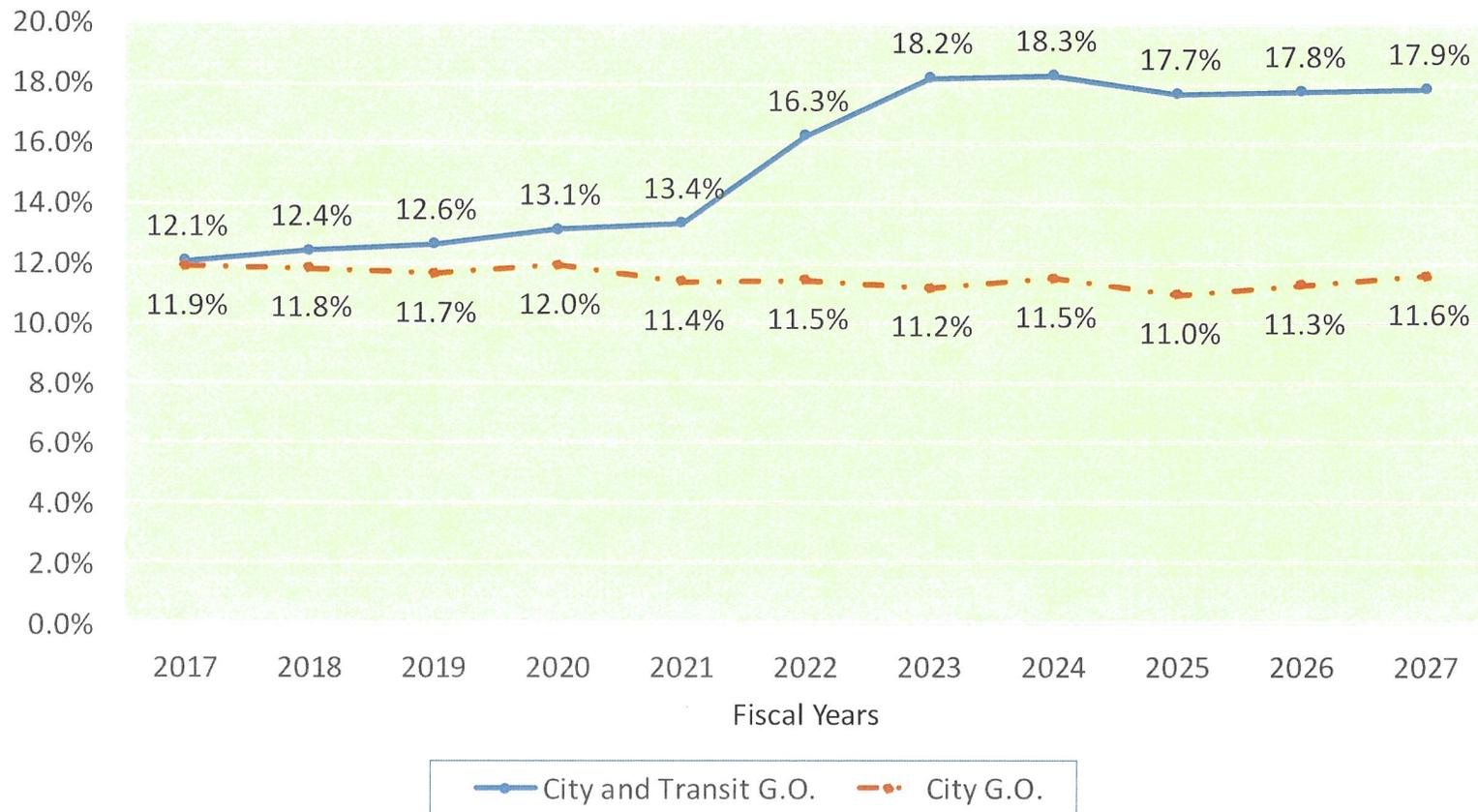
# G.O. Bond Debt Service Projections (In millions)



Assuming annual G.O. bond issue projection provided in Question 3.

Budget Communication #2, 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.

