

COUNTY COUNCIL

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KAUA'I COUNTY COUNCIL **BUDGET MESSAGE FOR THE FISCAL YEAR 2022-2023**

I. Introduction

The Kaua'i County Council's \$260.3 million Operating Budget and \$50.9 million Capital Improvement Projects (CIP) Budget for Fiscal Year 2022-2023 (FY 2022-2023) is a representation of numerous hours of careful review and extensive discussion, resulting in a structurally-balanced budget for the County of Kaua'i.

Although global predictions remain cautiously optimistic that the COVID-19 pandemic may be giving way to an improved "new normal," other events may present challenges in the future, such as the growing conflict in Eastern Europe and rising inflationary conditions. Strategic use of the Reserve Fund will continue to be an important piece of the puzzle enabling the financing of County necessities amidst future challenges. Due to the relatively reliable revenue received from real property taxes and the Transient Accommodations Tax (TAT), the Council has supported Mayor Kawakami's strategy of utilizing increased revenues to fund capital improvement projects, particularly related to deferred maintenance and infrastructure needs.

Additionally, the Council recognizes and appreciates the assistance of State and Federal partners, which have provided financial assistance directly to Kaua'i residents and businesses, as well as funding for government programs.

II. Operating Budget

Real Property Taxes

Though there was spirited discussion on a Council proposal to raise the tax rate for the Vacation Rental classification in order to provide increased resources for the Housing Revolving Fund, the Council ultimately voted not to raise real property tax rates for any tax classification. The following approved tax rates for the County of Kaua'i for FY 2022-2023 are unchanged compared to FY 2021-2022 and are as follows:

CLASSIFICATION	2022-2023 TAX RATE
Homestead	\$3.05
Residential	\$6.05
Vacation Rental	\$9.85
Hotel & Resort	\$10.85
Commercial	\$8.10
Industrial	\$8.10
Agricultural	\$6.75
Conservation	\$6.75
Residential Investor	\$9.40
Commercialized Home Use	\$5.05

Real Property Tax collections will provide an estimated \$187.6 million in revenue to the County for FY 2022-2023.

The Council also continued funding for existing real property tax relief programs available to eligible property owners. For FY 2022-2023, the Home Preservation Limit Differential will provide approximately \$58,591 in real property tax relief and the Very Low Income Tax Credit will provide \$247,985.

In addition to real property tax relief programs, residents continue to receive tax reductions through the various exemptions offered to owners, such as the home exemption, low income exemption, very low income tax exemption, and the age exemptions.

Hiring, Vacancies, and Reallocations

Analysis of personnel needs is an important aspect of the Council’s budget process and the Council was pleased to be informed that several vacant positions would be filled in the near future. Additionally, although the Council and Administration are always mindful when creating new positions, the County recognizes that community parks and recreation facilities are important public assets that benefit the health and wellness of Kaua‘i’s residents and require proper upkeep. Therefore, the Council voted to support the addition of three (3) positions for a new maintenance crew responsible for the beautification in and around the Līhu‘e Town Core area, as well as a new Parks Security Officer who would be responsible for the Ke Ala Hele Makalae Bike Path and the adjacent Bryan J. Baptiste Sports Complex.

The Council also supported improved customer service capacity for the Department of Finance, Driver’s License and Motor Vehicle Registration Divisions (also known as the Division of Motor Vehicles (DMV)) that will be achieved by reallocating an unused and long-vacant Fire Department position into a DMV Services Representative II position. Additionally, without the assurance of State funding via the ‘Ohana Zone Fund in the upcoming Fiscal Year, the Administration requested full funding for the Housing Agency’s Program Specialist III and Accounting Technician. The Council agreed to fully fund these positions, as they are critical to the continued success of the recently-completed 29-unit Kealaula on Pua Loke long-term rental housing project for families transitioning out of homelessness.

Salaries and Related Expenses

Though the County does not have full control of collective bargaining expenses, the Council remains committed to adhering to upcoming obligations as bargained.

Kukui‘ula Community Facilities District (CFD) Bond Issuance

These revenues will focus primarily on multimodal transportation throughout the Po‘ipū and Kōloa areas, which include projects such as the Ho‘onani Road/Sidewalk Pedestrian Lane, Lāwa‘i Road/Complete Sidewalk, Po‘ipū Beach Pedestrian/Bicycle Access Project, and Po‘ipū Road Multimodal Improvements.

Cyber Infrastructure

Since 2018, the County Administration has focused on cyber infrastructure needs. The COVID-19 pandemic showed the heavy reliance on cyber infrastructure as well as possibilities to improve service for Kaua‘i’s residents. To further these important goals, the Council voted to support bolstering cyber infrastructure, along with Countywide video conferencing equipment to include the Historic County Building.

Inclusive Playground Development

Given the community’s overwhelming positive response to the Lydgate Beach Park Inclusive Playground, the Council was pleased to support the funding of \$225,000 towards another inclusive playground for the Westside of Kaua‘i. These playgrounds are tailored to sensory play for children with developmental disabilities and offers an environment that enables them to develop physically, socially, and emotionally—meeting a variety of needs that help Kaua‘i’s *keiki* to thrive.

Department of Public Works

Solid Waste

As has been discussed for many years, the siting of a new landfill is important to properly manage Kaua‘i’s solid waste. In response, the Council supported various funding for studies for curbside recycling, a Materials Recovery Facility, and further landfill siting efforts. The Council reiterated its importance as solid waste management continues to be an issue.

Wastewater

The Council voted to support system upgrades to the Līhu‘e and Wailua Wastewater Treatment Plants, as repairs and upgrades are long overdue. More specifically, this budget reflects the much-needed Wailua Wastewater Treatment Plant Facilities Update Plan.

III. Conclusion

From the start of the FY 2022-2023 budget session, the Council was eager to be prudent and fiscally responsible in its review of the County’s Operating and CIP budgets.

Nearly three (3) weeks of Departmental Budget Reviews, Public Hearings, and an extensive Preliminary Decision-Making Session allowed for the Councilmembers to work constructively with each other and the Administration. As a result, the Council was able to determine where funding was essentially needed. The Council is grateful for the Administration's cooperation, especially the partnership of its budget team, to achieve a structurally-balanced budget.

The Council extends its appreciation to Mayor Kawakami, Department/Agency Heads, and County employees for their participation and assistance throughout this budget session, and for their continued commitment to providing the highest level of public service for the people of the County of Kaua'i.

In addition, the Council would like to thank the members of Hawaii's Congressional Delegation and Kaua'i's State Legislators – Senate President Ronald D. Kouchi, Representative Daynette "Dee" Morikawa, Representative Nadine K. Nakamura, and Representative James Kunane Tokioka, for their dedicated support. The Council is grateful for the continued assistance from State and Federal entities, which will continue to facilitate the needed work to protect the health and safety of our residents and visitors as we undertake the task to fully revitalize our island's economy.