

# The City and County of Honolulu

## Citizen-Centric Report for Fiscal Year 2010



### Our Island

Hawai'i is located in the central Pacific Ocean about 2,400 miles from San Francisco. The City and County of Honolulu covers the entire island of O'ahu and, with an estimated 907,574 residents, is the largest city in Hawai'i. According to the latest U.S. Census Bureau statistics, the city covers almost 600 square miles. This is about 70% of the state's total population of 1.3 million people. Of the total Honolulu population, 135,228 (14.9%) were 65+ years of age. Population density is 1,460.3 persons per square mile. Tourism is the city's principal industry, followed by federal defense expenditures and agricultural exports.

### Our Government

In 1959, the Honolulu City Charter established a mayor-council form of government for Honolulu. The legislative function consists of nine city council members elected by districts. Under the charter, the council has legislative and investigative power. The mayor is the chief executive officer assisted by a managing director who is the second ranking executive and is appointed by the mayor with council approval.

The City Charter adopted in 1959 was cited by the United States Conference of Mayors as a model for modern American metropolitan area government. All elective positions have four-year terms elected on a nonpartisan basis.

### Our Economy

Hawai'i's economy continued to expand until 2007. When the U.S. economy experienced a downturn, Honolulu also was affected by the recession. To mitigate the economic downturn and maintain a balanced budget, the city raised sewer and other fees, restricted agency budgets, and implemented spending restrictions. The latter included a freeze on hiring; restrictions on reorganizations that created new and higher level positions; and restrictions on purchases and travel. The city focused on basic city services, improving infrastructure, and upgrading facilities such as the sewer and wastewater collection systems. The proactive steps generated savings as revenues from tourism and real property assessments remained relatively flat or declined.

The city continues to focus on fiscal stability while attempting to maintain municipal services and minimizing increases in fees and taxes.

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### Mission, Goals and Objectives

ACCORDING TO THE CITY CHARTER:

The purposes of the City and County government are to serve and advance the general welfare, health, happiness, safety and aspirations of its residents, present and future, and to encourage their full participation in the process of governance. For achieving these purposes, its departments and agencies can be roughly divided into four groups:

- Public Safety and Welfare
- Culture and Recreation
- Community and Human Development, and Citizen Participation
- General Government Operations

### Selected Demographics

	2009	2010
Population	902,745	907,574
Per Capita Income	-	\$21,998
Unemployment Rate	5.8%	5.6%
Percent of Total Workforce in Government	23.8%	23.7%
Number of City & County Employees	8,929	8,810

Sources: US Census Bureau 2010, US Department of Labor Bureau of Labor Statistics

*...to promote accountability, fiscal integrity and openness in city government.*

# How We Have Progressed

Fiscal Year 2010

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## 2010 Accomplishments

- The Office of the City Auditor has begun an annual Service, Efforts and Accomplishments (SEA) report, which will inform citizens about the status of the City and County of Honolulu.\*
- In the midst of an economic recession, debt service as a percentage of operating expenditures has remained below the 20% cap, at 18.2%.
- The Department of Environmental Services reported that green waste recycling tonnage increased 98% since 2006.
- Calls for Honolulu Police Department services decreased 10% since 2006.
- In conjunction with the SEA Report, the City Auditor's Office will issue the results of a National Citizen Survey, which provides resident opinions about city services.
- Community characteristics receiving the most favorable ratings by citizens were air quality and opportunities for recreational activities.
- Characteristics receiving the least favorable ratings were the availability of affordable housing, the amount of public parking, and traffic flow on major streets.
- While public trust of local government was below the national benchmarks, 65% of residents who interacted with an employee of the City and County of Honolulu in the past 12 months rated their overall impression of them "excellent" or "good".

