

SB4

Measure Title:	RELATING TO GOVERNMENT.
Report Title:	County Surcharge on State Tax; Extension; Transient Accommodations Tax; Appropriations
Description:	Authorizes a county that has adopted a surcharge on state tax to extend the surcharge to 12/31/2030. Authorizes a county to adopt a surcharge on state tax before 3/31/2018, under certain conditions. Decreases from 10% to 1% the surcharge gross proceeds retained by the State. Allows the director of finance to pay revenues derived from the county surcharge under certain conditions. Clarifies uses of surcharge revenues. Establishes a mass transit... (See bill for full description.)
Companion:	
Package:	
Current Referral:	WAM
Introducer(s):	KOUCHI (Introduced by request of another party)

Sort by Date		Status Text
8/25/2017	S	Pending Introduction.
8/25/2017	S	The committee on WAM has scheduled a public hearing on 08-28-17 3:00pm in the Capitol Auditorium.

THE SENATE
THE TWENTY-NINTH LEGISLATURE
INTERIM OF 2017
COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

August 28, 2017

**Testimony of Colleen Hanabusa
Congresswoman, Hawaii's First Congressional District**

Chair Dela Cruz, Vice-Chair Keith-Agaran and members of the Hawai'i Senate Committee on Ways and Means,

Thank you for the opportunity to provide testimony with reference to S.B. 4.

As Congresswoman for Hawaii's First Congressional District and former Chair of the HART Board, I have reviewed S.B. 4 and appreciate the serious and discerning work this committee has undertaken in scrutinizing HART and Mayor Caldwell's request for additional capital funds to complete the Honolulu Rail Transit Project's Minimum Operable Segment between East Kapolei and Ala Moana Center.

As written, S.B. 4 will provide HART and the City approximately \$2.4B in additional capital between 2018 and 2030. Most significantly, S.B. 4 proposes a blend of TAT and GET in an effort reduce the tax burden upon Hawaii residents and reduce excess financing costs associated with Mayor Caldwell's proposal to extend the GET an additional ten (10) years.

I support a blend of TAT and GET precisely because the project's high-cost construction years occur between 2018 and 2022 and the infusion of capital during those years will directly offset the need for long-term financing costs associated with a ten (10) year extension of the GET. Put simply, it is fiscally prudent for this committee to look for ways to reduce the tax burden upon Hawaii residents and a reduction in project financing costs associated with a blend of TAT and GET is preferable over a ten (10) year post-project extension of the GET.

With respect to the adequacy of the approximately \$2.4B in capital generated via S.B. 4, this committee must look to HART and the Mayor for a reasoned analysis which will serve as the basis for their revised financial plan to be submitted to the Federal Transit Administration (FTA) by September 15, 2017 as part of the City's recovery plan. To that end, it is disappointing that the City has publicly called into question this committee's proposed \$2.4B revenue stream by including \$548M as a cash line-item requirement. While the FTA most certainly will look for a stress test of the financial plan, just as they did in 2012, there is absolutely no support for the Mayor's position that the \$548M must be funded now through

S.B. 4. In fact, a historical review of this project, along with a review of FTA guidelines and financial plans submitted by other New Starts projects clearly indicate a requirement that the City:

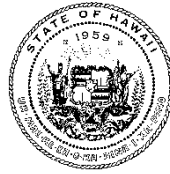
[e]valuate the sensitivity of the financial plan to plausible, adverse changes in key assumptions, and to gauge the City's capacity to accommodate those changes,

citing from the Financial Capacity Assessment of the City and County of Honolulu for the Honolulu High Capacity Transit Corridor Project, as prepared for the FTA by Porter & Associates, Inc. in 2012.

Dispensing with the Mayor's demand for an additional \$548M in taxpayer funded capital, I would hope this committee can move forward through special session in reliance on HART's \$8.165B project costs and reduced financing costs associated with a blend of TAT and GET.

I am available should you have any questions regarding the above.

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
Comptroller

AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

TESTIMONY OF
RODERICK K. BECKER, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE ON WAYS AND MEANS
ON
MONDAY, AUGUST 28, 2017
3:00 P.M.
STATE CAPITOL AUDITORIUM

S.B. 4

RELATING TO GOVERNMENT.

Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee:

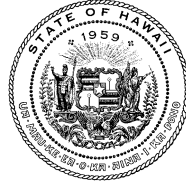
Thank you for the opportunity to testify before you on S.B. 4 (the measure). The Department of Accounting and General Services (DAGS) supports the measure.

The measure requires the Comptroller, upon request for payment by the rapid transportation authority, to verify that invoices for the capital costs of a locally preferred alternative for a mass transit project are an acceptable use of funds pursuant to section 46-16.8, Hawaii Revised Statutes, and to issue a certification statement.

The measure provides \$400,000 for FY18 to establish three full-time equivalent positions and to contract the services of persons or entities to verify rapid transportation authority expenditures. DAGS will perform the verification and certification requirements as provided by the measure and appropriation.

DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION

P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Donovan M. Dela Cruz, Chair
and Members of the Senate Committee on Ways and Means

Date: Monday, August 28, 2017

Time: 3:00 P.M.

Place: Auditorium, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: S.B. 4, Relating to Government

The Department of Taxation (Department) provides the following **comments** regarding S.B. 4, for your consideration. The bill is effective upon approval.

Summary of the key tax provisions of S.B. 4:

General Excise Tax and Use Tax

- Allows for a three year extension of the surcharge tax from December 31, 2027 to December 31, 2030;
- Provides that Honolulu County must adopt an ordinance extending the surcharge tax prior to January 1, 2018;
- Authorizes the other counties to establish by ordinance a surcharge on state tax at rates no greater than one-half percent to fund public transportation systems in their respective counties;
- Authorizes any county that has not established a surcharge tax prior to July 1, 2015 to establish a surcharge tax by adopting an ordinance prior to March 31, 2018;
- Requires the Department to collect any new surcharge tax beginning on January 1, 2019;
- Reduces the amount deducted to reimburse the State for the assessment, collection, disposition and oversight of the surcharge tax from 10% to 1%; and
- Requires the county surcharge revenues collected in a county with a population greater than 500,000 to be deposited into a newly-established mass transit special fund.

Transient Accommodations Tax

- Increases the transient accommodations tax (TAT) rate by one percent from 9.25% to 10.25% on the: (1) furnishing of transient accommodations and (2) use of resort time share vacation units, from January 1, 2018 to December 31, 2030;

- Requires the revenues collected from the one percent increase in TAT to be deposited quarterly into a newly-established mass transit special fund.

The Department notes that it is able to implement and administer: (1) the extension of the surcharge tax to December 31, 2030, (2) any new surcharge tax beginning January 1, 2019, and (3) a one percent TAT increase beginning January 1, 2018.

Thank you for the opportunity to provide comments.



STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 4
FIRST SPECIAL SESSION OF 2017

August 28, 2017
3:00 p.m.
Capitol Auditorium

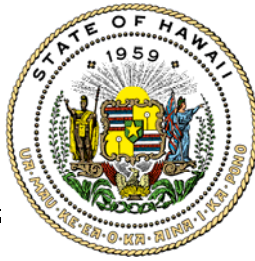
RELATING TO GOVERNMENT

The purpose of this measure is to:

- Provide counties that have not previously adopted a surcharge on State tax with another opportunity to adopt a surcharge;
- Provide the City and County of Honolulu with a financial mechanism that will provide revenue sources for the construction of its rail transportation project;
- Require certain State agencies to assist in revenue distribution and certification of expenditures; and
- Require the State Auditor to conduct audits of the project and the Honolulu Authority for Rapid Transportation (HART).

