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MUFI HANNEMANN  
 MAYOR



MARY PATRICIA WATERHOUSE  
 DIRECTOR

RECEIVED

MARK OTO  
 DEPUTY DIRECTOR

May 13, 2008

The Honorable Todd Apo, Chair  
 and Members of the Budget Committee  
 Honolulu City Council  
 530 South King Street, Room 202  
 Honolulu, Hawaii 96813

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 2008 MAY 14 PM 3:32  
 CITY COUNCIL  
 HONOLULU, HAWAII

Dear Chair Apo and Councilmembers:

Subject: Testimony Relating to the Department of Budget and Fiscal Services,  
 CD1 to Bill 18 (2008) – Executive Operating Budget and Program for  
 FY 2009

This is in response to the CD1 changes applicable to the Department of Budget and Fiscal Services (BFS), except for the Liquor Commission.

**Accounting and Fiscal Services**

We support the restoration of the CD1 reduction in funding for vacant positions of \$60,000. We have concerns because three of the vacancies have been filled at a cost of \$136,422. An additional \$176,392 is necessary to cover the costs of current or pending recruitments of essential positions. For example, we are currently recruiting for an Accounts Payable supervisor. This position is responsible for managing the processing of all City-wide non-payroll disbursements, as well as, the City-wide purchasing card program. Accounting Division will not be able to fill one or two key positions.

**Known Fill:**

DF307 – Control Accounts Bookkeeper – Position filled .....	\$47,333
DF420 – Accountant IV (reallocated from Acct III) - Position filled .....	\$46,956
DF266 – Accountant III – Position filled.....	\$42,133
Total: .....	\$136,422

**Recruiting:**

DF218 – Accountant V (AP Supv) – DHR approved & posting announced .....	\$51,318
DF232 - Accountant V (Payroll Staff) – Help with transition since the Payroll Administrator retires in 2009; RTF pending at Budget.....	\$51,318
DF549 – Accountant II (reallocate from Accountant III) – Position in	

DCS Fiscal (reduce overtime) – Contracted until permanent fill .....	\$40,000
DF186 – Pre-audit Clerk III (reallocate from Pre-audit Clerk II) – help supervise the AP section – Pending RTF & Reallocate.....	<u>\$33,756</u>
Total: .....	\$176,392

**Reorganization and Fill:**

DF306 – Accountant IV for ERP support staff*.....	<u>\$57,153</u>
Total: .....	\$57,153

\* Start date would be adjusted in FY 2009 to stay within proposed funded vacancies. This does not include a vacant Fiscal Officer for Parks and Enterprise Services. Another Fiscal Officer is currently handling two areas, but may retire during FY 2009.

<u>Available Vacancy Funding</u>		<u>Funding Required</u>	
Funded Vacancies 01/31/08	\$322,518	Known Fills	\$136,422
CD1	<u>(\$60,000)</u>	Recruiting Fills	<u>\$176,392</u>
Total	\$262,518	Total	\$312,814
Shortfall:	(\$50,296)		

**Real Property Assessment Division**

We concur with the proposed restoration of \$80,000 in funded vacant positions. However, the cutback will not allow us to fill critical positions during FY 2009. The current inter-county agreement is that we have 1.5 positions in Tax Maps and Records Branch (Mapping) paid by Maui and 1 position in Property Technical Office (PTO) paid by all counties. Due to the reduced funding we will not be able to fill some of the vacancies in Mapping and PTO; the Real Property Assessment Division will be forced to assign City and County of Honolulu work only, which is only fair to our taxpayers. We will need to immediately cancel our contracts with the neighbor island counties. The three positions that provide support to the neighbor islands are: DF445, DF455, and DF442.

**Known Fills:**

DF472, Real Property Appraiser I – Individual starts on 5/15/2008.....	\$35,679
DF639, Real Property Appraiser I – Individual starts on 5/15/2008.....	\$35,679
DF632, Real Property Appraiser V – Filled on 4/1/2008 .....	\$75,231
DF482, Real Property Appraiser VI – Filled on 4/1/2008.....	\$69,549
DF465, Real Property Appraiser VI – Filled on 2/1/2008.....	\$75,240
DF616, Abstract Assistant I – Filled on 4/1/2008 .....	\$42,684
DF504, Senior Clerk Typist – Filled on 4/21/2008.....	\$27,756
DF495, Tax Clerk - Individual starts on 5/12/08 .....	\$31,313
DF496, Tax Clerk – Selection made, start date pending .....	<u>\$33,756</u>

Total..... \$426,887

**Recruiting:**

DF438, Property Valuation Analyst – Recruitment initiated..... \$39,163  
 DF622, Real Property Appraiser Assistant – Recruitment initiated ..... \$34,856  
 DF642, Real Property Appraiser I – Recruitment is continuous..... \$35,679  
 Total..... \$109,698\*

**Reorganization:**

The Tax Map Section is undergoing a reorganization to upgrade functions and drafting technicians to GIS Cartographic Technicians. Below are the three initial positions to be converted in FY 2008.

