

JAN 22 2008

A BILL FOR AN ACT

MAKING AN EMERGENCY APPROPRIATION FOR ELECTRICITY, SEWER,
REFUSE, AND INSURANCE PREMIUM PAYMENTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. This Act is recommended by the governor for
2 immediate passage in accordance with section 9 of article VII of
3 the constitution of the State of Hawaii.

4 SECTION 2. The purpose of this Act is to make an emergency
5 appropriation to address a projected \$271,852 deficit in
6 electricity, sewer, refuse, and insurance premium payments for
7 the stadium authority, department of accounting and general
8 services. Since local utility companies are dependent upon oil
9 as the primary source of fuel, high world oil prices have
10 directly contributed to this shortfall. Although kilowatt per
11 hour consumption has remained flat or decreased, increased
12 worldwide demand and geopolitical concerns all contribute to
13 keep oil prices high. Based on a combination of actual bills
14 paid and projected cost, the shortfall for fiscal year 2007-2008
15 is anticipated to be \$13,973 for the stadium authority. City-
16 wide increases for sewer assessments have averaged approximately
17 twenty-five percent beginning this summer. For the stadium

1 authority, the increase is eighty-two percent (old rate \$3.42
2 per 1,000 gallons, new rate \$6.22 per 1,000 gallons) over last
3 year, resulting in an unanticipated increase of \$123,800.
4 Because of the increase in tipping fees and fuel oil, the
5 stadium authority was forced to rebid its refuse collection
6 contract. The old contractor simply could not continue with the
7 service without incurring a loss. The new contract has resulted
8 in a substantial increase of \$92,100 for refuse removal services
9 to the program. World-wide, insurance premiums have increased
10 for homeowners and businesses alike. The stadium authority is
11 not an exception. Originally, \$30,000 had been budgeted for
12 this operational expense. However, the premiums for the stadium
13 authority more than doubled to \$71,979, leaving a shortfall of
14 \$41,979. Without an emergency appropriation, the program must
15 defer payments or not pay its June 2008 bills.

16 SECTION 3. There is appropriated out of the stadium
17 special fund of the State of Hawaii the sum of \$271,852, or so
18 much thereof as may be necessary, for fiscal year 2007-2008 for
19 the purpose of paying electricity, sewer, refuse, and insurance
20 premium bills. The sum appropriated shall be expended by the
21 stadium authority, department of accounting and general
22 services.

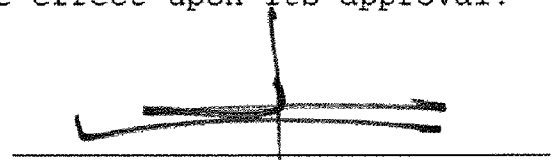
S.B. NO. 2959

1 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:



4

BY REQUEST

Report Title:

Emergency Appropriation, Stadium.

Description:

Appropriates \$271,852 from the Stadium Special Fund to pay fiscal year 2007-2008 increases in electricity, sewer, refuse, and insurance premium payments for Aloha Stadium.

JUSTIFICATION SHEET

DEPARTMENT: Stadium Authority, Accounting and General Services

TITLE: A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION FOR ELECTRICITY, SEWER, REFUSE, AND INSURANCE PREMIUM PAYMENTS.

PURPOSE: To make an emergency appropriation for fiscal year 2007-2008 to cover budgetary shortfalls in electricity, sewer, refuse, and insurance premium payments for the Stadium Authority (AGS-889), Department of Accounting and General Services (DAGS).

MEANS: Emergency appropriation.

JUSTIFICATION: World oil prices have been steadily rising over the past few years, only recently settling within the \$71 to \$85 per barrel range. It is anticipated that per barrel costs will increase to the low \$90s by the end of 2007. Utility companies are dependent upon oil as the primary source of fuel in Hawaii. A shortfall of \$13,973 for fiscal year 2007-2008 is projected.

A city-wide increase in sewer assessment fees for 2007-2008 has resulted in a substantial increase for the stadium authority. The resultant short fall is projected at \$123,800 beyond the appropriated amount of \$90,000. The anticipated total sewer assessment fees for this fiscal year is approximately \$213,800.

As fuel costs have risen so has the tipping fees for refuse. Because of the doubling effect, the Stadium Authority's refuse contractor refused to extend its refuse disposal contract. A new bid was issued and the resultant

increase in refuse disposal services is an increase of approximately \$92,100.

World-wide, insurance premiums for homeowners and business alike have dramatically increased. Originally, \$30,000 was budgeted and approved for fiscal year 2007-2008. However, the actual insurance premium for Aloha Stadium is \$71,979 or \$41,979 more than what was budgeted.

Funding requested in this measure is for electricity, sewer, refuse, and insurance premium payments for the Stadium Authority, Department of Accounting and General Services, and will result in an increase in the appropriation ceiling for the Stadium Authority, to now exceed, in fiscal year 2007-2008, by \$271,852 over the original appropriation of \$8,848,306.

Impact on the public: There would be impacts on the ability to make timely payments to utility companies which will result in late payment fees and negatively impact the cash flow to these companies.

Impact on the department and other agencies: Inability to pay electricity, sewer, refuse, and insurance premium payment bills may result in curtailing hours of operation or delaying payments to vendors.

GENERAL FUND:	None.
STADIUM SPECIAL FUND:	\$271,852
PPBS PROGRAM DESIGNATION:	AGS 889
OTHER AFFECTED	

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AGENCIES: None.

EFFECTIVE DATE: Upon approval.