Budget Communication #2, question 4

# City's Outstanding Debt

## As of February 29, 2016

Gross funded indebtedness	\$	5,014,764,942 (a)
Less Exclusions:		
G. O. for Sewer		793,716
State Loans Payable		251,327,250
Wastewater Revenue Bonds		1,763,216,791
Water Supply Revenue Bonds		231,340,000
G. O. for Solid Waste		155,290,190
G. O. for H-POWER		358,480,000
G. O. for Housing		41,968,293
Total Exclusions		2,802,416,240
<b>Net Funded Debt</b>	<b>\$</b>	<b>2,212,348,702</b>

There is no outstanding debt for HART at this time.  
(a) Outstanding balance as of February 29, 2016.  
Budget Communication #2, question 5

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

As of February 29, 2016

General Obligation Bonds	\$	\$888,927,427
G.O. - HART		2,360,818,284 (b)
Sewer Improvement Revenue Bonds		<u>565,158,271</u>
		\$3,814,903,982
HART Breakout by Ordinance:		
Ordinance No. 09-12 (2009-10)		309,996,363
Ordinance No. 10-12 (2010-11)		6,519,740
Ordinance No. 11-23 (2011-12)		26,020,181
Ordinance No. 12-23 (2012-13)		212,393,315
Ordinance No. 13-23 (2013-14)		753,129,445
Ordinance No. 14-21 (2014-15)		786,741,929
Ordinance No. 15-28 (2015-16)		<u>266,017,311</u>
		\$2,360,818,284

(a) Outstanding balance as of February 29, 2016

(b) Lapsed report cut-off date is 02/29/2016

Budget Communication #2, question 5

# Bond Issuances and/or Restructuring Proposed for Fiscal Year 2017

	Sewer Revenue Bonds	State Revolving Fund	City G.O. Bonds	Tax Exempt Commercial Paper (TECP) - City	Transit G.O. Bonds - Fixed Rate	Transit G.O. Bonds - Variable Rate	TECP - Transit
Issue amount	270,000,000	10,000,000	105,000,000	105,000,000	76,002,800	251,702,800	93,547,000 <sup>1</sup>
Estimated Interest Rate	5.50%	1.00%	4.75%	2.25%	2.65%	2.50%	0.90%
Term	30 Years	20 Years	25 Years		11 years	11 years	
Structure	Level Payment	Level Payment	Level Payment		Level Payment	Level Payment	
Projected Date of Issuance	First half of Fiscal Year	Various	First half of Fiscal Year	Second half of Fiscal Year	First half of Fiscal Year	First half of Fiscal Year	Various
Projected Annual Debt Service Payment	18,718,000	565,000	7,264,000	Outstanding balance refunded in next bond issue	8,400,000 <sup>2</sup>	27,300,000 <sup>2</sup>	Outstanding balance refunded in next bond issue

