



The City and County of Honolulu

Citizen-Centric Report for Fiscal Year 2017

Table of Contents

About Our City	1
Our Progress	2
Our Finances	3
What's Next?	4

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 992,605 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, 165,117 (16.6%) 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

2017 marks the eighth year of economic expansion for Hawai'i. Honolulu's economy benefited from strong tourism. Economic indicators, such as visitor arrivals, home resale prices, overall job counts, low unemployment, personal income growth, and proprietors' income suggest that O'ahu's economy can anticipate moderate growth to continue.

Selected Demographics

	2016	2017
Population	998,714	992,605
Per Capita Personal Income	\$31,041	\$32,194
Unemployment Rate	3.0%	1.8%
Households (Housing Units)	344,108	347,413
Homeownership Rate	54.40%	55.00%

Sources: US Census Bureau, Honolulu Department and Agency Report FY 2017, Honolulu Service, Efforts and Accomplishments Reports FY 2016 & FY 2017 published by Honolulu Office of the City Auditor, 2016 Citizen-Centric Report, and State of Hawai'i Department of Business, Economic Development & Tourism, and the Department of Labor and Industrial Relations.

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





Citizen Centric Report for Fiscal Year 2017



2017 Highlights

- The Office of the City Auditor issued its eighth 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 2017 National Citizen Survey (NCS).
- Honolulu residents reported higher rates of participation in stocking supplies for an emergency, using public transportation instead of driving, working in Honolulu, and watching local public meetings compared to residents in other NCS communities nationally.
- Community characteristics receiving the highest percentage of *excellent or good* ratings by citizens were safety in their neighborhood, Honolulu as a place to visit, shopping opportunities, and air quality.
- Characteristics receiving the lowest percentage of *excellent or good* ratings were the cost of living, availability of affordable quality housing and public parking.

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 2017 Service Efforts and Accomplishments Report & 2017 National Citizen Survey of Honolulu Residents published by the Honolulu Office of the City Auditor, City and County of Honolulu Proposed Operating Budget (FY 2019), and the Department of Budget and Fiscal Services.

Our Progress

Page 2

Honolulu Performance Measures	2016 Actual	2017 Actual	1 Year Change
Financial Priorities			
General Fund expenditures (millions)	\$1,394	\$1,433	3%
General Fund revenues (less carry over) (millions)	\$2,110	\$2,200	4%
Debt service as a % of General Fund revenue	18.86%	17.42%	-1%
Community Design			
Availability of affordable housing <i>excellent or good</i>	8%	5%	-3%
Code enforcement <i>excellent or good</i>	23%	19%	-4%
Number of potholes patched	42,656	28,570	-33%
Environmental Sustainability			
Sanitation capital expenditures (millions)	\$233	\$511	119%
H-POWER energy to HEKO (thousands of MWh)	380	395	4%
Percent who recycled at home	88%	90%	2%
Preservation of natural areas <i>excellent or good</i>	42%	35%	-7%
Public Safety			
Police services <i>excellent or good</i>	51%	58%	7%
Priority 1 average response time (minutes)	7.34	7.37	<1%
Fire services <i>excellent or good</i>	84%	84%	0%
Fire prevention inspections (thousands)	65.1	75.7	16%
Emergency preparedness <i>excellent or good</i>	64%	48%	-16%
Recreation and Wellness			
Recreation services expenditures (millions)	\$21.21	\$21.35	1%
Percent who used C&C recreation centers	50%	59%	9%
Number of adult registrants in parks programs	8,462	11,818	40%
Number of senior registrants in parks programs	15,728	11,927	-24%

Per Capita Spending by Department¹

Department	FY 2017	Department	FY 2017
Budget and Fiscal Services	\$22	Information Technology	\$22
Community Services	\$101	Legislative Branch	\$17
Corporation Counsel	\$9	Mayor	\$3
Customer Services	\$24	Managing Director	\$1
Design and Construction	\$17	Neighborhood Commission	\$1
Emergency Management	\$5	Royal Hawaiian Band	\$2
Emergency Services	\$44	Medical Examiner	\$2
Enterprise Services	\$24	Parks and Recreation	\$74
Environmental Services	\$256	Planning and Permits	\$21
Facilities Maintenance	\$82	Police	\$276
Fire	\$125	Prosecuting Attorney	\$24
Human Resources	\$6	Transportation Services	\$257
Total Per Capita Cost for City Operations = \$1,414			