\*The SEA Report, attached National Citizen Survey<sup>TM</sup> and video tutorials can be found online at [honolulu.gov/council/auditor/sea+reports.htm](http://honolulu.gov/council/auditor/sea+reports.htm)

Source: 2010 Honolulu Service, Efforts and Accomplishments Report & Citizen Survey, Executive Operating Program and Budgets FY 2011, FY 2010

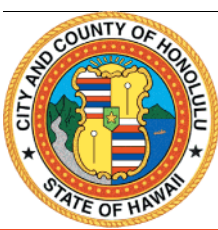
<sup>1</sup>Police statistics are given by calendar year

## Honolulu Performance Measures

	2006 Actual	2010 Actual	5 Year Change
<b>Financial Priorities</b>			
General Fund expenditures (millions)	\$1,294	\$1,658	28%
General Fund revenues (less carry over)(millions)	\$1,340	\$1,811	35%
Debt service as a % of General Fund expenditures	15.6%	18.2%	2.6%
<b>Community Design</b>			
Availability of affordable quality housing "excellent-good"	—	6%	—
Code enforcement "excellent" or "good"	38%	22%	-16%
First-aid street repair (tons)	13,604	26,223	93%
<b>Environmental Sustainability</b>			
Sanitation capital expenditures (millions)	\$210	\$322	53%
Green waste recycled (thousands of tons)	29	58	98%
Total tons recycled (thousands of tons)	496	521	5%
Preservation of natural areas "excellent" or "good"	—	39%	—
<b>Public Safety</b>			
Police services "excellent" or "good"	63%	64%	1%
Priority 1 average response times (minutes) <sup>1</sup>	8.7	7.04	-19%
Traffic enforcement— moving citations (thousands) <sup>1</sup>	116	120	3.4%
Fire services "excellent" or "good"	81%	91%	10%
Inspections (fire prevention) (thousands)	195	66	-66%
<b>Recreation and Wellness</b>			
Recreation services expenditures (millions)	\$18.6	\$20.2	9%
Percent who visited a neighborhood or C&C park	—	87%	—
Number of children registrants in parks programs	24,605	24,063	-2%
Number of senior registrants in parks programs	12,245	15,904	30%

## Per Resident Spending by Department

Department	FY 2010	Department	FY 2010
Budget and Fiscal Services	\$18	Human Resources	\$6
Community Services	\$3	Information Technology	\$19
Corporation Counsel	\$6	Mayor	\$1
Customer Service	\$20	Managing Director	\$3
Design and Construction	\$15	Neighborhood Commission	\$1
Emergency Management	\$1	Royal Hawaiian Band	\$2
Emergency Services	\$35	Medical Examiner	\$2
Enterprise Services	<\$1	Parks and Recreation	\$62
Environmental Services	\$5	Planning and Permits	\$15
Facilities Maintenance	\$19	Police	\$204
Fire	\$97	Prosecuting Attorney	\$18
<b>Total Per Resident Cost for City Operations</b>			<b>\$552</b>

