

The City and County of Honolulu

Citizen-Centric Report for FY 2018

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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, California. 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 998,650 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, 17.2% were age 65 years and older. Tourism is the city's primary industry, followed by federal defense expenditures.

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. The city's fiscal year begins on July 1st and ends on June 30th. FY 2018 begins on July 1, 2017 and ends June 30, 2018.

Our Economy

The city's focus continues to be providing essential city services, maintaining and enhancing the multitude of city assets, and establishing the foundation for a better future for the residents of O'ahu. Honolulu's tourism industry remains strong while other industries such as construction and retailing have been trending downwards.

Selected Demographics

	2016	2017	2018
Population	998,714	992,605	988,650
Per Capita Personal Income	\$31,041	\$32,194	\$32,194
Unemployment Rate	3.0%	1.8%	2.5%
Households (Housing Units)	344,108	347,413	309,548
Homeownership Rate	54%	55%	55%

More demographics for the City and County of Honolulu can be found at <https://www.census.gov/quickfacts/honolulucountyhawaii>

Sources: U.S. Census Bureau, FY 2018 Honolulu Service, Efforts and Accomplishments Reports, 2017 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.



Our Progress

Citizen Centric Report for Fiscal Year 2018



2018 Highlights

The Office of the City Auditor issued its ninth 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 2018 National Citizen Survey.

Economy and Cost of Living Concerns

The cost of living and lack of affordable housing continue to pose serious challenges to Honolulu residents. A majority (57%) of residents are experiencing housing cost stress, i.e. spending over 30% of household income on housing costs. This is because mortgage and rental costs remain disproportionate to household income.

Public Safety

Public safety continues to be a priority for residents. Ratings for police services were stable. Ratings for fire prevention services increased 12%. A majority (83%) of respondents are in favor of securing city parks to enforce park hours and deter vandalism, even if it involved raising taxes or fees. A majority of respondents also view shoreline erosion and loss of beaches to be a major problem.

Greater Levels of Community Engagement

Civic engagement increased significantly over last year, with 10% more resident reporting that they had voted in local elections, volunteered, and attended local meetings. Social engagement levels also increased as more residents reported that they had participated in religious or spiritual activities, clubs, and city and county sponsored events.

Information on other performance measures can be found in the FY 2018 Service, Efforts and Accomplishments Report and the 2018 National Citizen Survey. Both reports are available on the City Auditor website: <http://www.honolulu.gov/auditor/reportsworkplans.html>

Sources: Honolulu FY 2018 Service, Efforts and Accomplishments Report & 2018 National Citizen Survey of Honolulu Residents published by the Honolulu Office of the City Auditor, City and County of Honolulu Proposed Operating Budget (FY 2020), U.S. Census Bureau 2018, and the Department of Budget and Fiscal Services.

Honolulu Performance Measures	2017 Actual	2018 Actual	1 Year Change
Financial Priorities			
General Fund expenditures (millions)	\$1,433	\$1,489	4%
General Fund revenues (less carry over) (millions)	\$2,200	\$2,279	4%
Debt service as a % of General Fund revenue	17.42%	12.90%	-5%
Community Design			
Availability of affordable housing (% excellent or good)	5%	8%	3%
Code enforcement (% excellent or good)	19%	14%	-5%
Overall ease of travel (% excellent or good)	40%	47%	7%
Environmental Sustainability			
Sanitation capital expenditures (millions)	\$511	\$683	34%
H-POWER energy to Hawaiian Electric Company (thousands of MWh)	395	356	-10%
Percent who recycled at home	90%	92%	2%
Quality of open space (% excellent or good)	24%	32%	8%
Public Safety			
Police services (% excellent or good)	58%	58%	0%
Priority 1 average response time (minutes)	7.37	7.47	<1%
Fire prevention services (% excellent or good)	51%	63%	12%
Fire prevention inspections (thousands)	75.7	75.8	<1%
Ambulance/EMS services (% excellent or good)	80%	88%	8%
Emergency preparedness (% excellent or good)	48%	51%	3%
Recreation and Wellness			
Recreation services expenditures (millions)	\$21.35	\$21.81	2%
Percent who used C&C recreation centers	59%	63%	9%
Number of adult registrants in parks programs	11,818	12,309	4%
Number of senior registrants in parks programs	11,927	12,335	3%

