

MAR 10 2017

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# SENATE CONCURRENT RESOLUTION

REQUESTING THE STATE AUDITOR TO CONDUCT A STUDY COMPARING THE COSTS OF USING ELEVATED RAIL VERSUS STREET-LEVEL RAIL TO COMPLETE THE MIDDLE STREET TO DOWNTOWN HONOLULU PORTION OF THE HONOLULU RAIL PROJECT.

1           WHEREAS, the public has lost confidence in the ability of  
2 the Honolulu Authority for Rapid Transportation and the City and  
3 County of Honolulu to complete the Honolulu rail project without  
4 increasing taxes; and  
5

6           WHEREAS, in 2007, when, on behalf of the City and County of  
7 Honolulu, the State began collecting a 0.5 per cent general  
8 excise and use tax surcharge on Oahu transactions subject to the  
9 surcharge to generate funds for the project, assurances were  
10 given that the surcharge would be temporary; and  
11

12           WHEREAS, the 0.5 per cent surcharge, as originally enacted,  
13 was scheduled to expire in 2022, but was later extended to 2027,  
14 and is now under consideration as a permanent surcharge; and  
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16           WHEREAS, the Authority has not regularly updated the public  
17 or reported accurate and reliable project cost information to  
18 policy makers and decision makers; and  
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20           WHEREAS, the Authority's financial plan has not  
21 demonstrated capacity sufficient to generate the funds needed to  
22 complete the project, nor does it reflect current cost  
23 projections or the projected shortfall of general excise and use  
24 tax surcharge receipts; and  
25

26           WHEREAS, the Authority's projected cost to build the  
27 Honolulu rail system was initially \$5.2 billion, but increased  
28 to \$6.8 billion in May 2016, and rose again to \$9.5 billion in  
29 December 2016; and



1  
2 WHEREAS, Resolution No. 15-90 of the Honolulu City Council  
3 requested the City Auditor to investigate and conduct a  
4 performance audit of the rail project to determine the adequacy  
5 of the Authority's processes and ensure that the project is  
6 constructed and completed economically, effectively, and  
7 efficiently; and  
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9 WHEREAS, the City Auditor's Report No. 16-03, dated April  
10 2016, found that the Authority's financial and subsidiary plans  
11 were neither reliable nor current -- specifically, that the  
12 financial plan did not reflect the project's most current  
13 financial condition, despite significant cost increases; and  
14

15 WHEREAS, the report also found that the Authority's project  
16 management and operations and maintenance plans were outdated  
17 and unreliable decision-making tools, and that without better  
18 planning, additional cost overruns would be likely; and  
19

20 WHEREAS, the Federal Transit Administration has indicated  
21 that "Option 2A" -- building the elevated rail to Middle Street  
22 as planned, then using a street-level system to reach Downtown  
23 Honolulu -- would be one of several acceptable alternatives for  
24 project completion that would allow the City to retain its  
25 federal funding for the project; and  
26

27 WHEREAS, experts have estimated that by choosing Option 2A,  
28 the project could be completed four years sooner, with savings  
29 of \$2.9 to \$4.2 billion; and  
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31 WHEREAS, the cost of constructing an elevated rail system  
32 in the city center is approximately \$756 million per mile, and  
33 experts have estimated that the cost could be lowered to \$139  
34 million per mile for a street-level system but the Authority  
35 disputes the latter figure; and  
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37 WHEREAS, an elevated rail system requires massive station  
38 structures that are both unsightly and expensive to maintain, in  
39 contrast to the simpler "bus stop" quality of street-level  
40 stations; and  
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# S.C.R. NO. 92

1 WHEREAS, an elevated rail system's overhead guideway would  
 2 degrade historic areas like Honolulu's Waterfront, Chinatown,  
 3 Downtown, and Civic Center, and have an inestimable negative  
 4 impact on the city's ambience, in contrast to the minimal impact  
 5 of a street-level rail system; and

6  
 7 WHEREAS, a street-level rail system promises to become a  
 8 truly urban transit system, as opposed to the suburban commuter  
 9 nature of overhead rail; and

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 11 WHEREAS, it would serve the public interest to receive  
 12 transparent financial information that compares the cost of  
 13 completing the Honolulu rail project as originally planned,  
 14 versus the cost of completing the project using Option 2A; now,  
 15 therefore,

16  
 17 BE IT RESOLVED by the Senate of the Twenty-ninth  
 18 Legislature of the State of Hawaii, Regular Session of 2017, the  
 19 House of Representatives concurring, that the State Auditor is  
 20 requested to conduct a study that compares the financial costs  
 21 of using elevated rail versus street-level rail to complete the  
 22 Middle Street to Downtown Honolulu portion of the Honolulu rail  
 23 project; and

24  
 25 BE IT FURTHER RESOLVED that the State Auditor is requested  
 26 to submit its study to the Legislature no later than twenty days  
 27 prior to the convening of the Regular Session of 2018; and

28  
 29 BE IT FURTHER RESOLVED that certified copies of this  
 30 Concurrent Resolution be transmitted to the State Auditor,  
 31 Governor, Mayor of the City and County of Honolulu, Executive  
 32 Director of the Honolulu Authority for Rapid Transportation, and  
 33 respective members of the Honolulu City Council.

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OFFERED BY:

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