



# Administrative Overview

## Fiscal Year 2021 Budget

March 12, 2020

# Flat Revenues and Rising Costs

- Minimal Growth of Real Property Taxes and other Major Revenues
- Increasing Costs for Collective Bargaining and Fringe Benefits
- Debt Service
- Rail Operation and Project Costs

# Expenses

# OPEB Liability

- Net OPEB Liability at June 30, 2019 was \$1.89 Billion
- Act 268, SLH 2013 requires mandatory contributions
  - 100 percent of Annual Required Contribution (ARC)

# Pension Liability

- \$2.4 Billion Pension Liability at June 30, 2019
- Rate increases for Employer Contributions passed by the State Legislature - Act 17 (2017)

# ERS and OPEB/EUTF Expenditures FY2012 to FY2021



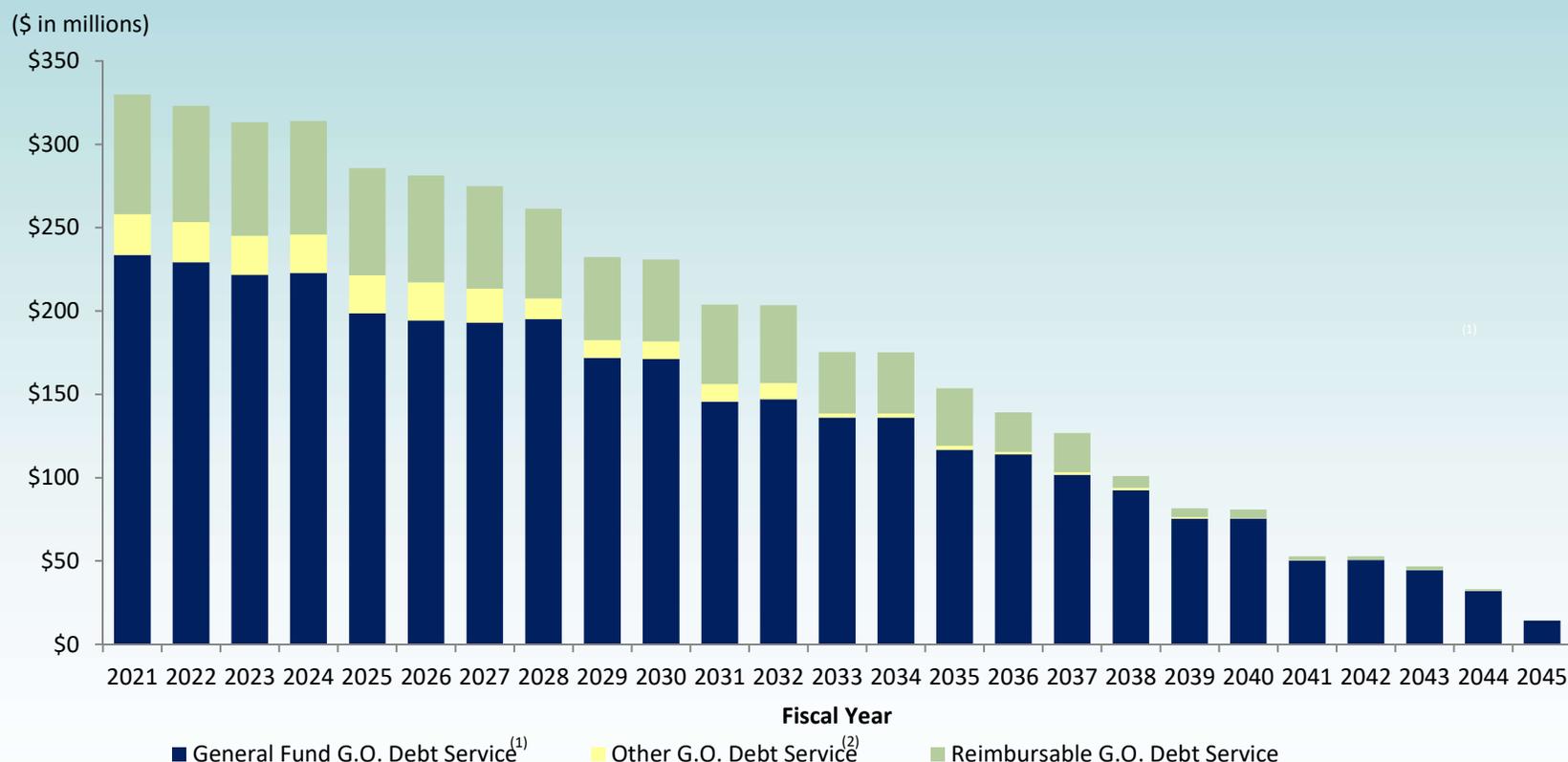
# Debt Service

- General obligation bonds
- Sewer revenue bonds
- Rail bonds



# Debt Service Profile

## Total Outstanding Debt Service as of March 5, 2020



(1) Excludes self-supporting revenue bonds and State revolving fund notes payable.