Source: Department of Budget and Fiscal Services, Legislative Branch; ¹Based on rounded figures.
Note: Top 4 costs are Police, Transportation Services, Environmental Services, and Fire



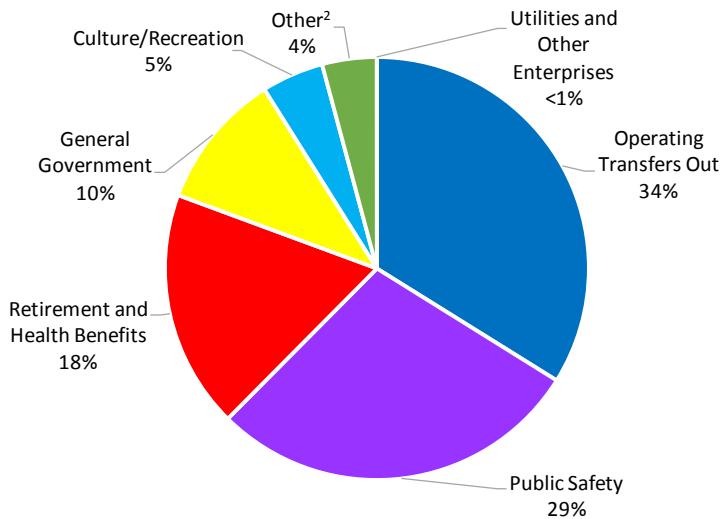
Our Finances

Spending and Revenues for Fiscal Year 2017

Page 3

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, 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?¹



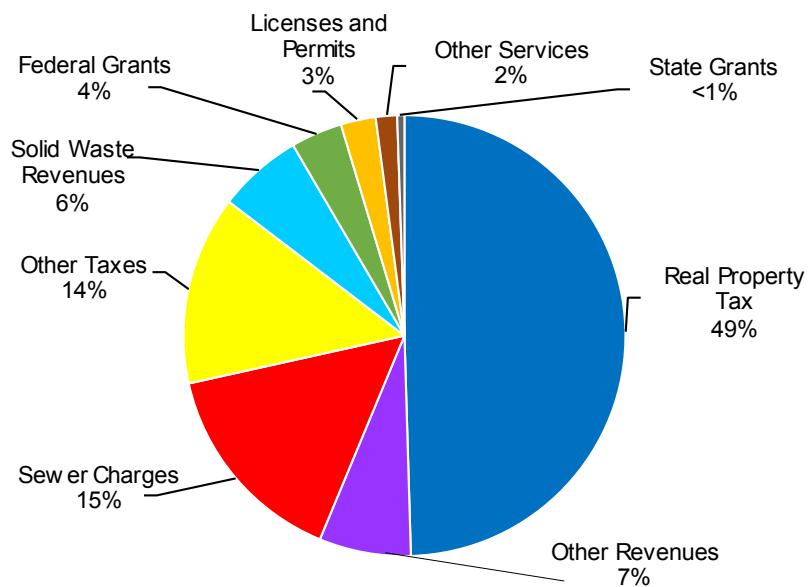
Function	FY 2017 (\$ millions)
Operating Transfers Out	\$485.7
Public Safety	\$409.1
Retirement and Health Benefits	\$261.1
General Government	\$149.8
Culture/Recreation	\$67.9
Other ²	\$59.7
Utilities and Other Enterprises	\$0.1
Total	\$1,433.4

¹Percentages and totals do not total to 100% due to rounding.

²Other includes: Other Miscellaneous, Human Services, Sanitation, Highways & Streets, and Capital Outlay.

What are the Sources of Revenue?¹

Operating Resources	FY 2016 (\$ millions)	FY 2017 (\$ millions)
Real Property Tax	\$1,007.1	\$1,089.9
Other Revenues	\$139.3	\$147.8
Sewer Charges	\$350.9	\$335.8
Other Taxes	\$317.7	\$305.4
Solid Waste Revenues	\$113.4	\$136.4
Federal Grants	\$82.8	\$82.8
Licenses and Permits	\$55.2	\$56.3
Other Services	\$32.4	\$34.2
State Grants	\$10.9	\$11.6
Total	\$2,109.8	\$2,200.3



Sources: Executive Operating Program and Budgets FY 2017 and FY 2018

The City and County of Honolulu's Comprehensive Annual Financial Report was issued in December 2017. 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/reportworkplans/192-site-oca-cat/728-financial-audit-reports.html>.