DF451, reallocation to GIS – Budgetary Admin reviewing..... \$18,556  
 DF615, reallocation to GIS – Budgetary Admin reviewing..... \$28,836  
 DF454, reallocation to GIS – Budgetary Admin reviewing..... \$33,756  
 Total..... \$81,148

**Available Funding**

Funded Vacancies 01/31/08 \$521,279  
 CD1 (\$130,000)  
 Total \$391,279

**Funding Required**

Known Fills \$426,887  
 Recruiting Fills \$109,698  
 Total \$536,585

Shortfall: (\$130,000)

\*Division will determine which positions to fill and stay within the original funded vacancies (\$521,279).

**Treasury Division**

We support the restoration of \$80,000 for funded vacant positions. However, the entire amount needs to be restored. While we are recruiting to fill positions permanently, we hired former Aloha Airline employees temporarily on personal service contracts. These employees are seeking permanent employment with the City and will be very competitive. If we do not have the funds to fill the positions, the City will have lost an opportunity to bring these quality workers on permanently. These former Aloha Airline employees will once again be unemployed.

**Known Fills:**

DF572, Delinquent Tax Collection Asst – contract former Aloha employee  
 ..... \$54,012  
 DF740, Senior Account Clerk – Filled on 4/21/2008..... \$31,212  
 DF741, Senior Account Clerk – Filled on 2/1/2008..... \$31,212  
 DF736, Accountant IV – Filled on 3/17/2008..... \$45,138  
 DF115, Delinquent Tax Collection Asst - Filled on 5/12/08 ..... \$48,048

DF217, Accountant III – Started on 5/5/2008 .....	\$41,869
Total.....	\$251,491

**Recruiting:**

DF111, Accountant V, List pending .....	\$54,954
DF744, Assistant Revenue Collections Admin, List pending .....	\$54,954
DF582, Delinquent Tax Collection Assistant – contract former Aloha employee .....	\$37,056
DF742, Accountant III – contract former Aloha employee .....	\$41,727
DF576, Accountant IV, contract former Aloha employee .....	\$45,588
DF151, Treasury Debt Analyst, Reallocated to Accountant IV, list pending .....	\$45,138
Total.....	\$279,417*

**FY 2009 Projected fills:**

DF571, Assistant Chief of Treasury, Will fill when funds are available.....	\$8,067
DF134, Accountant VI, Will fill when funds are available .....	\$22,897
Total.....	\$30,964

<u>Available Funding</u>		<u>Funding Required</u>	
Funded Vacancies 01/31/08	\$517,184	Known Fills	\$251,491
CD1	(\$125,000)	Recruiting	\$279,417
Total	\$392,184		\$530,908

Shortfall: (\$125,000)

\*Division would delay hire date to stay within approved funded vacancies (\$517,184).

The Cash and Debt Management Branch handles the debt service payments and investments for the City. Inadequate staffing jeopardizes the timeliness of debt service payments and the City's ability to maximize earnings from investments. The vacant positions in this Branch are the professional employees essential to executing tasks that maintain the City's financial creditworthiness.

The Collections Branch has three vacant Delinquent Tax Collection Assistants. These positions are critical to the collection of delinquent real property taxes. The delinquent collectors receive an average of \$5 million in delinquent real property taxes annually. Therefore, the loss of even one of these positions may result in a reduction in real property tax revenue. This is why we hired by contract Aloha Airlines employees until positions are filled permanently. An Accountant IV transferred to the Accounting Division. A former Aloha Airlines employee has been hired as a contract accountant until the permanent position is hired.

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In FY 2008, the City Council gave Treasury nine new positions to administer the County Tax Credit program. Treasury worked hard to reorganize, create the positions, recruit, interview, and perform all of the tasks required to hire these positions expeditiously. With the proposed reduction in salary, two of the nine positions are at risk just when all of them are about to be filled.

By the September 30, 2007 deadline, Treasury received 2,158 applications for the County Tax Credit that needed to be processed and denial letters sent by December 31, 2007. Since we were unable to fill all of the positions by that deadline, employees assigned to the County Tax Credit program as well as other Treasury employees worked overtime to meet deadlines. Then, appeals were received, hearings scheduled and conducted, and final determinations made. When time permits, the staff performs community outreach to promote the County Tax Credit program at events such as senior citizen fairs, new product shows, and attending meetings, etc. upon invitation.

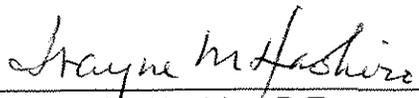
Please feel free to call me at 768-3901, if you have any questions or concerns.

Sincerely,



Mary Pat Waterhouse  
Director

APPROVED:



Wayne M. Hashiro, P.E.  
Managing Director

cc: Office of the Mayor