(2) Includes \$235,236,305 State of Hawai'i note payable for various sewer projects, storm dewatering facility and storm water equipment.

(3) Self-Supporting Bonds includes reimbursable G.O. bonds (primarily H-Power).

# Rail O&M and Project Costs

- DTS responsible for Operations and Maintenance of the Rail
- Interim opening in December 2020
- Proposed rail operating budget is \$71.3M
- Act 1 Restricts the use of GET and TAT

# Revenues

# Comparison of Key Revenues

(In Millions)

	<b>FY 2020 Budgeted</b>	<b>FY2021 Proposed</b>	<b>Increase (Decrease)</b>
Real Property Tax	\$1,404.7	\$1,420.0	\$15.3
Transient Accommodation Tax	\$45.4	\$45.4	\$0.0
Motor Vehicle Weight Tax	\$182.5	\$184.4	\$1.9
Fuel Tax	\$51.8	\$51.9	\$0.1
Franchise Tax	\$47.0	\$48.8	\$1.8
Public Service Company Tax	\$38.0	\$42.8	\$4.8
	<b>\$1,769.4</b>	<b>\$1,793.3</b>	<b>\$23.9</b>



# Real Property Assessments

(In Billions)



Source: City and County of Honolulu Department of Budget & Fiscal Services..

24 (1) Represents value of Net Taxable Real Property.

# Budget Overview

## **Guided by the Mayor's Priorities, the Proposed FY2021 Budget Continues to:**

1. Focus on enhancing core services and maintaining City facilities and infrastructure
2. Address mandated requirements
3. Build a resilient community
4. Ensure that the City has adequate reserves

# Mayor's Priorities in FY2021

## Operating and Capital Improvement Budgets

1. **Enhancing Core Services and Maintaining City Facilities and Infrastructure**
  - A. **Continue to Invest in Road Rehabilitation and Maintenance**: \$50M in CIP for road repaving and \$7.4M in Operating for in-house repair and pavement preservation
  - B. **Enhancing Bus and Handi-Van Service**: \$299.6M in operating and \$68.4M in CIP
  - C. **Maintaining and Improving Parks and Park Facilities**: \$87.1 million in operating and \$27.4 million in CIP
  - D. **Combating Homelessness**: \$8.1 million in operating and \$894,432 in HOME funds for Housing First to provide permanent supportive housing and services; \$1.5 million for operating and service provider costs for the Hale Mauiola Housing Navigation Center at Sand Island, \$1 million for operations of the Punawai Rest Stop in Iwilei and \$1.2 million for other programs.

# Mayor's Priorities in FY2021

## Operating and Capital Improvement Budgets

### 1. Enhancing Core Services and Maintaining City Facilities and Infrastructure

#### E. Public Safety:

- i. **Police** – 95 new and 6 reactivated positions and \$1.3M for the body worn camera and \$1.5 million for the mobile device programs
- ii. **Fire** – 2 positions for the mechanic shop to address additional workload and backlog of repairs
- iii. **EMS** – 13.25 positions for Emergency Medical Services and 23 positions for expanded life guard service (dawn to dusk); \$220K for equipment

# Mayor's Priorities in FY2021

## Operating and Capital Improvement Budgets

### 2. Addressing Mandated Requirements

- A. **Meeting Mandated Sewer Improvement Deadlines**: \$765 million to fund wastewater and global consent decree projects
- B. **National Pollution Elimination Discharge System (NPDES) Permit**: To address the sources of pollutants and improve storm water outfall.

# Mayor's Priorities in FY2021

## Operating and Capital Improvement Budgets

### 3. Build a Resilient Community

- A. **Integrating Bus, Rail and TOD**: \$40.7M in CIP budget for transit oriented development and bus and rail integration and \$71.3M for rail operations and \$2.9M for bus service enhancements in the operating budget
  
- B. **Addressing Climate Change, Sustainability and Resiliency**: \$75K for a Coastal Lands Study, \$150K for energy benchmarking and \$500K for design and construction standards to mitigate the impact of climate change and sea level rise in the operating budget. \$23.3M for HPower; \$11.2M for electrification of the City's Transportation Infrastructure and \$1.8M for Energy Conservation Improvements in the CIP budget