The Department of Budget and Finance **supports** this measure. We are willing to offer staff support as provided through an appropriation by the Legislature and as practicable within our area of expertise. We agree that an annual financial and performance audit by the State Auditor is a necessary component to the successful completion of the HART project.

Thank you for your consideration of our comments.



SENATE COMMITTEE ON WAYS AND MEANS
The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair

S.B. No. 4, RELATING TO GOVERNMENT

Hearing: Monday, August 28, 2017, 3:00 p.m.

The Office of Auditor **supports the intent** of S.B. No. 4, Relating to Government, specifically Parts IV and V. More specifically, given the magnitude of the rail project and its mounting costs, we support the bill's intent to provide greater assurance that the Honolulu authority for rapid transit (HART) has the requisite internal controls to manage the project effectively, efficiently, and ethically; to protect against fraud; and to responsibly expend public funds. Our mission is to improve government through independent and objective analyses. We are committed to improving accountability and transparency in government.

However, we request that the committee amend Part VIII of the bill to appropriate to the Office of the Auditor the sum of \$1,300,000 for fiscal year 2017-2018 for the purpose of: (1) hiring one manager and two analysts to oversee and perform the work required in the bill; and (2) retaining a consultant to assist in performing the required audit work and the annual financial reviews. The bill requires us to perform significant amounts of work in a relatively short period of time, in addition to the audit and other work that we currently are tasked to perform. With our current work load and staffing, we simply do not have the capacity or expertise to perform the audit and the annual financial reviews required by the bill.

Specifically, Part IV, Section 11, subpart (a) of the bill requires us to conduct an audit of HART. We are to assess whether funds received by HART from the county surcharge on state tax are being managed and used in a reasonable manner. We are required to examine HART's financial records and analyze HART's financial management, including the following:

- (1) HART's financial plan and related systems of accounting;
- (2) HART's fiscal and management policies, practices, and processes associated with the plans, design, bidding, and construction of the Honolulu rail transit project;
- (3) All contracts awarded for, and expenditures associated with, the Honolulu rail transit project, including payments to contractors, subcontractors, and consultants, as well as any change orders;
- (4) Expenditures by HART for personnel costs, lease rent, and any other costs associated with its management and operations; and
- (5) Any other subjects that the auditor deems necessary for review.

We also are tasked with researching the criteria used by the Federal Transit Authority to determine whether expenditures comply with the requirements and restrictions of the full funding agreement of the Honolulu rail transit project.

Additionally, Part IV, Section 11, subpart (b) of the bill requires us to:

- (1) Identify, based on information and prior analyses by HART, alternative routes and development options and the projected costs for each alternative route and development option for the Middle Street to Ala Moana segment of the Honolulu rail transit project; and
- (2) Obtain from HART a detailed financial plan that describes the predicted means by which HART and the city and county of Honolulu will finance the ongoing costs of maintaining and operating the Honolulu rail transit project without the use of state moneys or other state-provided financial supports, and submit our findings and recommendations on the financial reasonableness of the financial plan and include these findings and recommendations in the audit report.

We are required to report our findings and recommendations to the legislature, the director of finance, and the board of directors of HART **no later than twenty days prior to the convening of the 2019 legislative session.**

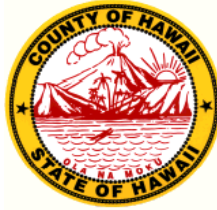
Part V, Section 12 of the bill proposes to amend chapter 23, Hawai'i Revised Statutes, by adding a new section to part I, which would require us, to conduct annual reviews of HART, which include review of invoices, contracts, progress reports, and time schedules, to determine that:

- (1) Expenditures comply with the criteria established pursuant to HRS section 46-16.8(e); and
- (2) HART follows accounting best practices for substantiating its expenditures.

We have concerns about the breadth of the required audit and annual reviews, especially considering the period of time to complete the audit and initial annual review. As noted above, we have concerns about our ability to perform the required work, given our current work load and staffing level. Additionally, our staff lacks the requisite expertise to address certain aspects of the required audit and annual reviews. To perform the work and report to the legislature before the 2019 regular session, we must hire additional staff and retain a consultant as soon as possible. Although we have not had sufficient opportunity to determine the consultant's scope of work, we suggest that the appropriation of \$1,000,000 currently in the bill likely provides us sufficient flexibility to engage a consultant to perform necessary work within the relatively compressed time needed to report our audit findings before the 2019 regular session. However, we request an additional appropriation of \$300,000 to hire one senior level staff and two analysts to oversee and perform the work required by the bill. **As such, we respectfully request that the bill be amended to appropriate the sum of \$1,300,000 to the Office of the Auditor, upon the effective date of this measure, to allow us to hire a manager and two analysts to work on the required audit and annual reviews, as well as to contract with a qualified consultant.**

Thank you for considering our testimony related to S.B. No. 4.

Harry Kim
Mayor



Wil Okabe
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i Office of the Mayor

25 Aupuni Street, Suite 2603 • Hilo, Hawai'i 96720 • (808) 961-8211 • Fax (808) 961-6553
KONA: 74-5044 Ane Keohokālole Hwy., Bldg C • Kailua-Kona, Hawai'i 96740
(808) 323-4444 • Fax (808) 323-4440

August 28, 2017

TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS REGARDING SB 4, RELATING TO GOVERNMENT Testimony by: Harry Kim, Mayor, County of Hawai'i

The County of Hawai'i **opposes** the permanent cap on the counties' share of the TAT. This cap is unnecessary to achieve all other aspects of the bill to finance Honolulu's rail. The bill proposes to finance rail by extending the GET surcharge period to 12/31/2030, increasing the share of the surcharge that goes to rail by decreasing the administrative charge retained by the State, and increasing the TAT rate by 1% and dedicating all of that increase to rail. There is no reason related to rail financing to cap the share of the TAT to the counties.

A cap on the counties' TAT share is contrary to the Legislature's own working group report and the original intent of the TAT tax summarized as follows:

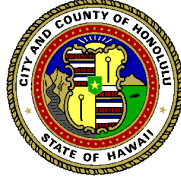
- Working Group Recommendation. The working group recommended the Tourism Special Fund receive \$82 million in FY 2016 and increase in subsequent years in line with the Consumer Price Index for Honolulu, \$31 million constant for the Convention Center-Turtle Bay-Special Land Develop Fund, and *the remainder split between the State and counties at 55% for the State and 45% for the counties*. Based on total TAT revenues in 2016 of \$444 million, the \$103,000,000 cap represents 31% of the remainder of the TAT after allocations to the Tourism Special Fund (\$82 million) and the Convention Center-Turtle Bay-Special Land Development Fund (\$33 million). As a result of the cap, the counties' share will only get worse as tourism grows.
- Nexus to Tourism Services. The incidence of the TAT is primarily on visitors, so the TAT tax revenues should fund public services which benefit visitors. The UH Economic Research Organization (UHERO) estimated that the counties pay for 53% of the services for which visitors directly benefit (UHERO Working Paper No. 2016-4). These services include police and fire protection, rescue, parks, beaches, water, roads, and sewer systems.
- Act 185 (1990). Recognizing that "many of the burdens imposed by tourism falls on the counties," the legislature created the TAT as a "more equitable method of sharing state revenues with the counties" (Conference Committee Report 207 on HB No. 1148). The legislature deemed at that time that the fair allocation was 95% of the total TAT revenues to the counties.