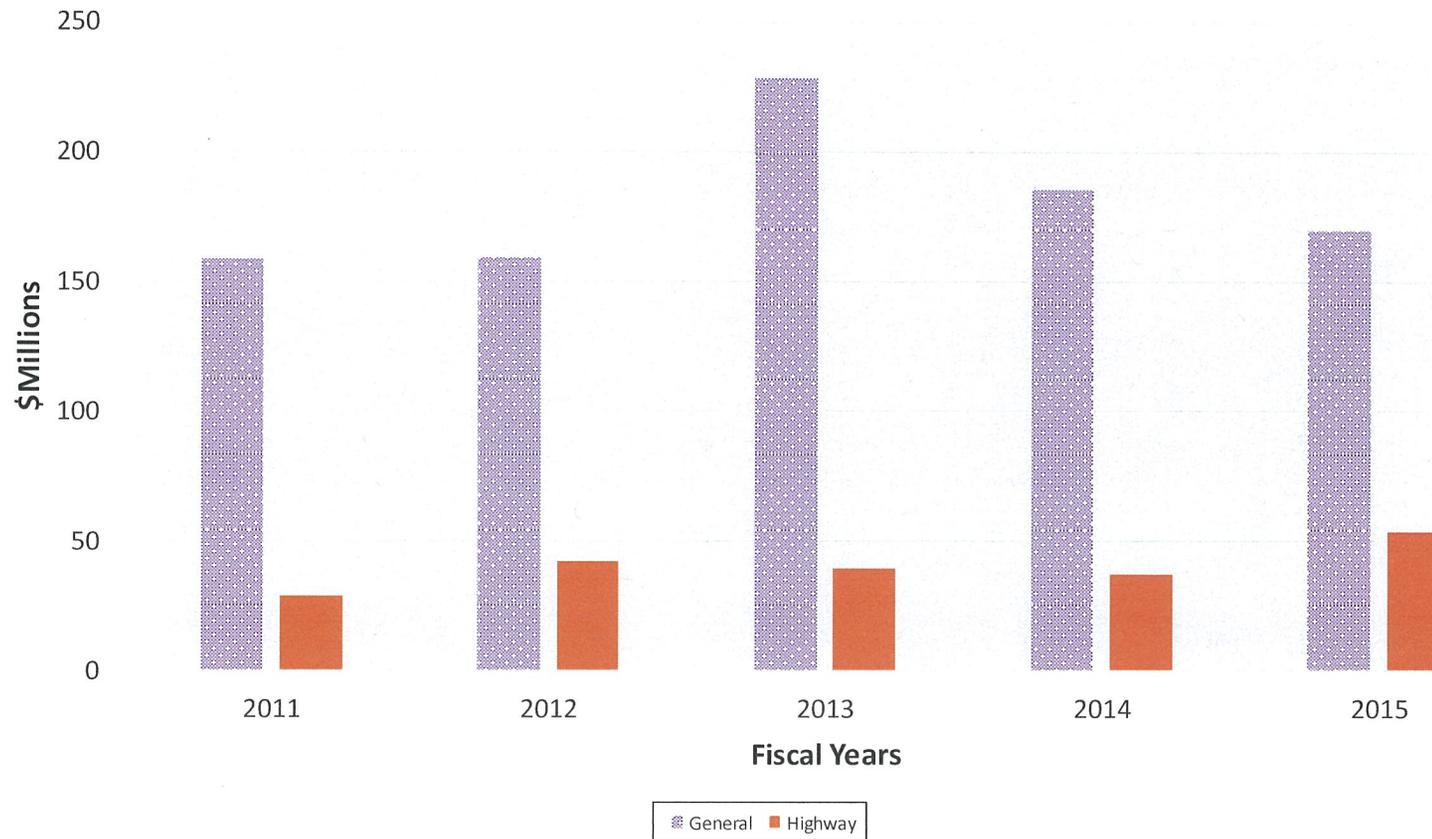
1 Reflects average outstanding balance in FY 2017

2 Average annual debt service payment

Budget Communication #2, Question 6

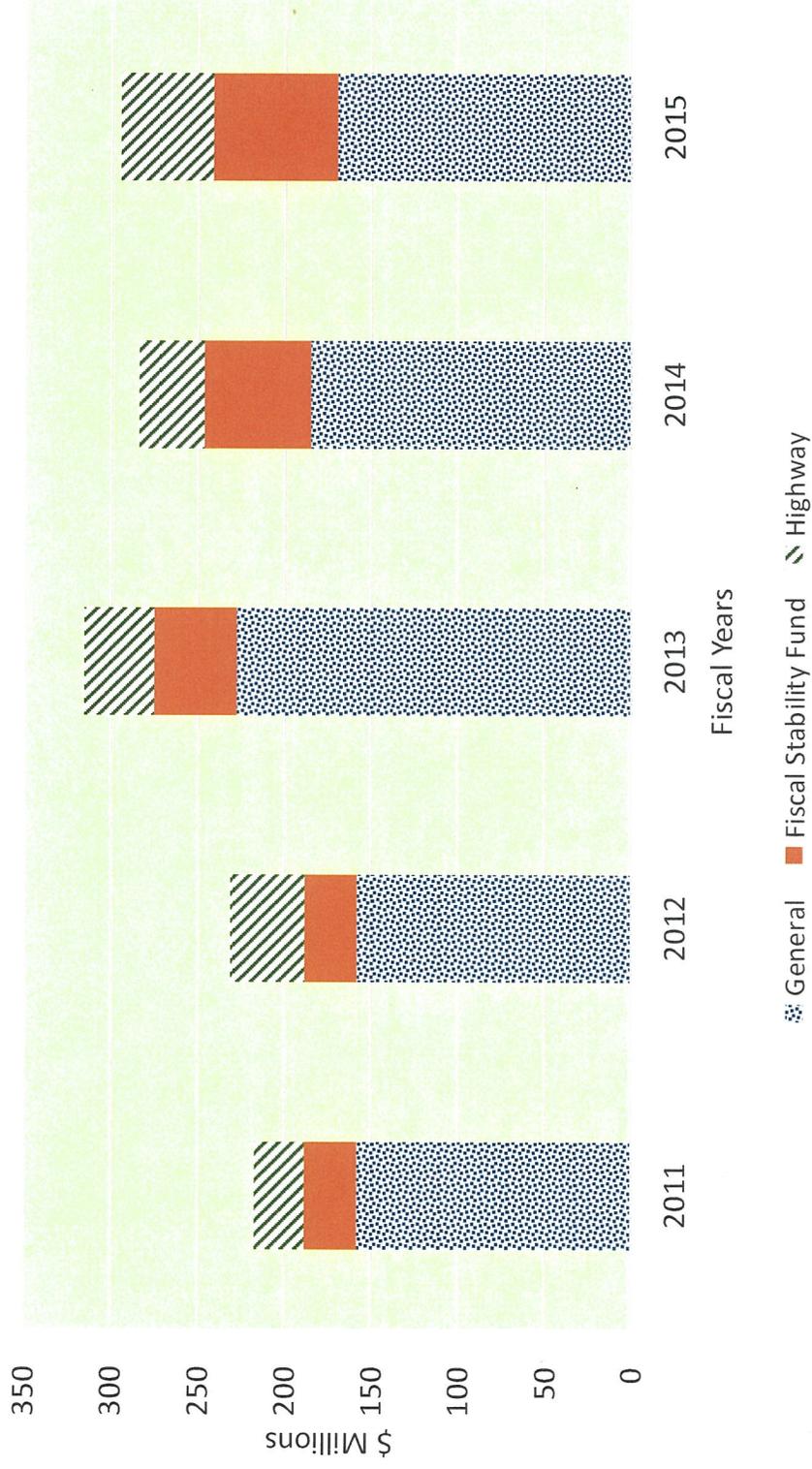
# General and Highway Fund Unreserved, Undesignated Balance