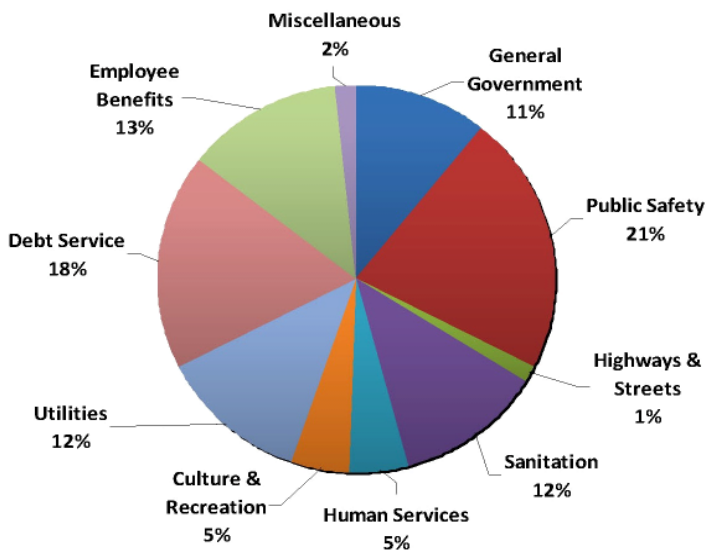


# Our Finances

## Spending and Expenses

Honolulu, like other cities, uses various funds to track specific categories of activities. The General Fund is used for all general revenues and governmental functions including the departments of community services, customer services, design and construction, emergency management, emergency services, environmental services, fire, information technology, parks and recreation, police, legislative branch, and support services. These services are supported by general city revenues and program fees. Proprietary Funds are used for highway, parks and playgrounds, sewer, bus transportation, solid waste, water, housing, and enterprise services such as golf course, the zoo, and auditoriums. These services are generally supported by charges paid by users. Please note that the information below does not reflect capital funds or expenditures.

### Where does the General Fund Dollar Go?



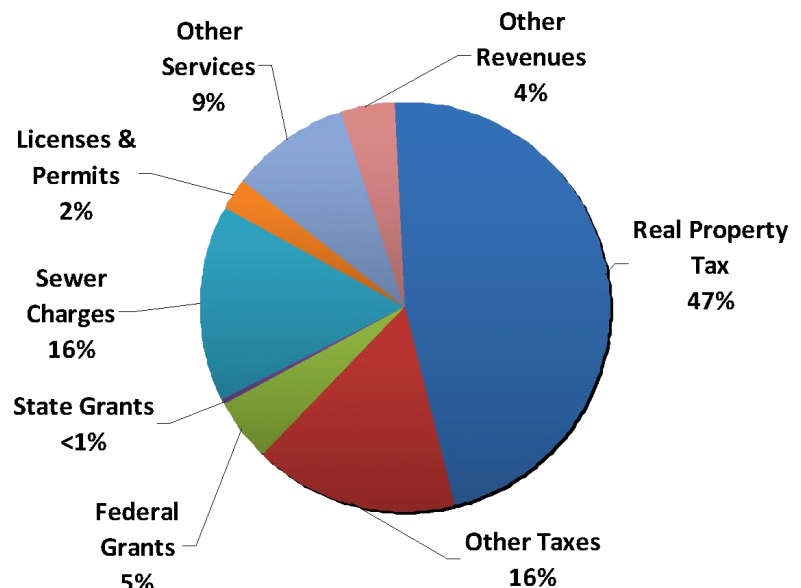
Function	FY 2009 (millions)	FY 2010 (millions)
General Government	\$181.3	\$180.0
Public Safety	\$355.1	\$360.2
Highways & Streets	\$26.0	\$22.0
Sanitation	\$200.4	\$198.2
Human Services	\$78.7	\$75.8
Culture/ Recreation	\$85.7	\$81.7
Utilities or Other Enterprises	\$195.0	\$200.0
Debt Service	\$296.0	\$301.8
Miscellaneous	\$29.1	\$28.2
Employee Benefits	\$232.0	\$210.5
<b>Total</b>	<b>\$1,679.3</b>	<b>\$1,658.4</b>

Sources: Executive Operating Program and Budgets FY 2011, FY 2010

### What are the General Fund Sources of Revenue<sup>1</sup>?

Operating Resources	FY 2009 (millions)	FY 2010 (millions)
Real Property Tax	\$792.2	\$852.2
Other Taxes	\$282.3	\$290.7
Federal Grants	\$87.2	\$89.7
State Grants	\$7.6	\$7.0
Sewer Charges	\$228.8	\$281.2
Licenses and Permits	\$41.8	\$43.2
Other Services	\$169.1	\$170.2
Other Revenues	\$83.0	\$77.2
<b>Total</b>	<b>\$1,692.0</b>	<b>\$1,811.4</b>

Sources: Executive Operating Program and Budgets FY 2011, FY 2010  
<sup>1</sup>Excludes carryover funds



### Independent Audit

Independent audits of the City's finances were conducted, resulting in clean opinions. Complete financial information can be found at

