

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2011- 6

**APPROVING OPERATING AND CAPITAL BUDGETS
FOR FISCAL YEAR 2012 ENDING JUNE 30, 2012**

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, the Charter empowers the Authority to prepare annual operating and capital budgets for the fixed guideway transit project and for the Authority's operations; and

WHEREAS, it is in the public interest that the Authority have spending plans for both operating and capital expenses to ensure that expenditures are properly controlled and accounted for in the fiscal year 2012; and

WHEREAS, the Rapid Transit Division of the Department of Transportation Services of the City and County of Honolulu prepared both operating and capital budgets for fiscal year 2012, the first year of the Authority's existence; and

WHEREAS, the Board has reviewed said operating and capital budgets for the Authority; and

WHEREAS, the said operating and capital budgets are fully funded by the Transit Fund and do not utilize a General Fund appropriation from the City and County of Honolulu; and

WHEREAS, the Board is empowered to review, modify as necessary, and adopt annual operating and capital budgets for the Authority;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. Estimated revenues in the amount of \$20,582,626 from the Transit Fund's Transit Operating Fund (#290) subsidiary fund account are hereby appropriated for the Operating Budget for the fiscal year July 1, 2011 to June 30, 2012 to cover the following expenditures:

\$13,302,491	Personnel
\$ 7,280,135	Current Expenses
\$ 0	Equipment

2. Estimated revenues in the amount of \$354,736,280 from the following Transit Fund subsidiary fund accounts are hereby appropriated for the Capital Improvement Budget for the fiscal year July 1, 2011 to June 30, 2012:

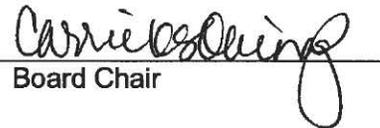
\$200,000,000	Transit Capital Fund (#690)
\$104,736,280	Capital Improvement Bond Fund (#695)
\$ 50,000,000	Federal Grants Fund (#693)

3. The Interim Executive Director is hereby authorized to conduct the administrative affairs of the Authority in accordance with the Authority's Financial Policies utilizing the Operating and Capital Improvement Budgets established herein.
4. In the next sixty (60) days, the Finance Committee of the Board will be responsible for reviewing the line item detail of the Operating and Capital Improvement Budgets established herein and make recommendations, if any, regarding said Budgets and the process for establishing future budgets.
5. This Resolution shall take effect immediately upon its adoption.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on
JUL - 1 2011

ATTEST:


Board Administrator


Board Chair

Honolulu Authority for Rapid Transportation

STAFF SUMMARY

TITLE: Adopting Operating and Capital Budgets for FY2012

STAFF CONTACT:

Paul Romaine – Operating
Phyllis Kurio - Capital

DATE:

July 1, 2011

Type:	Goal	Focus	Area	Reference Notes
<input checked="" type="checkbox"/> Action/Approval	<input type="checkbox"/> Project Delivery	<input type="checkbox"/> Livability/Land Use		RCH Article 17
<input type="checkbox"/> Information	<input type="checkbox"/> Service Delivery	<input type="checkbox"/> Partnerships		
<input type="checkbox"/> Follow-up	<input type="checkbox"/> Resource Stewardship	<input checked="" type="checkbox"/> Agency Admin.		

1. Purpose: By approving this action the Board will be establishing the first Operating and Capital Improvement Budgets for the Authority and appropriating funds for FY2012 from July 1, 2011 to June 30, 2012. The action proposed herein reflects direction received from the Board during its orientation period. It is important that the Board take an action to establish spending authority for HART in the new fiscal year to avoid any disruption to the on-going work on the Honolulu High Capacity Transit Corridor Project.

2. Background/Justification: Rapid Transit Division (RTD) staff prepared and submitted preliminary FY2012 Operating and Capital Budgets for the Division in September 2010. Following the public vote creating HART in November 2010, these preliminary budgets were then refined thru discussions with DTS, BFS and City administration leadership to reflect the establishment of HART and the advancing work on the HHCTCP. The Mayor transmitted to the City Council a summary of the proposed budgets. The City Council Budget and Transportation Committees held hearings on the proposed operating and capital budgets involving City Administration representatives and RTD staff. The City Council ultimately adopted Budget Bills 33 and 34 which were based in large part on the operating and capital budget numbers prepared by RTD. The operating and capital budget numbers proposed herein are identical to the numbers that were contained in Budget Bills 33 and 34.

It should be noted that because FY2012 is HART's first year of existence there is no historical data available for the agency to show base expenditure levels or trends over time. The staffing and expenditures levels included in the proposed FY2012 Operating and Capital Improvement Budgets are based upon the Work Program described in the preliminary HART Business Plan for FY2012 previously provided to the Board during its orientation. The work activities and contracting plan described in the Business Plan along with the FTA's requirements for a grantee's technical capacity and capability are what drove the staffing plan for FY2012 in the Operating Budget and the expenditures and contractual obligations amounts shown in the Capital Improvement Budget for FY2012.

3. Procurement Background: Does not apply.

4. Financial/Budget Impact: The proposed FY2012 Operating Budget requested herein is comprised of three major expense categories: Personnel totaling \$13,302,491; Current Expenses totaling \$7,280,135; and Equipment at zero. The Personnel expense category is sufficient to fund the proposed staffing level of 136 positions as delineated in the FY2012 Business Plan. Total operating expenses for FY2012 are budgeted at \$20,582,626 which is the same funding level adopted by the City Council.

The proposed FY2012 Capital Improvement Budget requested herein will cover the expenditures and contractual obligations programmed for the Honolulu High Capacity Transit Corridor Project in FY2012. Supplemental information provided to the Board during orientation broke down the Capital Improvement Budget by contract within major Project component (i.e. Design, Construction, Equipment, Land Acquisition) and includes information on the sources of funding in FY2012 for the Project. Total capital expenditures and contractual obligations for FY2012 are budgeted at \$354,736,280 with the following funding sources: \$200,000,000 thru the Transit Capital Fund using GET Surcharge revenues; \$50,000,000 in Federal grant funding; and \$104,736,280 in bond funding. This is identical to the capital budget numbers adopted by City Council.

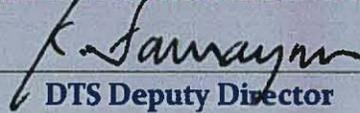
5. Policy Impact: The action proposed herein is consistent with the Financial Policies considered by the Board on the July 1st meeting agenda.

6. **Public Involvement:** A public hearing on the proposed FY2012 Operating and Capital Improvement Budgets will be held in conjunction with the Board's consideration on this action at the July 1st meeting.

7. **Alternatives:** The Board could revise specific elements of the proposed Operating and Capital Improvement Budgets and/or could adopt specific provisos with the Budgets providing direction to staff

8. **Exhibits:** None.

Certified and Recommended by:


DTS Deputy Director