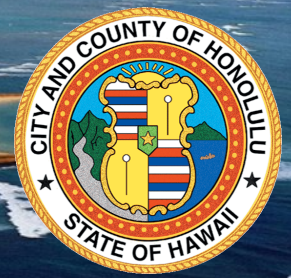




# The City and County of Honolulu

## Citizen-Centric Report for Fiscal Year 2014



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### Mission, Goals & Objectives

ACCORDING TO THE CITY CHARTER:  
 The purpose of the City and County government is 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. To achieve these purposes, its departments and agencies can be roughly divided into four groups:

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

### Our Island

Hawai'i is located in the central Pacific Ocean about 2,400 miles from San Francisco, CA. The City and County of Honolulu covers the entire island of O'ahu, an area of nearly 600 square miles. According to the latest U.S. Census Bureau statistics, there are an estimated 983,429 residents and Honolulu is the largest city in Hawai'i, with approximately 70% of the state's total population of 1.4 million people. Of Honolulu's total population, 152,308 (15.5%) were age 65 years and older. Population density is 1,587 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. All elective positions have four-year terms elected on a nonpartisan basis.

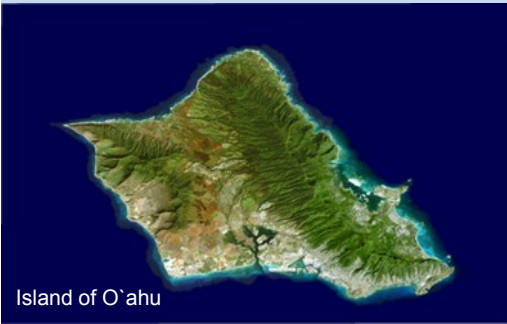
### Our Economy

2014 marks the fifth year of economic expansion for Hawai'i. However, the state's recovery from the Great Recession has been gradual. The city anticipates capital investment to maintain and repair the existing infrastructure will benefit residents, visitors and the local economy, and expand the tax base as the economy improves. The city is focusing on delivering excellence in the areas that contribute to our high quality of life including revitalizing Honolulu's parks; expanding user-friendly public transportation; ensuring robust first responder and emergency services; providing fun recreational programs; delivering clean drinking water; facilitating purposeful and sustainable economic development; and finding responsible and compassionate solutions to support our homeless and the social or economically disadvantaged.

### Selected Demographics

	2013	2014
Population	976,372	983,429
Per Capita Personal Income	\$30,219	\$30,361
Unemployment Rate	4.3%	4.0%
Households	308,490	309,803
Homeownership Rate	56.4%	55.5%

Sources: US Census Bureau, Honolulu Department and Agency Report FY 2014, Honolulu Service, Efforts and Accomplishments Reports FY 2013, FY 2014 published by Honolulu Office of the City Auditor, Dr. Jack Snyderhoud Economic Advisor to First Hawaiian Bank, 2013 Citizen-Centric Report, and State of Hawai'i Department of Labor and Industrial Relations.



Island of O'ahu

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



# Our Progress

## Citizen Centric Report for Fiscal Year 2014



### 2014 Highlights

- The Office of the City Auditor issued its fifth Service, Efforts and Accomplishments (SEA) report, which informs citizens about the status of the City and County of Honolulu.
- In connection with the SEA report, the City Auditor's Office reported the results of Honolulu residents' opinions about the community and city services in the 2014 National Citizen Survey.
- Honolulu residents reported high rates of participation in environmentally friendly activities, such as recycling, conserving water, and making homes more energy efficient.
- Community characteristics receiving the highest percentage of *excellent* or *good* ratings by citizens were drinking water, air quality and safety in their neighborhood during the day.
- Characteristics receiving the lowest percentage of *excellent* or *good* ratings were the availability of affordable quality housing, cost of living, and traffic flow on major streets.

