

MAR 10 2017

---

# SENATE 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12 WHEREAS, the 0.5 per cent surcharge, as originally enacted,  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

15  
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

19  
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  
30



1 WHEREAS, Resolution No. 15-90 of the Honolulu City Council  
2 requested the City Auditor to investigate and conduct a  
3 performance audit of the rail project to determine the adequacy  
4 of the Authority's processes and ensure that the project is  
5 constructed and completed economically, effectively, and  
6 efficiently; and  
7

8 WHEREAS, the City Auditor's Report No. 16-03, dated April  
9 2016, found that the Authority's financial and subsidiary plans  
10 were neither reliable nor current -- specifically, that the  
11 financial plan did not reflect the project's most current  
12 financial condition, despite significant cost increases; and  
13

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15 management and operations and maintenance plans were outdated  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

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

26 WHEREAS, experts have estimated that by choosing Option 2A,  
27 the project could be completed four years sooner, with savings  
28 of \$2.9 to \$4.2 billion; and  
29

30 WHEREAS, the cost of constructing an elevated rail system  
31 in the city center is approximately \$756 million per mile, and  
32 experts have estimated that the cost could be lowered to \$139  
33 million per mile for a street-level system but the Authority  
34 disputes the latter figure; and  
35

36 WHEREAS, an elevated rail system requires massive station  
37 structures that are both unsightly and expensive to maintain, in  
38 contrast to the simpler "bus stop" quality of street-level  
39 stations; and  
40

41 WHEREAS, an elevated rail system's overhead guideway would  
42 degrade historic areas like Honolulu's Waterfront, Chinatown,



# S.R. NO. 36

1 Downtown, and Civic Center, and have an inestimable negative  
 2 impact on the city's ambience, in contrast to the minimal impact  
 3 of a street-level rail system; and

4  
 5 WHEREAS, a street-level rail system promises to become a  
 6 truly urban transit system, as opposed to the suburban commuter  
 7 nature of overhead rail; and

8  
 9 WHEREAS, it would serve the public interest to receive  
 10 transparent financial information that compares the cost of  
 11 completing the Honolulu rail project as originally planned,  
 12 versus the cost of completing the project using Option 2A; now,  
 13 therefore,


14  
 15 BE IT RESOLVED by the Senate of the Twenty-ninth  
 16 Legislature of the State of Hawaii, Regular Session of 2017,  
 17 that the State Auditor is requested to conduct a study that  
 18 compares the financial costs of using elevated rail versus  
 19 street-level rail to complete the Middle Street to Downtown  
 20 Honolulu portion of the Honolulu rail project; and

21  
 22 BE IT FURTHER RESOLVED that the State Auditor is requested  
 23 to submit its study to the Legislature no later than twenty days  
 24 prior to the convening of the Regular Session of 2018; and

25  
 26 BE IT FURTHER RESOLVED that certified copies of this  
 27 Resolution be transmitted to the State Auditor, Governor, Mayor  
 28 of the City and County of Honolulu, Executive Director of the  
 29 Honolulu Authority for Rapid Transportation, and respective  
 30 members of the Honolulu City Council.

31  
 32  
 33

OFFERED BY:

  
 \_\_\_\_\_  
 Paul E. Bell