The State has multiple sources of revenues. The counties only have property tax, motor vehicle weight tax, and public utility franchise tax. Our out-of-control homeless problems are a symptom of the soaring cost to rent or own a home in Hawai'i. And you want to offer us the power to increase the GET tax, the most regressive form of taxation that impacts the lower income the greatest. We already had to increase our property tax to make ends meet. With the collective bargaining decisions dominated by the State, we again will face possible increases. We ask only for our fair share as recommended by the Working Group, to maintain quality services that uphold the tourism industry and affordability for our people.

**OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU**

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813
PHONE: (808) 768-4141 • FAX: (808) 768-4242 • INTERNET: www.honolulu.gov

KIRK CALDWELL
MAYOR



ROY K. AMEMIYA, JR.
MANAGING DIRECTOR

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

CITY AND COUNTY OF HONOLULU
BEFORE THE COMMITTEE ON WAYS AND MEANS
MONDAY, AUGUST 28 2017; 3:00 PM

TO: THE HONORABLE DONOVAN M. DELA CRUZ, CHAIR
THE HONORABLE GILBERT S.C. KEITH-AGARAN, VICE CHAIR
AND MEMBERS OF THE COMMITTEE ON WAYS AND MEANS

FROM: KIRK CALDWELL, MAYOR
CITY AND COUNTY OF HONOLULU

SUBJECT: **COMMENTS** ON SB4 RELATING TO GOVERNMENT.

The City and County of Honolulu appreciates all the effort put into Senate Bill 4, Relating to Government, which, among other things, provides the City and County with a financial mechanism to provide revenue sources for the construction of the rail project. We support much of the bill as it gets us a long way towards funding rail. What we remain concerned about is the significant financial risk being placed on the taxpayers of the City and County of Honolulu.

Adequate Funding.

Extending the General Excise Tax (GET) surcharge to 2030 provides an extension of three years from its current sunset date of 2027. Combined with the increase in the Transient Accommodations Tax (TAT) as included in this proposal, we are gravely concerned that there will be a shortfall for project costs over the funding period that will be in the neighborhood of \$600 million to \$900 million.

The City's ability to make up this shortfall is not possible without putting the financial health of the City in serious jeopardy, and to drastically reduce core services for the residents. The City would have to propose, and the City Council would have to approve a significant increase in real property taxes for both home owners and businesses or reduce core services such as police, fire and parks to find savings in order to pay for the shortfall. This is not a viable solution.

Legal Issues.

We have a legal concerns about the statewide TAT increase and the deposit of that increase into the Mass Transit Special Fund. The GET surcharge has been tried and true for 10 years, which is why it seems the best way to go.

Request.

The City is already responsible for the operating and maintenance costs of the rail project, and will agree to the administrative, marketing, and personnel costs of HART, going forward as long as there is adequate financing.

Of ultimate concern is the acceptance by the Federal Transit Administration (FTA) of HART'S financial plan and projected stress amount for the project. We urge our legislative partners to consider providing for a funding amount that ensures that these requirements are met. Of greatest priority is the assurance to the FTA that we have a dedicated funding source that will be applied to the completion of rail.

To this point, we are requesting our legislative leaders to publicly state that should there be a funding shortfall that they will commit to work with the City to fund this gap through the legislative process.

Conclusion.

I want to extend my deepest gratitude to the House and Senate members who worked tirelessly throughout the last few months to propose a finance solution for this project. I hope you will consider the concerns we have laid out, and fix what may be needed so that the bill passes its financial and legal review.

Thank you for the opportunity to share these comments with you. We are working toward the same goal, which is to find a legislative solution for rail financing; rail will be the centerpiece for a strong transit infrastructure for generations to come.

**HONOLULU CITY COUNCIL
CITY AND COUNTY OF HONOLULU**

530 SOUTH KING STREET, ROOM 202 • HONOLULU, HAWAII 96813
PHONE: (808) 768-5009 • FAX: (808) 768-5011 • INTERNET: www.honolulu.gov/council

Ron Menor
CHAIR & PRESIDING
OFFICER



Ikaika Anderson
VICE CHAIR

Kymerly Marcos Pine
FLOOR LEADER

**CITY AND COUNTY OF HONOLULU
BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS**

MONDAY, AUGUST 28, 2017, 3:00 P.M.

**TO: THE HONORABLE DONOVAN M. DELA CRUZ, CHAIR
THE HONORABLE GILBERT S.C. KEITH-AGARAN, VICE CHAIR
AND MEMBERS OF SENATE COMMITTEE ON WAYS AND MEANS**

**FROM: COUNCIL CHAIR RON MENOR
VICE CHAIR IKAIKA ANDERSON, CHAIR OF COMMITTEE ON
TRANSPORTATION AND PLANNING
COUNCILMEMBER JOEY MANAHAN, CHAIR OF COMMITTEE ON
BUDGET
COUNCILMEMBER KYMBERLY MARCOS PINE, CHAIR OF COMMITTEE
ON ZONING AND HOUSING**

**SUBJECT: SENATE BILL 4 (S.B. 4)
RELATING TO GOVERNMENT**

My name is Ron Menor and I am the Chair of the Honolulu City Council. I am submitting this testimony on behalf of the City Council's Permitted Interaction Group on Rail which includes myself, Vice Chair Ikaika Anderson, and Councilmembers Joey Manahan and Kymerly Marcos Pine. We would like to offer **comments** about this measure.

We appreciate the willingness of the State Legislature to convene a special session to address the critical issue of rail funding. We acknowledge that the Legislature's proposed funding plan as contained in S.B. 4 would provide substantial additional funding to allow rail construction to

proceed. There is strong community support to complete the rail project to Ala Moana Center as required under the Full Funding Grant Agreement (FFGA) with the Federal Transit Administration (FTA).

Another positive aspect of S.B. 4 is that it will provide a major portion of the funding for the rail project during the years when much of the construction activity along the City Center segment of the rail route, from Middle Street to Ala Moana Center, will be occurring. This “front loading” of rail funding will save City taxpayers millions of dollars in debt service finance costs.

However, we would like to raise a number of concerns for your consideration. For example, the legislation is based on an anticipated 8.0% annual growth rate in TAT (transient accommodations tax) collections which may be overly optimistic. It should also be emphasized that the FTA will be carefully evaluating whether the Legislature’s proposed funding plan will generate adequate revenue to fully cover anticipated rail construction costs.

Should the funding not be adequate, the City may have to make draconian cuts in important core services and/or increase real property taxes. Moreover, there could be a negative impact on the City’s bond rating which would increase financing costs if the City’s bond rating is downgraded. This is the largest public works project in Hawaii’s history and all cost projections associated with this effort are very sensitive to changing economic and market conditions. We ask that you carefully consider these issues before the Legislature takes a final vote on this bill.

Moreover, the City’s Corporation Counsel has raised several legal concerns about various provisions in the bill and we would respectfully request that you consult with the Attorney General’s Office to undertake a thorough legal analysis of this measure.

In closing, we hope that this measure will provide sufficient funding to complete the rail construction project to Ala Moana Center and finally bring to fruition a project that will address the transportation needs and improve the quality of life of Oahu residents for generations to come. We

appreciate your work as our partner on this project, and we look forward to our continuing collaboration.

Thank you for this opportunity to provide testimony.