# **Mayor's Priorities in FY2021**

## **Operating and Capital Improvement Budgets**

### **4. Ensure that the City has adequate reserves**

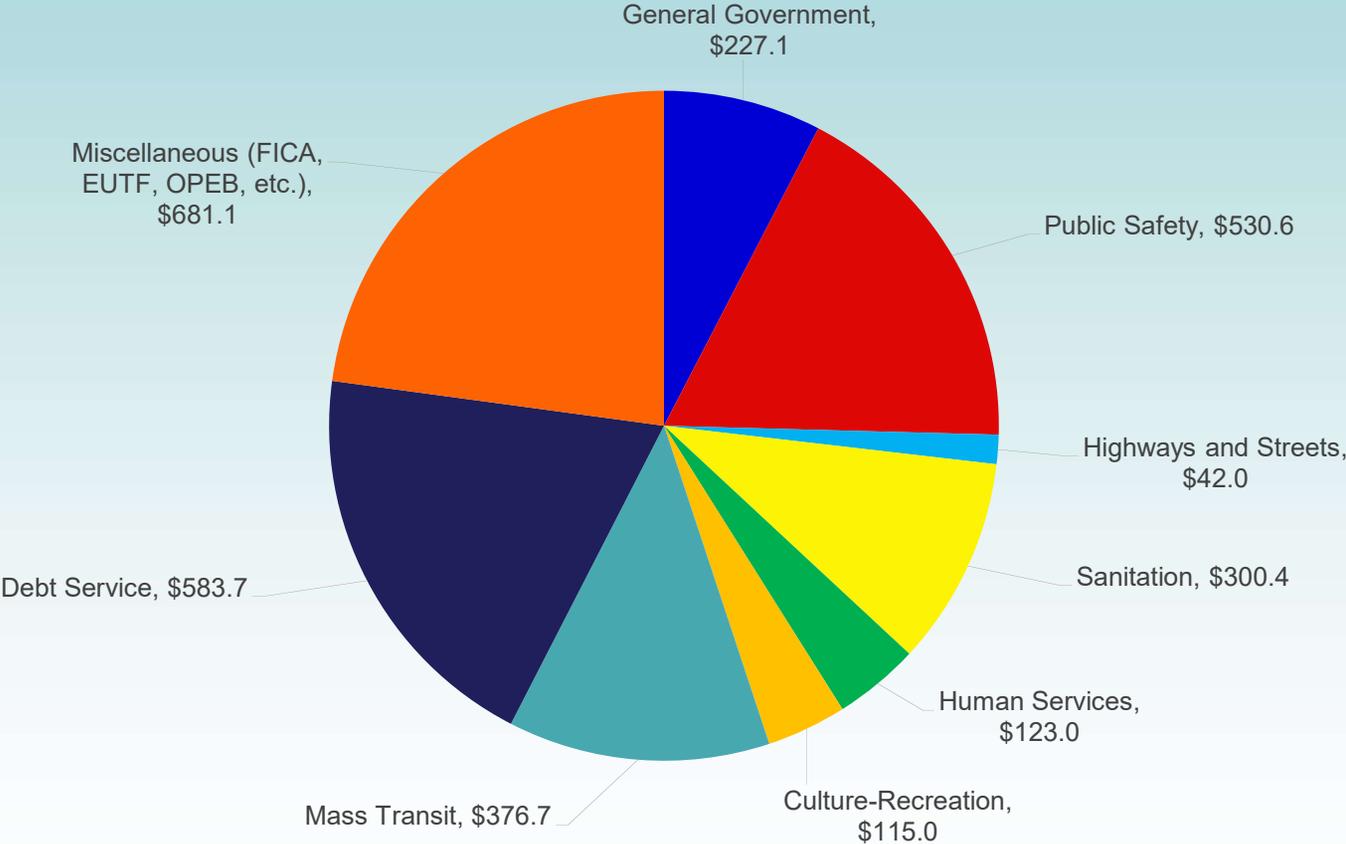
**A. Fund the Fiscal Stability Reserve: The City's "Rainy Day" Fund**

# Operating Budget

# Fiscal Year 2021 Operating Budget

## \$2.98 Billion

(In Millions)



## Operating Budget Expenditures by Cost Element (In Millions)

	FY2020 Budgeted	FY2021 Proposed	Increase (Decrease)	% Change
Department/Agency	\$1,620.8	\$1,714.8	\$94.0	5.8%
Debt Service	\$586.2	\$583.7	(\$2.5)	0.4%
Fringe Benefits (ERS, EUTF, OPEB, etc.)	\$549.1	\$592.5	\$43.4	7.9%
Provision for Vacant Positions	\$30.7	\$39.4	\$8.7	28.3%
Miscellaneous	\$48.1	\$49.2	\$1.1	2.3%
<b>Total</b>	<b>\$2,834.9</b>	<b>\$2,979.6</b>	<b>\$144.7</b>	<b>5.1%</b>