(In millions)



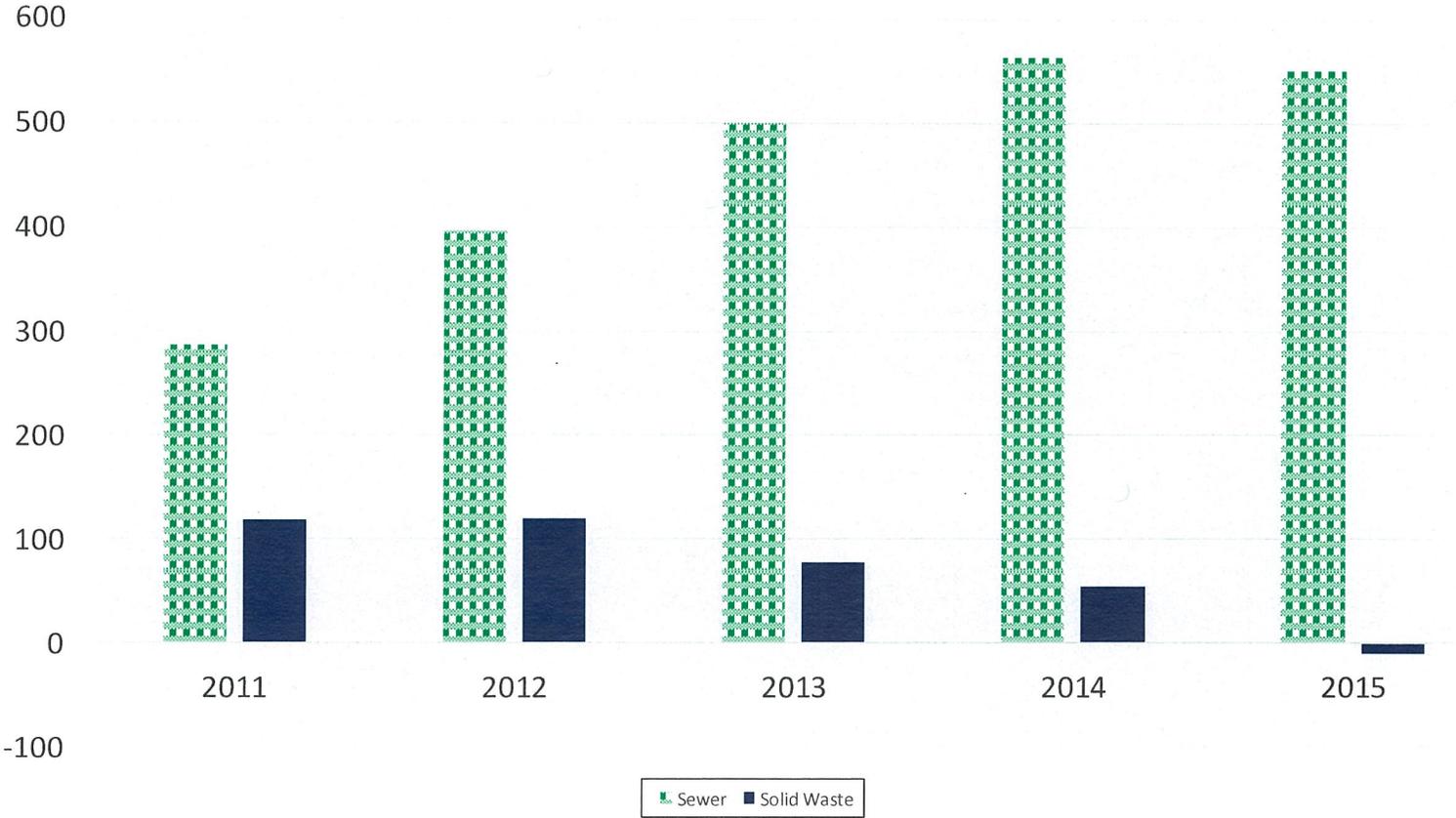
FY 2015 amounts are preliminary  
Budget Communication #2, Question 7