IN REPLY REFER TO:

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Krishniah N. Murthy
INTERIM EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Damien T.K. Kim
CHAIR

Terrence M. Lee
VICE CHAIR

John Henry Felix
Wes Frysztacki
Ford N. Fuchigami
Terri Fujii
Glenn M. Nohara
Ember Shinn
Kathy Sokugawa
Hoyt H. Zia

SENATE COMMITTEE ON WAYS AND MEANS

Monday, August 28, 2017
3:00 PM
State Capitol, Auditorium

Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Senate Committee on Ways and Means:

The Honolulu Authority for Rapid Transportation (HART) supports the intent of **S.B. 4 Relating to Government**, which would, in part, authorize a county that has adopted a surcharge on state tax to extend the surcharge to December 31, 2030, decrease from 10% to 1% the surcharge gross proceeds retained by the State, and increases the transient accommodations tax by 1% from January 1, 2018 to December 31, 2030.

HART **supports the intent** of this measure because it is consistent with the position taken by the Board of the Directors of HART that favors and supports legislative funding measures that have been or may be presented to the Legislature of the State of Hawaii and/or the Honolulu City Council and would provide required funding to HART to cover the full costs of constructing the Minimum Operable Segment, which is described as the portion of the Locally Preferred Alternative between the University of Hawaii-West Oahu, near the future Kroc Center and Ala Moana Center.

HART must demonstrate, to its Federal Funding Partner, the Federal Transit Administration (FTA), that it has clear access to sufficient revenue to cover the Honolulu Rail Transit Project's (Project) entire capital budget including contingency and financing charges through identified revenue sources that are committed solely to the Project. An acceptable contingency level that is approved by the FTA for an adopted financial plan is required as part of HART's Recovery Plan to be submitted to the FTA.

At the August 14, 2017, State Legislature Informational Briefing, HART was asked to respond to numerous questions posed by legislators. For the record, **attached** is HART's response transmitted to the chairs of the subject matter committees on August 23, 2017.

Thank you for this opportunity to provide written testimony.



IN REPLY REFER TO:
CMS-AP00-02226

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Krishniah N. Murthy
INTERIM EXECUTIVE DIRECTOR AND CEO

August 23, 2017

BOARD OF DIRECTORS

Damien T.K. Kim
CHAIR

Terrence M. Lee
VICE CHAIR

John Henry Felix
Wes Frysztacki
Ford N. Fuchigami
Terri Fujii
Glenn M. Nohara
Ember Shinn
Kathy Sokugawa
Hoyt H. Zia

The Honorable Lorraine R. Inouye, Chair
and Members of the Senate Committee
on Transportation and Energy
Hawaii State Capitol
415 South Beretania Street, Room 210
Honolulu, Hawaii 96813

The Honorable Henry J.C. Aquino, Chair
and Members of the House Committee
on Transportation
Hawaii State Capitol
415 South Beretania Street, Room 419
Honolulu, Hawaii 96813

The Honorable Donovan M. Dela Cruz, Chair
and Members of the Senate Committee on
Ways and Means
Hawaii State Capitol
415 South Beretania Street, Room 202
Honolulu, Hawaii 96813

The Honorable Sylvia Luke, Chair
and Members of the House Committee
on Finance
Hawaii State Capitol
415 South Beretania Street, Room 306
Honolulu, Hawaii 96813

The Honorable Clarence Nishihara, Chair
and Members of the Senate Committee
on Public Safety, Intergovernmental,
and Military Affairs
Hawaii State Capitol
415 South Beretania Street, Room 214
Honolulu, Hawaii 96813

Dear Chair Inouye, Chair Dela Cruz, Chair Nishihara, Chair Aquino, Chair Luke, and Members of the Committees:

As requested, the Honolulu Authority for Rapid Transportation (HART) forwards to your offices for distribution to all members on your respective Committees responses to questions received from the Senate Committees on August 21, 2017, as well as responses to questions raised during the August 14, 2017, Informational Briefing:

1. **Provide reference in the Full Funding Grant Agreement (FFGA) that defines "minimum operable segment (MOS)." What does the Federal Transit Administration (FTA) understand the MOS to be? (Request from Senator Gil Riviere)**

Response: Please see Attachment 1. There is no reference in the Full Funding Grant Agreement (FFGA) that defines the MOS.

The MOS for the Honolulu High-Capacity Transit Corridor Project (also referred to as the Honolulu Rail Transit Project) was defined by the Honolulu City Council in Resolution No. 08-261 introduced on November 13, 2008, and adopted January 28, 2009. Specifically, the MOS is defined as beginning at the University of Hawaii - West Oahu (near the future Kroc Center), via Farrington Highway and Kamehameha Highway (adjacent to Pearl Harbor), to Aolele Street serving the Airport, to Dillingham Boulevard, to Nimitz Highway, to Halekauwila Street, and ending at Ala Moana Center.

The Federal Transit Administration (FTA) understands the MOS to be defined as in the FFGA. The MOS is a segment of the Locally Preferred Alternative that provides the most cost-effective solution with the greatest benefits for the Honolulu Rail Transit Project (Project). The MOS must be able to function as a stand-alone project and not be dependent on any future segments being constructed.

2. What is the process for a stress test? What happens if the project fails the stress test? What is being done to prevent a failed stress test?

Response: The process for a stress test was described in Chapter 4: Risks and Uncertainties and Attachment B: Summary of Cash Flow – Sensitivity Analyses of the Financial Plan for the FFGA dated June 2012. See Attachment 2.

In general, the Federal Transit Administration (FTA) takes into consideration current and future economic and project schedule information to establish criteria for their analyses. The stress test does not result in a pass or fail. Rather, should the test result in a funding shortage, the City will be required to come up with added funding and to develop management strategies to mitigate downside risks.

These funding and management strategies to mitigate downside risks will be developed after additional funding beyond year 2027 is known, an updated financial plan is completed, and the FTA completes their stress analyses. In 2012, the City's mitigation strategies included the use of its Tax-Exempt Commercial Paper program, providing additional debt capacity, use of debt reserve, additional revenue sources from parking and advertising, and an extension of the General Excise Tax Surcharge (GET).

HART has developed many funding models using criteria such as a 10% capital cost and a lowered GET forecast of 3% in anticipation of the FTA stress tests.

3. What other funding sources are being considered instead of relying solely on the taxpayers to pay for this project (i.e. public-private partnerships (P3), lease of vacant space, etc.)?

Response: The City Administration will transmit the response to this question by separate cover.

4. Provide report that includes dollar value on internal cost cutting efforts initiated by HART that is separate from design and construction costs. Additionally, explain increase of Owner Controlled Insurance Program (OCIP) from \$10M (at FFGA: December 2012) to \$99 million (January 2017), reimbursement to the City for legal services from \$8 million (at FFGA: December 2012) to \$28 million (January 2017). (Request from Representative Sylvia Luke)

Response: The following table represents the summation of 178 individual cost-saving measures that have been tracked by HART over the past several years. The list is updated periodically to include new cost-saving measures proposed for the project.

HART Cost Reduction Summary

Contract	Cost Reductions Implemented (\$Millions)	Cost Reductions Under Evaluation (\$Millions)
West Oahu Stations Group (WOSG)	4.6	0.3
Farrington Highway Stations Group (FHSG)	6.1	0.3
West Oahu Farrington Highway Guideway (WOFH)	0.5	0
Maintenance and Storage Facility (MSF)	0	0
Pearl Highlands Garage and Transit Center (PHGT)	0	215
Kamehameha Highway Stations Group (KHSG)	5.6	0.3
Kamehameha Highway Guideway (KHG)	0.5	0
Airport Design-Build Guideway and Stations (AGU+ASG)	8.4	0
City Center Design-Build Guideway and Stations (CCG+DKSG)	15	21
Core Systems Contract (CSC)	0	0.5
Elevators & Escalators (EE)	0	0
Total (\$Millions)	\$ 41	\$ 238

Examples of Cost-Saving Measures that have been Implemented:

- a) HART's directive drawings require all final designers to specify stainless steel balustrades. The change to galvanized steel was included in the 12/19/2014 FHSG bid documents. Implemented Savings: \$1.4 Million.
- b) Kapalama Station originally had Fare Gate Entry Modules (FGEM) on both sides of Dillingham Boulevard. The Makai side FGEM has already been deleted, but could be provided under a future Transit Oriented Development (TOD) agreement. Implemented Savings: \$1 Million.