Per Capita Spending by Department¹

Department	FY 2018	Department	FY 2018
Budget and Fiscal Services	\$22	Land Management	<\$1
Community Services	\$95	Legislative Branch	\$16
Corporation Counsel	\$8	Mayor	\$1
Customer Services	\$23	Managing Director	\$3
Design and Construction	\$17	Neighborhood Commission	\$1
Emergency Management	\$4	Royal Hawaiian Band	\$2
Emergency Services	\$46	Medical Examiner	\$2
Enterprise Services	\$25	Parks and Recreation	\$77
Environmental Services	\$253	Planning and Permitting	\$22
Facility Maintenance	\$86	Police	\$289
Fire	\$128	Prosecuting Attorney	\$23
Human Resources	\$7	Transportation Services	\$273
Information Technology	\$22		

Total Per Capita Cost for City Operations = \$1,446

¹Per Capita spending is the total operating expenditures of each department divided by the population of the City and County of Honolulu.

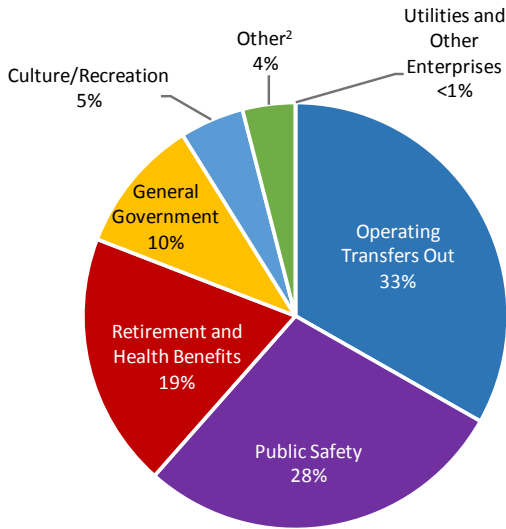


Our Finances

Spending and Revenues for Fiscal Year 2018

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, Land Management, 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?¹



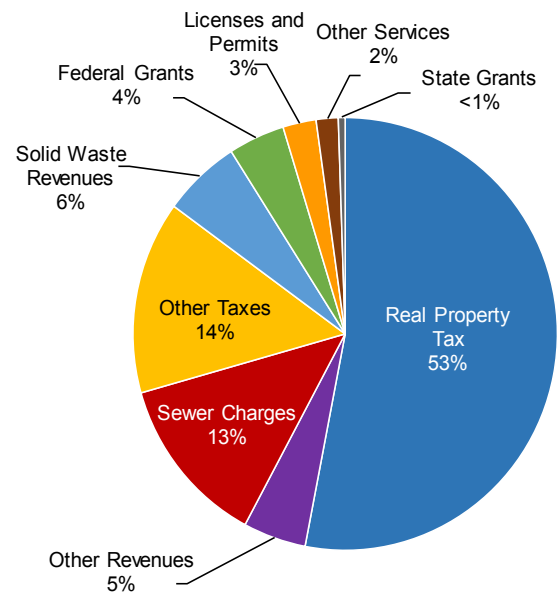
Function	FY 2017 (\$ millions)	FY 2018 (\$ millions)
Operating Transfers Out	\$485.66	\$494.56
Public Safety	\$409.08	\$421.92
Retirement and Health Benefits	\$261.14	\$287.68
General Government	\$149.84	\$152.49
Culture/Recreation	\$67.91	\$72.74
Other ²	\$28.26	\$59.88
Utilities and Other Enterprises	\$0.08	\$0.01
Total	\$1,401.96	\$1,489.28

Source: City and County of Honolulu's Comprehensive Annual Financial Report FY 2018

What are the Sources of Revenue?¹

Operating Resources	FY 2017 (\$ millions)	FY 2018 (\$ millions)
Real Property Tax	\$1,089.86	\$1,178.50
Other Revenues	\$147.81	\$106.50
Sewer Charges	\$335.84	\$284.10
Other Taxes	\$305.42	\$320.90
Solid Waste Revenues	\$136.38	\$131.70
Federal Grants	\$82.83	\$95.50
Licenses and Permits	\$56.32	\$56.30
Other Services	\$34.22	\$37.30
State Grants	\$11.58	\$11.50
Total	\$2,200.26	\$2,222.30