The SEA Report, National Citizen Survey and video tutorials can be found online at: <http://www.honolulu.gov/cms-oca-menu/site-oca-sitearticles/514-service-efforts-and-accomplishments-report.html>

Sources: Honolulu FY 2014 Service, Efforts and Accomplishments Report & 2014 National Citizen Survey of Honolulu Residents published by the Honolulu Office of the City Auditor, City and County of Honolulu Proposed Operating Budget (FY 2016), U.S. Census Bureau 2014, and the Department of Budget and Fiscal Services.

Honolulu Performance Measures	2013 Actual	2014 Actual	1 Year Change
<b>Financial Priorities</b>			
General Fund expenditures (millions)	\$1,064	\$1,198	13%
Operating Resources (less carry over) (millions)	\$1,848	\$2,132	15%
Debt service as a % of General Fund revenue	31%	25%	-6%
<b>Community Design</b>			
Availability of affordable housing <i>excellent</i> or <i>good</i>	9%	8%	-1%
Code enforcement <i>excellent</i> or <i>good</i>	18%	20%	2%
Number of potholes patched	51,647	41,659	-19%
<b>Environmental Sustainability</b>			
Sanitation operating expenditures (millions)	\$230	\$248	8%
H-POWER energy to HECO (thousands of MWh)	323	379	17%
Percent who recycled at home	89%	95%	6%
Preservation of natural areas <i>excellent</i> or <i>good</i>	31%	48%	17%
<b>Public Safety</b>			
Police services <i>excellent</i> or <i>good</i>	53%	52%	-1%
Priority 1 average response time (minutes)	7.24	7.33	1%
Fire services <i>excellent</i> or <i>good</i>	85%	86%	1%
Fire prevention inspections (thousands)	63.5	77.5	22%
Emergency preparedness <i>excellent</i> or <i>good</i>	58%	73%	15%
<b>Recreation and Wellness</b>			
Recreation services expenditures (millions)	\$20.4	\$21.6	6%
Percent who used city recreation centers	56%	60%	4%
Number of adult registrants in parks programs	8,166	11,796	44%
Number of senior registrants in parks programs	15,243	22,170	45%

### Per Capita Spending by Department

Department	FY 2014	Department	FY 2014
Budget & Fiscal Services	\$20	Information Technology	\$21
Community Services	\$89	Legislative Branch	\$13
Corporation Counsel	\$7	Mayor	\$6
Customer Services	\$20	Managing Director	\$3
Design & Construction	\$15	Neighborhood Commission	\$1
Emergency Management	\$7	Royal Hawaiian Band	\$2
Emergency Services	\$36	Medical Examiner	\$2
Enterprise Services	\$21	Parks & Recreation	\$64
Environmental Services	\$252	Planning & Permitting	\$20
Facilities Maintenance	\$74	Police	\$245
Fire	\$97	Prosecuting Attorney	\$20
Human Resources	\$5	Transportation Services	\$239

**Total Per Capita Cost for City Operations (rounded) = \$1,279**

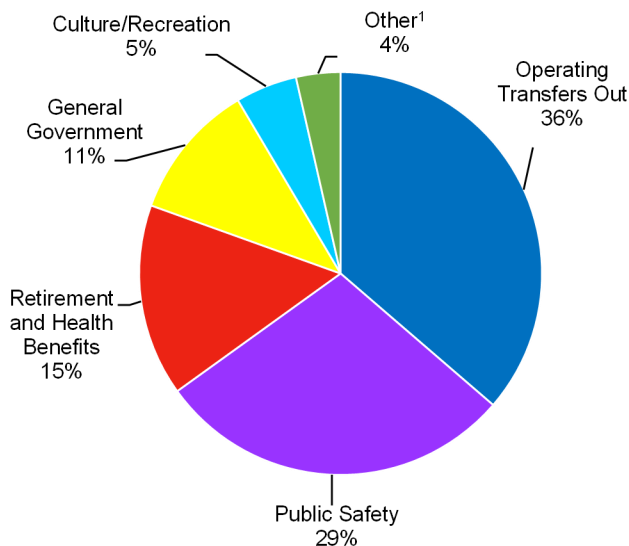


# Our Finances

## Spending and Revenues for Fiscal Year 2014

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 and Emergency Services, Environmental Services, Fire, Information Technology, Parks and Recreation, and Police, the Legislative Branch, and other support services. These services are supported by general city revenues and program fees. Proprietary Funds are used for housing, sewer, bus transportation, solid waste, water, and enterprise services such as golf courses, 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?