Other Cost-Saving Measures Implemented In Addition to the Savings in Above Table:

- a) 2016: Split out advanced Dillingham Temporary Utilities (DTU) packages to reduce CCGS schedule, overhead, and risk pricing. Implemented savings: \$40 Million.
- b) 2016: Allowed AGS contractor to use drilled shaft load test data from WOFH and KHG. Implemented savings: \$20 Million.

- c) 2016: Relaxed mass concrete specification to reduce cooling requirements. Implemented savings: \$10 Million.
- d) 2015: Split 9-pack of West Side Station Group (WSSG) stations into three 3-packages including WOSG, FHSG, KHSG. Implemented savings: \$46 Million.
- e) 2013: Eliminated method shafts on Kamehameha Highway Guideway (KHG). Implemented savings: \$2 Million.
- f) 2012: Eliminated guideway lighting. Implemented savings for full guideway: \$12 million.
- g) Value Engineering Change Proposal (VECP) for piles at Waipahu Transit Station. Implemented savings: \$3 Million.
- h) Eliminating bioretention where possible. Implemented savings is under review.
- i) Deferring certain elevators for future installation. Implemented savings: \$20 Million.
- j) Change of the canopy design. Implemented savings: \$10 million.
- k) Minimize the need for station personnel. Future cost-savings in personnel (not calculated).

Other Cost-Saving Measures Currently Under Consideration

The garage at the Pearl Highlands Garage and Transit Center provides 40% of the total number of spaces required by the project as indicated in the Final Environmental Impact Statement (FEIS). HART could consider deferring until a separate funding source has been identified. HART would provide temporary parking at other locations, such as adjacent to the University of Hawaii West Oahu (UHWO) Station, the Hoopili Station, or elsewhere. Cost saving potential: \$215 Million.

At the Downtown Station, the Makai fare gate entry module could be deleted, but vertical circulation would still be required on Makai side to access the Makai platform. Bathroom on Makai side would be eliminated. Bathroom on the Mauka side would be expanded. Cost Saving Potential: \$1.5 Million. The increase in OCIP from \$10 million (at FFGA: December 2012) to \$99 million (January 2017) is best explained in two ways. First, the original estimate of \$10 million was too low for a project of this size. Secondly, the \$99 million includes over \$50 million in funding that is provided to an escrow account for those claims that are covered under the deductible. If claims are held to a minimum, the remaining escrow is returned to the Project.

The increase in the reimbursement to the City for legal services from \$8 million (at FFGA: December 2012) to \$28 million (January 2017) is best explained as follows: (1) the original estimate of \$8 million was a low estimate and based on three City attorneys and a minimal contract for outside counsel; and (2) the City attorneys now number seven and the cost for legal services for right-of-way has greatly exceeded the amount originally estimated.

5. If there are none, when will cost-saving measures start to be looked at? When will those findings be report to the Legislature?

Response: See response to Question No. 4 above that cites cost savings measures.

6. How has value engineering reduced costs for the rapid transit system project?

Response: HART implemented a formal Value Engineering (VE) Study in 2011 on the overall rail transit corridor. The VE study was facilitated by Value Management Strategies (VMS). The significant implemented cost saving ideas from this VE study are listed below.

- a) Load test more shafts and increase resistance factor. Savings: \$25 Million.
- b) Use tip grouting for drilled shafts. Savings: \$5 Million.
- c) Perform sequential testing with O-cells for friction. Savings: \$18 Million.
- d) Minimize the use of permanent casing for drilled shafts. Savings: \$47 Million.
- e) Optimize lateral resistance of drilled shafts. Savings: \$10 Million.
- f) Shift guideway alignment makai at Middle Street Station. Savings: \$1.3Million.
- g) Relax coincident vertical and horizontal geometric design criterion and lower profile. Savings: \$1.1 Million.

Additional Value Engineering efforts by HART include:

- a) 2016: Primary and secondary mitigation lists submitted to FTA (26 Primary mitigations, and 52 Secondary mitigations, and 6 Funding ideas) have been considered. Eleven of these ideas have been implemented or partially implemented representing approximately \$25 million in savings to the project.
- b) 2016: Alternative Technical Concepts (ATC's) on AGS. (These ATC's are proprietary to the bidders but have resulted in approximately \$25 million in savings to the project.)
- c) 2012: Station modular design. This has saved approximately 10% of the station costs for modularity, equating to \$20 million in savings.
- d) Pre-2011 station VE study for efficiencies in station layout and concept design.
- e) HART is exploring the feasibility of incorporating photovoltaic panels at the Rail Operations Center and other Project facilities in order to offset energy costs.

Non-Design and Construction Ideas

- a) Moving the terminus of the Ala Moana Station in the Ewa direction. This alignment change will help with future project extensions to UH Manoa and reduced costs. Savings: \$6 Million.
- b) Early utilities package for CCGS. Savings: \$40 Million.
- c) Structures optimization study, one for superstructure, one for substructure. Resulted in the implementation of drilled shafts and segmental box. This value planning effort was to implement the guideway work in the most economical manner.
- d) The modular station design. The Guideway VMS study. Ala Moana Station shift. ATC's on WOFH, KHG, and ASG. Ranged \$20M to \$30M in savings per project.
- e) Reducing cost of Right of Way (ROW) acquisition by using property slices versus full takes. We've only had full takes of about 15 properties. There have been hundreds of partial takes which have maintained the businesses in place.
- f) Utilizing several properties by leasing to others until such time as HART must take it for construction purposes.
- g) Concessions and advertising at stations. Looking at power, utility connections, and space requirements to accommodate in the future. This is a policy issue to be decided by City officials.

7. Provide list of change orders approved and pending, including the original cost, and description of each currently included in HART's \$8.165 billion project cost figure. (Request from Senator Lorraine Inouye) Additionally, provide list of change orders rejected and associated value. (Request from Representative Matthew LoPresti) Provide an outline that clearly shows where cost-saving measures are being introduced to the rapid transit systems project.

Response: Please see Attachment 3a entitled "Executed Change Orders," Attachment 3b entitled "Open/Pending Change Orders," and Attachment 3c entitled "Rejected Change Orders" as of August 16, 2017. Note that in some of the Open/Pending Change Orders, the Rough Order of Magnitude (ROM) cost has not been developed at this time since the potential change is being vetted for merit.

Additionally, in response to the request for Rejected Change Orders and their associated dollar value, the majority of the rejected change orders were deemed to have "No Merit"; and therefore, a ROM was not determined.

See response to Question 4 for list of cost-saving measures.

8. **Provide the financial recovery plan to build the rapid transit project to Middle Street. Is there a plan to continue the project to completion at Ala Moana? How much funding will be needed for the remaining 4.8 miles of the City Center guideway segment?**

Response: Currently, HART has issued contracts that enable completion of the Project to Middle Street with financing costs and adequate contingency included. HART's current cost estimate to complete this work is \$6.8 billion. It does not include the Pearl Highlands Garage, Transit Center, and Ramps.