What's Next

Challenges and Priorities



Office of the City Auditor
City and County of Honolulu
1001 Kamokila Blvd., Suite 216
Kapolei, HI 96707
(808) 768-3134
(808) 768-3135 fax

Page 4



Challenges Moving Forward

In approaching these priorities, the mayor and his administration adopted guidelines for action. He stressed fiscal restraint, a focus on core services and infrastructure, investing in new technology and personnel, transparency in operation, and the importance of customer service. To achieve a more right-sized government, the administration deactivated positions based on vacancies, attrition, and a five-year history of hiring patterns. The mayor's budget priorities and all departmental budgets were prepared based on the fiscal mantra of "spending to make a difference." Due to large long term liabilities for employee benefits, continued fiscal prudence is needed to meet the challenges of the city's aging infrastructure, need for affordable housing and on the growing homelessness problem.

The mayor's priorities for FY 2017 were related to:

- Restoring Bus Service
- Repaving Roads
- Improving the Sewer System and Infrastructure Repair and Maintenance
- Caring for our Parks
- Building Rail Better
- Transit-Oriented Development
- Addressing Homelessness
- Affordable Housing
- Becoming 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. For more information on our services, visit our website at <http://www.honolulu.gov/auditor.html>.

Priorities

Restoring Bus Service

The mayor continued to restore and extend bus service. Service improvements included the addition of three new routes: Route PH7 providing peak-hour trips between Ewa Beach and Pearl Harbor Naval Shipyard, Route 99 express service between Central O`ahu and Kapolei, and Route 416 connecting landmarks in Kapolei.

Repaving Roads

In FY 2017, the city paved a total of 430 lane miles. In FY 2017, the mayor committed to releasing a quarterly status report on road repaving projects to help the public and the city council track roadwork and how funds are being spent.

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. In FY 2017, the city rehabilitated 151 miles of sewer pipe and cleaned an additional 703 miles of sewer pipe. The city completed construction of a new force main at the Kaneohe Bay Waste Water Pump Station No. 2, and a second force main at the Waimalu station. The city also completed construction of the Makakilo Interceptor Replacement Sewer.

Caring for our 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 2017, the city refurbished 15 play apparatus and resurfaced 46 play courts at 12 parks. It also renovated 21 comfort stations. Over the last year, residents' quality ratings for parks decreased seven percent.

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*. In 2017, HART completed construction of 10 miles of rail and had two four-car trains delivered. HART and the city began working on bus-rail integration planning for seamless bus and rail connections.

Transit-Oriented Development

Working with communities throughout the rail corridor, the mayor's team developed draft TOD plans to enhance neighborhoods around the transit stations. The mayor's TOD subcabinet met regularly to discuss TOD-related infrastructure, projects, policies, and streamline implementation. The city council adopted the Kalihi TOD Plan, the Department of Planning and Permitting submitted the Ala Moana TOD Plan for adoption and developed initiatives to take advantage of rail service in the Waipahu, Chinatown, Kapalama, and Iwilei neighborhoods.

Addressing Homelessness

The city continued its efforts to address homelessness. Over 300 veterans were permanently housed through collaboration with city, state, private, and non-profit providers. The city's website was revised to improve the community's access to information on helping the homeless, affordable housing, and other resources. The Department of Facility Maintenance completed six new micro units and renovated 34 existing units in Winston Hale to provide permanent studio rental apartments for persons experiencing homelessness or at risk of being homeless. In the 2017 National Citizen Survey of Honolulu residents, nearly 8 in 10 respondents *strongly or somewhat support* providing mental health care services to the homeless even if it involves raising taxes or fees.

Affordable Housing

In FY 2017, the city completed construction of the Villages of Moa`e Ku Phase III, located in Ewa, and reached full occupancy in February 2017. It also completed Ko`oloa`ula Phase II, located in East Kapolei in February 2017 and reached full occupancy the same month. In the 2017 Citizen Survey, Honolulu residents rating the availability of affordable quality housing and the variety of housing options as excellent or good was 5% and 11% respectively, both of these ratings were much lower than the national benchmarks and for cities with more than 300,000 residents.

Becoming a Bike-Friendly City

In FY 2017, the city installed 7.4 total bike lane miles, including the protected bike lane on South Street, from Ala Moana Boulevard to King Street; and bicycle lanes on McCully Street, between Beretania Street and Kapiolani Boulevard. Biki, Hawai'i's first bike share program, was launched in June 2017.