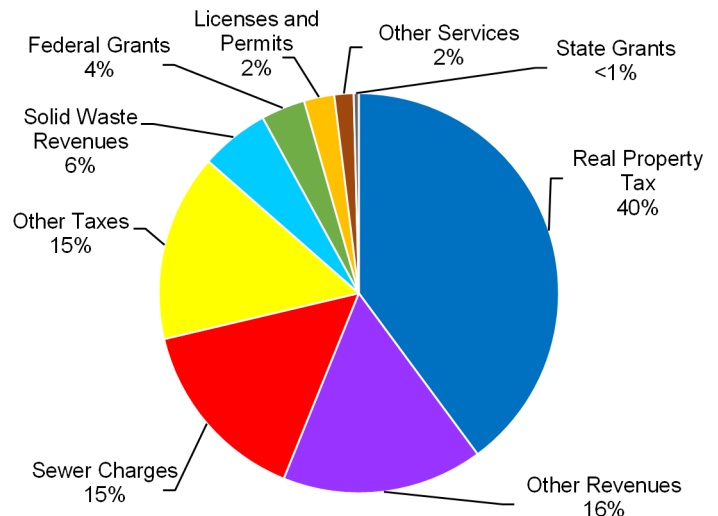


Function	FY 2013 (\$ millions)	FY 2014 (\$ millions)
General Government	\$124.6	\$131.7
Public Safety	\$324.4	\$344.3
Highways and Streets	\$2.8	\$2.6
Sanitation	\$4.2	\$3.8
Human Services	\$3.5	\$5.2
Culture/Recreation	\$58.0	\$59.3
Utilities and Other Enterprises	-	\$0.0
Debt Service	\$0.9	\$0.9
Other Miscellaneous	\$53.7	\$27.6
Operating Transfers Out	\$330.7	\$435.0
Retirement and Health Benefits	\$161.4	\$184.7
Capital Outlay	-	\$2.6
<b>Total</b>	<b>\$1,064.2</b>	<b>\$1,197.7</b>

<sup>1</sup>Other includes: Other Miscellaneous, Human Services, Sanitation, Highways & Streets, Capital Outlay, Debt Service, and Utilities and Other Enterprises.

### What are the Sources of Revenue?<sup>2</sup>

Operating Resources	FY 2013 (\$ millions)	FY 2014 (\$ millions)
Real Property Tax	\$831.1	\$850.3
Other Taxes	\$321.9	\$322.9
Federal Grants	\$89.0	\$75.9
State Grants	\$6.0	\$8.7
Sewer Charges	\$286.9	\$323.9
Licenses and Permits	\$48.4	\$52.2
Solid Waste Revenues	\$98.2	\$118.7
Other Services	\$32.6	\$33.2
Other Revenues	\$133.6	\$346.2
<b>Total</b>	<b>\$1,847.8</b>	<b>\$2,131.9</b>



Sources: Executive Operating Program and Budgets FY 2015 and FY 2016

The City and County of Honolulu's Comprehensive Annual Financial Report was issued on December 23, 2014. Independent audits of the city's finances were conducted, resulting in clean opinions. Complete financial information can be found at <http://www.honolulu.gov/auditor/reportsworkplans/192-site-oca-cat/728-financial-audit-reports.html>.

<sup>2</sup>Percentages do not total to 100% due to rounding.



# What's Next

## Challenges and Priorities



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Ehukai Beach

Source: <http://hawaiibeachsafety.com>

## Challenges Moving Forward

The improving economy makes community needs a high priority. After several years of fiscal restraint, hiring freezes and pay reductions, the city's operating budget reflects modest increases in staffing levels and operating costs to better serve the public. Multiple challenges remain including escalating costs for debt service, pension and health benefits, restoration of salary rates, and arbitration awards. The city plans to exercise fiscal discipline, while being ready to invest opportunities to enhance the quality of life for Honolulu's residents and visitors.