FTA has noted that stopping at Middle Street was not acceptable; as such, there is no financial recovery plan up to Middle Street.

HART notes that its Recovery Plan submitted to the FTA on April 28, 2017, included a Plan B "Build to Budget" scenario. This scenario was based on projected revenues of \$6.8 billion and included guideway to the Downtown Station but excluding all stations between Middle Street and the Downtown Station, the Pearl Highlands Garage and Transit Center and Ramps, financing costs, and contingency. Subsequently, the FTA has indicated that this was not acceptable.

In response to the question to complete the Project to the Ala Moana Station, the additional funding needed to complete the City Center Guideway Section with all stations and the Pearl Highlands Garage, Transit Center, and Ramps is estimated to be an additional \$1.702 billion. The current cost estimate to complete the total Project is \$8.165 billion (excluding financing charges).

Both of these scenarios assume that FTA continues to fund the Project as planned and does not ask for repayment of Federal funds paid. If repayment is required, the City would incur those costs to repay the FTA.

9. **Do HART contracts include language that outlines the process for change orders? Is it in contract to allow or is there a process to authorize? Is there a check and balance on who reviews beyond HART board?**

Response: Yes. HART contracts are very specific in the General Conditions of the procurement documents/specifications. It is usually identified in a section identified as Modifications and Termination – Change Orders/Price Adjustments. There is a specific process to be followed to have change orders authorized.

All change orders are initially processed through field staff led by a project manager and the change orders are reviewed and approved by a change control committee. All change orders are signed by the CEO as the Chief Contracting Officer and all change orders over \$1 million are submitted to the HART Board for approval.

10. **Provide chart of local and non-local jobs created from inception through present of the Project. Provide a breakout of the demographics of the transit work force, including the change from the start of the project to the current demographics? Please provide a detailed explanation why so many non-residents were brought to Hawaii to work on this project. (Request from Senator Donovan Dela Cruz).**

Response: HART has had significant success in hiring City employees to staff the Project, but also relies on consultant staff in order to meet the Technical Capacity and Capability (TCC) requirements set forth by the FTA. We have also had significant challenges with high turnover rates among city employees, but overall, the trend is positive.

As of July 31, 2017, HART has 112 city employees and 17 Project Management Support Consultant (PMSC) employees on staff. When the Project was created in 2007, it was staffed with 6 city employees and 30 PMSC employees. So the project staffing composition has gone from 17% city personnel to 87% city personnel and from 83% consultant personnel to 13% consultant personnel.

The high turnover rate is a reflection of a lack of job security working at HART and the inability of HART to offer competitive salaries for temporary positions. In the private sector, low job security is offset with higher compensation. In a typical government environment, civil service employees endure lower compensation in order to enjoy higher job security. HART cannot offer job stability or private sector salaries.

HART competes for qualified employees on the open market and the vast majority of HART positions are not suitable for entry level candidates. Employees are expected to work at the fully functioning level upon start of employment and they expect to be compensated accordingly. The HART Board of Directors has been very proactive supporting HART's efforts to pay reasonable salaries and we have made some progress in that area. Reliance on consultants in a project of this nature is essential but HART will continue to strive to staff the project with more city employees and less consultants wherever possible.

Besides the 129 employees that comprise the HART Ohana, HART has a consultant staff that consists of the General Engineering Consultant (GEC) contract, the Construction Engineering and Inspection (CE&I) contract – West, the Construction Engineering and Inspection (CE&I) contract – East and the Core Systems Technical Support contract. Following is a chart of the contracts broken down by total workforce and resident workers, along with the percentages.

Additionally, we have included the same information for the Laborers and Mechanics on all of the construction contracts. This information was gathered through HART's efforts under the Davis Bacon Act and HRS 104 in which HART reviews the various certified payrolls and actually interviews the construction contractors' staff. However, there is no vehicle under which HART can gather the same information from the construction contractors' management staff. As you may note, both the HART team comprised of city employees and consultants and the various contractors exceed 85% in local residency.

HART Breakdown of Total Employees versus Resident Employees

Group	Total Number of Employees	Number of Employees who are Residents	Percentage that are Residents
HART (City Employees)	112	112	100%
Program Management Support Contract	17	11	65%
General Engineering Contract	44	26	59%
Construction, Engineering and Inspection – West	48	41	85%
Construction, Engineering and Inspection – East	30	30	100%
Core Systems Technical Support Contract	11	11	100%
Total:	262	231	88%
Cumulative Construction Contractors' Staff - Laborers, Mechanics, Others	4,400	3,778	86%

Note: HART does not have the ability to determine construction contractors' management demographics.

11. Provide list of FFGA transit projects that have changes in route and scope, as well as the amount each of those projects were required to pay back to the FTA. (Request from Senator Donna Kim)

Response: Anecdotally, the FTA states that only one FTA project with a FFGA has made changes with regards to scope, namely the Los Angeles Metro Red Line Project which consisted of three minimum operable segments and received an eventual commitment of \$1.42 billion in 1994.

In 1997, over concerns with the project, FTA requested a Recovery Plan that was approved in 1998. One of the three minimum operable segments was deleted and the funding was reduced to \$609 million.

12. Provide a detailed plan for operations revenues.

Response: The City Administration will transmit response to this question by separate cover.

13. If the real property tax increases, how would that affect the bond rating?

Response: The City Administration will transmit response to this question by separate cover.

14. **It was mentioned that there is a TOD implementation strategy which includes various financing tools and catalytic projects. Please provide examples of financing tools and catalytic projects.**

Response: The City Administration will transmit response to this question by separate cover.

15. **How are the costs associated with infrastructure, as related to the rapid transit system project, being funded?**

Response: The City Administration will transmit response to this question by separate cover.

16. **Provide a copy of HART's PowerPoint presentation at the August 14, 2017 Informational Hearing. (Request from Senator Lorraine Inouye).**

Response: Please see Attachment 4.

17. **Provide explanation of the Ala Moana Station location adjustment. Also, does HART plan to study an at-grade option from Middle Street to the Ala Moana Station. (Request from Senator Laura Thielen)**

Response: While HART remains focused on the construction of the first 20 miles of the rail project that includes a guideway alignment to the Ala Moana Transit Station site via Kona Street between Pensacola and Kona Iki Streets, efforts are being considered to preserve options for a future second project extension to the University of Hawaii at Manoa. This is especially important since new development projects have complicated opportunities to extend the system in the Koko Head direction along Kona Street since the Locally Preferred Alternative (LPA) was selected in 2007.

With regards to details about the Ala Moana Transit Station, HART has been working to refine the design and ultimate location of this station in order to better accommodate existing and planned development in the immediate area. HART is proposing to shift the station 200 feet in the Ewa direction from its currently-approved location. (The currently-approved location has been shifted 300 feet in the Ewa direction from the original location depicted in the Final Environmental Impact Statement (FEIS).) The proposed shift, the current location, and the original FEIS location, are all depicted in Attachment 5.

The proposed shift in station location, if approved, will offer the following benefits: increased opportunities for bus-rail integration; significant savings in HART Right-of-Way acquisitions in and adjacent to Ala Moana Center, and; preservation of options for extension routes to Waikiki and to the University of Hawaii at Manoa.

From a technical standpoint a switch to at-grade through town will likely require a switch from a third-rail metro to an overhead catenary light rail system. This would add significant time and cost for the purchase of new vehicles, systems contractor, new operations and maintenance facility for the Light Rail Operations.