Source: Executive Operating Program and Budgets FY 2019 and FY 2020



¹Percentages do not total to 100% due to rounding

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

The City and County of Honolulu's Comprehensive Annual Financial Report was issued in December 2018. Independent audits of the city's finances were conducted, resulting in clean opinions. Complete financial information can be found at

<http://www.honolulu.gov/cms-oca-menu/site-oca-sitearticles/728-financial-audit-reports.html>

What's Next

Challenges and Priorities



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Priorities

Restoring bus service

The mayor continued to restore and extend bus service. Service improvements included additional service for TheBus Routes: Routes 2 (Waikiki/School/Middle), 20 (Waikiki/Pearlridge), 43 (Waipahu/Honolulu/Alapa'i), 55 (Honolulu/Kane'ohe/Halei'wa), and modified service for Routes 62 (Honolulu/Wahiawa), 85 (Windward-Express Kane'ohe), 96 (Waipio Gentry Express) and PH3 (Windward/Pearl Harbor Express). In addition, 40 bus shelters were repaired and five new pedestrian transit connections were constructed. Honolulu residents were asked to rate the quality of bus and transit services. 62% rated the service excellent or good and was higher than the national benchmarks.

Repaving roads

In FY 2018, the city repaved 374 lane miles; applied crack seal to 33,499 linear feet of roadway; and applied seal coat to 17.2 lane miles. 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. In the 2018 Citizen Survey, Honolulu residents' ratings for quality of street repairs as excellent or good was 12%, which is much lower than the national benchmarks, and lower than cities with more than 300,000 residents respectively.

Improving our sewer system, infrastructure repair and maintenance

City improvements to the sewer system include rehabilitating nearly 11 miles of wastewater pipe, cleaning approximately 732 miles of wastewater pipe. The city also completed construction of the Kane'ohe-Kailua Sewer Tunnel, Kane'ohe Tunnel Influent System, and Kane'ohe Tunnel Influent Pump Station. Adequate sewer capacity is a critical part of the city's infrastructure. In the 2018 Citizen Survey 57% of residents rated sewer services *excellent or good*.

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. The city refurbished 23 play apparatus, resurfaced 113 play courts at 24 parks across the island, and renovated 18 comfort stations. In FY 2018 the city contracted a security company to secure access to facilities at 25 city parks.

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. The city and HART received Hawaii State Legislature approval for additional rail funding. The General Excise Tax (GET) surcharge was extended 3 years to 2030. The Transient Accommodations Tax (TAT) was increased 1% for 13 years with the additional revenue earmarked for rail. Together the GET and TAT is projected to raise \$2.51 billion.

Addressing homelessness and affordable housing

A majority of residents (62%) believe it is *essential* or *very important* for the city to address the impact of homeless population on the community. In FY 2018 Honolulu launched an interagency and multidisciplinary outreach effort targeting unsheltered homeless persons, including verification of shelter space and transportation to shelters. The total homeless count, including families, veterans, chronically homeless persons and unsheltered homeless, on O'ahu declined 9.4%, the first time since 2009. The number of homeless veterans moved to permanent housing increased 24% over last year.

Transit-oriented development

The city worked with the new Hawaii Interagency Council for Transit-oriented Development to develop a TOD Strategic Plan for the priority redevelopment of state properties in the rail corridor. In FY 2018, The Downtown and Kalihi Neighborhood TOD plans were adopted by the Honolulu city council; the Ala Moana and Halawa (Aloha Stadium) TOD Plans were delivered to city council for adoption. The city also passed Ordinance 18-10, requiring affordable housing to be included in most transit-oriented development was adopted by city council in March 2018.

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. The administration adopted a zero-based budget for departments primarily funded by General Funds and Highway Funds. 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."

The mayor's priorities for FY 2018 were related to:

- Restoring bus service
- Repaving roads
- Improving our sewer system with infrastructure repair and maintenance
- Caring for our parks
- Building rail better
- Addressing homelessness and affordable housing
- Transit-oriented development

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>.