<http://www1.honolulu.gov/council/auditor>

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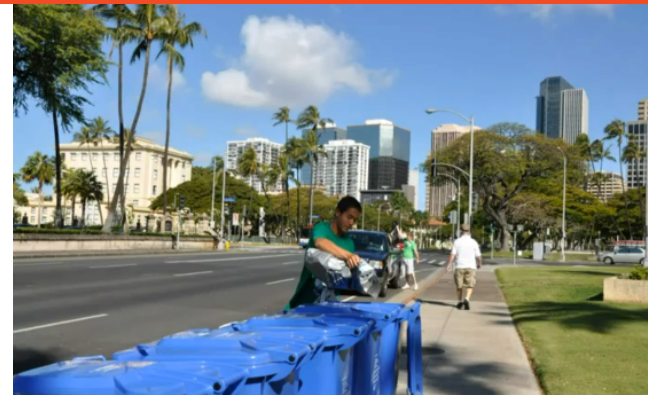


# What's Next

Challenges and Priorities



Citizen-Centric Report for Fiscal Year 2010



## Challenges Moving Forward

WE ARE IN A DIFFICULT FINANCIAL SITUATION: Honolulu's economy has been hit hard by the recession. This has impacted the city government, as well as each citizen of the City and County. Some challenges that the city faced in FY 2010 were:

- Increasing costs of debt service and arbitrated pay raises.
- Providing city services more efficiently.
- Implementing new capital projects mandated by law or consent decree.
- Multi-year rate increases for sewer and water services.

## We want to hear from you.

Do you like this report?

Would you like to see other information?

Please let us know by contacting our office at [oca@honolulu.gov](mailto:oca@honolulu.gov). For more information on our services, visit our website at

<http://www1.honolulu.gov/council/auditor/>

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Photos courtesy of City and County of Honolulu Photo Bank

<sup>1</sup>Sources: Executive Operating Program and Budgets (FY 10,11,12)

<sup>2</sup>2010 Departmental and Agency Reports of the City and County of Honolulu "Mayor Peter Carlisle's Message"

## Priorities

### Cutting Spending

The new administration is working toward the goal of cutting spending in the operating budget of various departments. The effort has been met by many city departments. Of the 23 city departments, 14 have decreased expenditures from FY 2009 to FY 2010.<sup>1</sup>

### Debt Service

As required by city debt policy, debt service for general obligation bonds as a percentage of the city's total operating budget should not exceed 20%. Over the past five years, we have crept up 2.6% to 18.2% of the general fund. The 2010 surplus should help the city stay under the 20% ceiling.

### Maintaining city services

The National Research Center, Inc. performed a Key Driver Analysis (KDA) for the city. A KDA uses different factors to determine which city services most highly influence residents' perceptions of quality of life. For Honolulu, these were

- Police Services
- Emergency preparedness
- Recycling

Performance measures for these services can be found on page 2. These services should remain priorities of the city in the coming years.

## Capital Projects Mandated by Law

Major construction projects are planned for the city in the coming years.

- **RAPID TRANSIT** will be coming to the city and county. In the words of Mayor Carlisle, "Rail Transit meets our transportation infrastructure needs and is mandated by the City Charter through the vote of the people of Honolulu. The project will create jobs for the unemployed and underemployed, stimulate the economy, and provide affordable and reliable public transportation to those who need it most."<sup>2</sup>
- **SEWER SYSTEM UPGRADE:** Under a comprehensive settlement, the city will upgrade its aging wastewater collection and treatment systems to address Clean Water Act compliance. A multi-year schedule will spread out the costs of this critical program.

## Transparency

The Office of the City Auditor, who prepares this report, has initiated a series of annual projects to increase transparency in city government. Those include this Citizen-Centric Report, the Service, Efforts and Accomplishments Report, and a National Citizen Survey of Honolulu residents. These projects will assist citizens and policy makers to monitor city performance along with resident opinions of city services.