At-grade construction typically requires the largest amount of utility relocation in advance of installation of the rail infrastructure. In conjunction with utility relocations, an at-grade alignment will

likely require significant right-of-way purchases and result in significant public/business impacts. At-grade train operations will be affected by over the road traffic and traffic congestion which would very likely negatively affect the end-to-end run times and as a result ridership. For example, an at-grade system, to accommodate street crossings and cross traffic, would be limited to six (6) minute headways, and in order to limit traffic interruptions, train length would be limited to two cars per train. These facts represent critical reasons why both the City and the FTA concurred that at-grade alternatives in City Center would result in lower system capacity, and ultimately would fail to meet the Project's stated goals and needs.

Additionally, trenching for archeological resources would have to occur throughout the length of the full alignment, rather than isolating potential archeological impacts to column and station footprint locations. Preliminary investigations have already been done for most column and station locations.

An at-grade rail alignment through town would have a range of potential environmental impacts that would need to be examined, including, but not limited to, alternate alignments and right of way plans; traffic and pedestrian concerns along city and state roadways; impacts to businesses, schools, and planned and existing developments; impacts to historic and cultural properties; sound and vibrational impacts, visual impacts, and so on. These would likely require the production of a new or supplemental EIS. The processing requirements of a supplemental EIS are no different than a new EIS.

Additionally, delays in construction while a new or supplemental EIS is prepared would likely cause cost increases equivalent to approximately 10% of the total project cost per year of delay, along with exposing HART and the City to costly litigation based on these new extended delays. A new or supplemental EIS would take 2 to 6 years to complete, depending on scope.

Discussion about the challenges associated with at-grade alternatives is provided in Section 8.6.13 of the Final EIS. Primary challenges include (a) reduced system capacity and speed, (b) conflicts with mixed-traffic, and (c) construction impacts and cost. In fact, the FTA's original Record of Decision and as amended (dated 1/18/2011 and 9/30/2013, respectively) noted:

"At-grade Light-rail Transit and At-Grade Alternatives in Downtown – The process considered 15 combinations of tunnel, at-grade, or elevated alignments between Iwilei and Ward Avenue and five different alignments through Downtown. Some of the technical considerations associated with an at-grade versus elevated alignment through Downtown included: (1) System Capacity, Speed, and Reliability – The short, 200-foot (or less) blocks in Downtown would permanently limit an at-grade system to two-car trains to prevent stopped trains from blocking vehicular traffic on cross-streets; (2) Mixed-Traffic Conflicts – An at-grade system would have prevented effective coordination of traffic signals in the delicately balanced signal network in Downtown. An at-grade light rail system with continuous tracks in-street would have created major impediments to turning movements; (3) Construction Impacts – An at-grade rail system would have increased utility conflicts and impacts to sensitive cultural resources; (4) Purpose and Need – An at-grade system would not have met the Project's Purpose and Need because it would not have satisfied the mobility and reliability needs of the Project." (p. 4, Attachment 6, emphasis added)

As such, HART notes that at-grade alternatives have already been thoroughly examined, and the finding firming indicate that at-grade alternatives do not represent any potential for cost or time savings.

18. Provide cash flow projections that incorporates assumptions proposed by the House, specifically an extension of the general excise tax (GET) for one year to December 31, 2028, 99%-1% split of the GET and an increase in the transient accommodations tax (TAT) by 1% from January 1, 2018 to December 31, 2028. Note that in the House-approved floor draft amendment of SB 1183, SD2, HD2, CD1, \$25 million of the annual TAT revenue would be allocated to a New Start Education Special Fund. (Request from Representative Nadine Nakamura)

Response: Please see Attachment 7 entitled Financial Projections- Stressed

HART has prepared the attached scenarios at the direction of the City Administration.

The enclosed cashflow projection incorporates the assumptions proposed by the House in SB 1183, SD2, HD2, CD1. These assumptions include: (1) extending the GET surcharge to 12/31/2028; (2) changing the GET split to 99%/1%; (3) increasing the TAT by 1% statewide; (4) requiring an annual \$25 million reduction of the TAT proceeds for education; (5) requiring a transfer from the City to the Project equal to Oahu's TAT (\$44 million annually); and (6) requiring a transfer from the City to the Project (\$22 million annually) to offset the Project's admin costs.

In this scenario, the GET revenues are projected to grow at 3%. The TAT growth rate is projected to grow at 4%. And the remaining Project costs increase by 10%. Under these assumptions, the project would end with a deficit of \$1,635 million when the projection is "stressed" similar to the FTA approved original FFGA Financial Plan (June 2012) and even after the City's total contribution of over \$700 million (City TAT Transfer to Rail and HART Administrative Offset).

19. Provide confirmation that no state funds provided for the rail project will be used for other than construction and ROW acquisitions. (Request from Representative Romy Cachola).

Response: Since HART's inception, no State funds have been used for other than construction and ROW acquisition. See Attachment 8, which is a letter signed by HART's Interim Executive Director and CEO.

20. Provide a copy of the Contract Change Procedure document. (Request from Representative Andria Tupola).

Response: Please see Attachment 9, entitled *Contract Change Procedure 5.CA-11, Rev. 3.0 – June 8, 2017*.

21. Provide project cost evolution referenced in KN Murthy's testimony that provide studies increase in construction costs and other associated costs. (Request from Representative Andria Tupola)

Response: Please see Attachment 10 entitled Project Cost Evolution.

As identified in this attachment, 59% of the \$3.2B growth in Design & Construction and Vehicles/Core Systems are a result of (1) escalation shift in RSD from 2019 to 2025; (2) premature award of West Oahu Farrington Highway Guideway (East Kapolei to Pearl Highlands) Contract (WOFH), Kamehameha Highway Guideway (Pearl Highlands to Aloha Stadium) Contract (KHG), Maintenance and Storage Facility Contract (MSF) and Core Systems Contract; (3) procurement delays for not awarding the Pearl Highlands (27 months), City Center Guideway Section (20 months), Airport Guideway and Stations and All Westside Stations (10 months), Ansaldo Contract (Vehicles/Systems) (delay of award from unsuccessful vendor protest) and identified risk exposures and known changes.

13% of the \$3.2B growth in contingency was needed to account for historical experiences, unawarded contracts, risk exposures and revenue service date (RSD) shift

15% of the \$3.2B growth for staff and consultants was included in the Core Systems Oversight contract that resulted in six years extended level of efforts for shift in RSD from 2019 to 2025

8% of the \$3.2B growth for Hawaiian Electric Company (HECO) utilities was due to utility relocations and high voltage clearance conflicts and replacement of 46kV and 138kV transmission lines along WOFH and KHG corridor


3% of the \$3.2B for Owner-Controlled Insurance Program (OCIP) which included premium adjustments for construction cost increases and schedule extension due to RSD shift.

1% of the \$3.2B for 100 new private easement acquisitions for undergrounding of HECO utilities.

And, 1% of the \$3.2B for claim and litigation support, more specifically legal costs related to delays in issuances of Notices to Proceed, Archaeological Inventory Survey, and Federal lawsuits.

Thank you for this opportunity to provide the enclosed information. Should there be any further questions, please do not hesitate to contact our office.