# General and Highway Fund Unreserved, Undesignated Balance with Fiscal Stability Fund



# Sewer and Solid Waste Funds Unrestricted Net Assets

(In millions)



FY 2015 amounts are preliminary  
Budget Communication #2, Question 7

## Budget and Actual Resources Comparison (In \$Millions)

	FY 2015 Budget	FY 2015 Actual	FY 2016 Budget	FY 2017 Proposed	Percent Change
Real Property Tax	925.3	951.8	998.9	1,077.6	7.9%
Fuel Tax	51.2	50.5	51.9	51.0	-1.7%
Motor Vehicle Weight Tax	117.6	123.9	121.1	121.8	0.6%
Public Utility Franchise Tax	53.6	56.6	55.2	47.5	-13.9%
Federal Grants	101.2	87.6	97.8	96.9	-0.9%
State Grants	9.5	8.8	7.9	10.4	31.6%
Transient Accommodations Tax	45.4	45.4	45.4	41.0	-9.7%
Public Service Company Tax	51.0	50.9	51.1	43.4	-15.1%
Licenses and Permits	54.0	54.1	53.8	55.3	2.8%
Charges for Services	34.1	34.4	33.0	34.1	3.3%
Sewer Charges	334.8	317.0	388.9	378.1	-2.8%
Bus Transportation Revenues	56.8	56.5	57.2	56.6	-1.0%
Solid Waste Revenues	122.8	122.7	116.3	131.4	13.0%
Other Revenues	79.7	181.6	88.9	89.0	0.1%
Carry-Over	573.7	837.2	759.3	837.2	10.3%
<b>TOTAL</b>	<b>2,610.7</b>	<b>2,979.0</b>	<b>2,926.7</b>	<b>3,071.3</b>	<b>4.9%</b>

# Uncontrollable Cost Comparison

## (In millions)

SOURCE	FY 2015 Budget	FY 2015 Actual	FY 2016 Budget	FY 2016 Projected	Percent Change (1)	FY 2017 Proposed	Percent Change (2)
Operating Expenditures							
Executive Agency Budgets	1,350	\$1,277.3	\$1,394.3	\$1,336.71	3.3%	1,453.4	4.2%
Debt Service	406	370.9	452.9	398.3	11.5%	439.9	-2.9%
Retirement System Contributions	122	122.3	135.7	135.4	10.9%	149.3	10.0%
FICA and Pension Costs	28	24.8	29.8	27.9	6.8%	30.9	3.6%
Health Benefit Contributions *	163.2	152.8	163.7	145.2	0.3%	179.1	9.4%
Miscellaneous	72.5	23.7	92.9	66.3	28.2%	74.0	-20.4%
<b>Total Operating Expenditures</b>	<b>\$2,142.0</b>	<b>\$1,971.9</b>	<b>\$2,269.3</b>	<b>\$2,109.8</b>	<b>5.9%</b>	<b>2,326.5</b>	<b>2.5%</b>

(1) Percentage change between FY 2016 Budget and FY 2015 Budget

(2) Percentage change between FY 2017 Proposed and FY 2016 Budget

\* Health Benefit Contribution includes Other Post Employment Benefits Contributions