The mayor's priorities for FY 2014 were related to:

- Restoring Bus Service
- Repaving Roads
- Improving our Sewer System and Infrastructure Repair and Maintenance
- Re-establishing Pride in City Parks
- Building Rail Better
- Homelessness
- Energy Efficiency
- Making Honolulu a Bike-Friendly City

## 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://www.honolulu.gov/auditor.html>.

Sources: Honolulu FY 2014 Service, Efforts and Accomplishments Report & 2014 National Citizen Survey of Honolulu Residents published by the Honolulu Office of the City Auditor.

## Priorities

### Restoring Bus Service

The mayor committed to restore citizens' confidence in clean, safe, reliable, and efficient bus service. As a result, three bus routes were realigned and extended, two routes underwent service expansion and were enhanced following the discontinuation of the Mililani Trolley service. Improved Handi-Van service for persons with disabilities is anticipated with the delivery of the first 15 new vans in May 2014, out of the fleet of 99 new vans ordered in 2013.

### Repaving Roads

In 2014, the city and contractors repaved a total of 305 lane miles. The mayor's five-year plan aims to repave 1,500 lane miles of roads already in *less than fair* condition. The mayor reported that the \$100 million appropriated in the FY 2013 Capital Improvement Program budget has been contracted. In FY 2014, the city council appropriated \$130 million for FY 2015 to ensure the city has a solid, basic infrastructure. Over the last year, residents' quality ratings for city road repair increased seven percent.

### Improving our Sewer System, Infrastructure Repair and Maintenance

Adequate sewer capacity is a critical part of the city's infrastructure. Without sewer capacity, the city cannot approve new development projects. Capacity issues are being addressed with the beginning of construction on the Ala Moana Wastewater Pump Station Force Mains 3 and 4. The city completed 330 of the 484 projects outlined by the U.S. Environmental Protection Agency (EPA) and State of Hawai'i as part of Honolulu's Global Consent Decree.

### Re-establishing Pride in City Parks

Great public parks are the hallmark of great cities throughout the world. Maintaining and improving parks and recreational areas is critical for quality of life. In FY 2014, the city rehabilitated the McCoy Pavilion at Ala Moana Regional Park. The city also celebrated the re-opening of the renovated Wahiawa District Park swimming pool, which had been closed for two years.

### Building Rail Better

Building Rail Better is the mayor's priority to work collaboratively with the Honolulu Authority for Rapid Transportation (HART), stakeholders and governmental agencies; to push for fiscal responsibility and transparency; to work with communities on visual impact concerns; and to plan for infrastructure needs for *transit-oriented development*. HART reported major progress with the rail transit project since construction resumed in September 2013. More than 100 support columns for the elevated rail guideway have been completed.

### Homelessness

In June 2014, the mayor announced the city's *Housing First* strategy to reduce chronic homelessness on O'ahu. This strategy combines housing and services with enforcement action designed to ensure that the city's public spaces are accessible for all. In FY 2014, the city council appropriated nearly \$50 million for homeless initiatives and increased Grants-In-Aid funding to further help non-profits providing services the city cannot.

### Energy Efficiency

Energy efficiency to reduce the city's energy costs is a priority. In FY 2014, the city awarded energy-related contracts totaling \$16.6 million to invest in energy conservation and efficient, renewable, and alternative energy to reduce the city's energy costs. The first phase of an energy performance contract at the Kailua Regional Wastewater Treatment Plant was completed and other phases are underway. This project is expected to save the city \$1 million per year.

### Making Honolulu a Bike-Friendly City

The mayor is committed to building infrastructure that supports communities' needs and values in the future. This includes supporting multi-modal thoroughfares for bikes, buses, pedestrians, and vehicles. The city released the Honolulu Bikeshare Organizational Study in June 2014 to map out how a bikeshare program could work in Honolulu. The Bikeshare program is a partnership between the city, state, U.S. EPA, and private industry. The Department of Transportation Services installed the city's first "Fix-It" bike repair station, located in front of the Frank F. Fasi Municipal Building in FY 2014.