# Revenue Measures

- No Proposed Property Tax Rate Increases
- Permit fees
- Golf fees

## Real Property Tax Revenues

<u>Land Use Class</u>	<u>Tax Rate</u>	<u>Revenue</u>
Residential	\$3.50	\$579,504,000
Residential A	\$4.50/\$10.50	\$158,585,000
Commercial	\$12.40	\$279,268,000
Industrial	\$12.40	\$156,767,000
Hotel/Resort	\$13.90	\$237,341,000
Other	\$5.70 TO \$8.50	\$9,982,000
Total		\$1,421,447,000

# CIP Budget

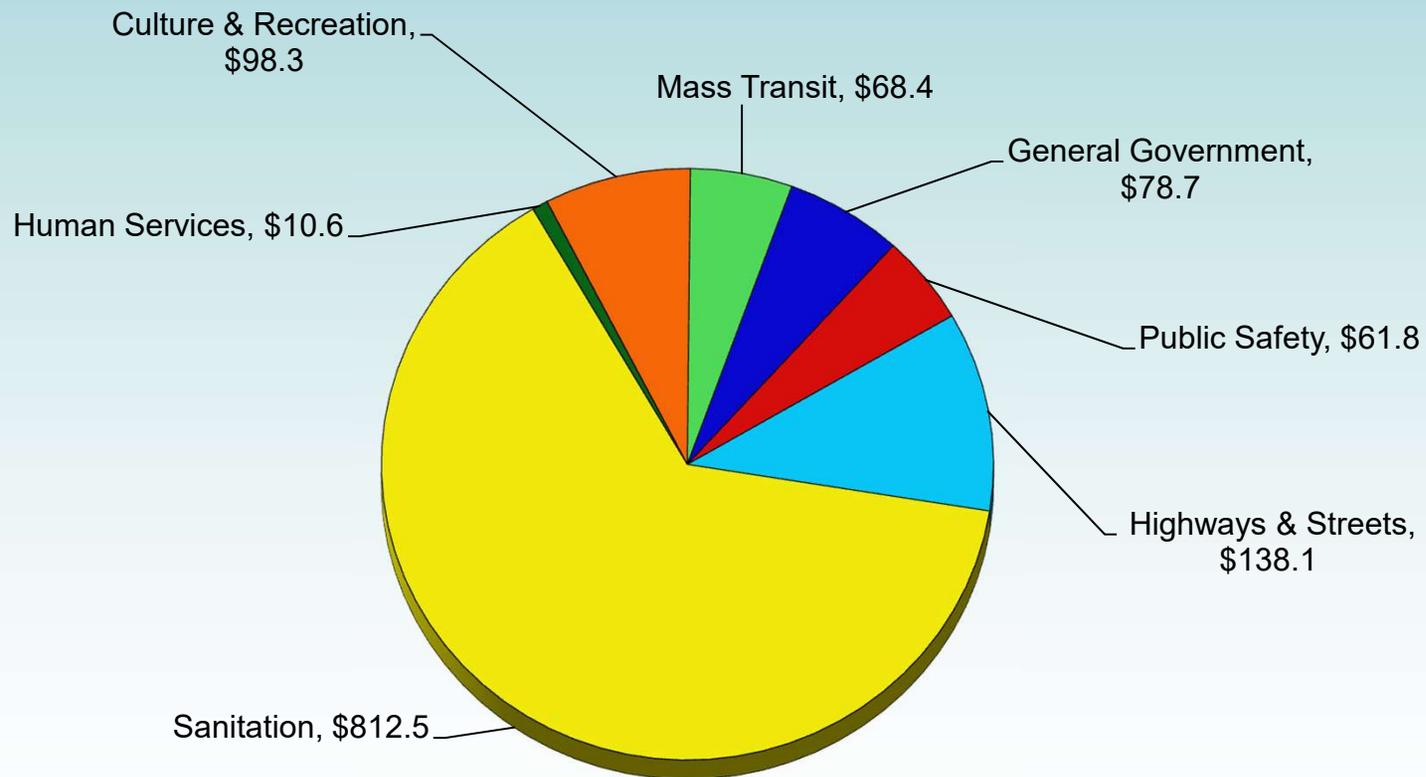
# Focus

- 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
- TOD & Multimodal Integration with Rail

# Fiscal Year 2021 CIP Budget

\$1.27 Billion

(In Millions)



# CIP Projects

- Ala Moana Transit Plaza
- Rehabilitation of Streets
- Salt Lake Boulevard Widening
- HPower

# CIP Projects

- Sand Island Wastewater Treatment Plant Secondary Treatment
- ENV Support Facilities at Honouliuli WWTP
- Blaisdell Center Redevelopment
- Middle Street Intermodal Transit Center

**Thank You**