Very truly yours,



Krishniah N. Murthy
Interim Executive Director and CEO

Attachments

cc: HART Board of Directors
Mr. Roy K. Amemiya, Jr., Managing Director
Honolulu City Council
Office of the City Clerk

**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
FEDERAL TRANSIT ADMINISTRATION
WASHINGTON, D.C.**

FULL FUNDING GRANT AGREEMENT

**THE CITY AND COUNTY OF HONOLULU
through its
HONOLULU AUTHORITY FOR RAPID TRANSPORTATION**

HONOLULU RAIL TRANSIT PROJECT

HI-03-0047-02

TABLE OF CONTENTS

FULL FUNDING GRANT AGREEMENT TERMS AND CONDITIONS

SECTION 1. DEFINITIONS.....	2
SECTION 2. PURPOSES OF AGREEMENT	4
SECTION 3. PREVIOUS FEDERAL DOCUMENTS AND GRANTS	5
SECTION 4. OBLIGATION TO COMPLETE THE PROJECT	5
SECTION 5. REVENUE SERVICE DATE AND LEVELS OF SERVICE.....	9
SECTION 6. NET PROJECT COST.....	6
SECTION 7. ESTIMATED NET PROJECT COST	7
SECTION 8. LIMITATIONS OF THE FEDERAL FUNDING COMMITMENT.....	7
SECTION 9. FEDERAL FUNDING—OTHER SOURCES.....	8
SECTION 10. LOCAL FINANCIAL COMMITMENT—CAPITAL COSTS	8
SECTION 11. AUTHORIZATION TO ADVANCE PROJECT WITHOUT PREJUDICE.....	9
SECTION 12. LOCAL FINANCIAL COMMITMENT—OPERATING AND MAINTENANCE COSTS	9
SECTION 13. BASELINE COST ESTIMATE	9
SECTION 14. BASELINE SCHEDULE	10
SECTION 15. PROJECT MANAGEMENT OVERSIGHT.....	10
SECTION 16. ENVIRONMENTAL PROTECTION	10
SECTION 17. LABOR PROTECTION	11
SECTION 18. GOVERNMENT ACTIONS	11
SECTION 19. REMEDIES.....	12
SECTION 20. CONTENTS OF AGREEMENT	12
SECTION 21. SIMULTANEOUS CREATION OF AGREEMENT IN ELECTRONIC FORMAT.....	13
SECTION 23. ATTACHMENTS—INCORPORATION	13
SECTION 24. NOTICES.....	13
SECTION 25. APPLICABLE LAW	14
SECTION 26. AWARD AND EXECUTION OF AGREEMENT.....	14
EXECUTION BY GRANTEE	15
AFFIRMATION OF GRANTEE'S ATTORNEY	15

ATTACHMENTS

ATTACHMENT 1	SCOPE OF THE PROJECT
ATTACHMENT 1A	VICINITY MAP
ATTACHMENT 1B	PROJECT MAP
ATTACHMENT 2	PROJECT DESCRIPTION
ATTACHMENT 3	BASELINE COST ESTIMATE
ATTACHMENT 3A	PROJECT BUDGET
ATTACHMENT 4	BASELINE SCHEDULE
ATTACHMENT 5	PRIOR GRANTS AND RELATED DOCUMENTS
ATTACHMENT 6	SCHEDULE OF FEDERAL FUNDS FOR THE PROJECT
ATTACHMENT 7	MEASURES TO MITIGATE ENVIRONMENTAL IMPACTS
ATTACHMENT 8	NEW STARTS “BEFORE AND AFTER” STUDY

**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
FEDERAL TRANSIT ADMINISTRATION**

**FULL FUNDING GRANT AGREEMENT
(FTA FFGA-19, October 1, 2012)**

On the date the authorized U.S. Department of Transportation, Federal Transit Administration (FTA) official signs this Full Funding Grant Agreement, the Government (FTA) has awarded Federal assistance in support of the Project described below. Upon Execution of this Full Funding Grant Agreement by the Grantee named below, the Grantee affirms this Award by the Government (FTA Award), and enters into this Full Funding Grant Agreement with FTA. The following documents are incorporated by reference and made part of this Full Funding Grant Agreement:

- (1) "Federal Transit Administration Master Agreement," FTA MA(19), October 1, 2012, [<http://www.fta.dot.gov/documents/19-Master.pdf>];
- (2) The Certifications and Assurances applicable to the Project that the Grantee has selected and provided to FTA, and
- (3) Any Award notification containing special conditions or requirements, if issued.

FTA AWARD

The Government (FTA) hereby awards a Full Funding Grant as follows:

Project Number(s): HI-03-0047-02

Grantee: The City and County of Honolulu, through its Honolulu Authority for Rapid Transportation (HART)

Citation of Statutes Authorizing the Project: 49 U.S.C. §§ 5309(b), 5309(d)

Estimated Net Project Cost: \$5,121,693,163

Maximum FTA Amount Awarded [Including This Amendment]: \$323,990,000

Maximum FTA New Starts Funds Awarded [Including this Amendment]: \$319,990,000

Amount of This FTA Award: \$255,000,000

Maximum Federal New Starts Financial Contribution: \$1,550,000,000

Maximum Percentage of FTA Participation: 34 percent

Maximum Percentage of New Starts Participation: 30 percent

Dates of U.S. Department of Labor Certifications of Transit Employee Protective Arrangements:

Original Project or
Amendment Numbers:

Certification Dates:

HI-96-X001

July 27, 2009

HI-03-0047

July 7, 2010

HI-03-0047-01

May 26, 2011

HI-03-0047-02

August 28, 2012

Revenue Service Date: January 31, 2020

Project Description: The Honolulu Rail Transit Project (the Project) consists of design and construction of a 20-mile, grade separated fixed rail system from East Kapolei to the Ala Moana Center in Honolulu, Hawaii. From East Kapolei the Project proceeds to the University of Hawai'i at West Oahu, then east to Pearl Harbor, the Honolulu International Airport, and ends at Kona Street adjacent to Ala Moana Center. The Project will operate in an exclusive right-of-way and will be grade separated except for a 0.6-mile, at grade section near Leeward Community College. The Project includes 21 stations, 80 rail vehicles and a Maintenance and Storage Facility.

For a more detailed description, see Attachments 1 and 2.

**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
FEDERAL TRANSIT ADMINISTRATION**

FULL FUNDING GRANT AGREEMENT TERMS AND CONDITIONS

THIS FEDERAL TRANSIT ADMINISTRATION FULL FUNDING GRANT AGREEMENT (Agreement) is entered into by the City and County of Honolulu (Grantee), and the United States of America, acting through the United States Department of Transportation, Federal Transit Administration (FTA or Government).

WHEREAS, the Grantee has determined through the local planning process that construction of a 20-mile, elevated fixed guideway rail system from East Kapolei to the Ala Moana Center (Project), would effectively and efficiently serve the transportation needs of the City and County of Honolulu.

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) will design, construct and implement the Project in accordance with the Revised Charter of the City and County of Honolulu, Article XVII, which established HART as a semi-autonomous public transit authority and unit of the City and County of Honolulu.

WHEREAS, the Grantee has developed a Financial Plan, as herein defined, using a combination of local, state, and Federal funds to finance the costs of the Project and, in accordance with its plan, has requested a Grant, as herein defined, of Federal financial assistance in the Project.

WHEREAS, the Government has previously provided to the Grantee \$4,000,000 in American Recovery and Reinvestment Act (ARRA) funds and \$64,990,000 in capital New Starts funds authorized under the Federal Transit Laws for development of the Project.

WHEREAS, the Government has determined to enter into this Agreement and to support final design and construction of the Project up to a Maximum Federal New Starts Financial Contribution of \$1,550,000,000 in capital New Starts funds subject to all the terms and conditions set forth in this Agreement.

WHEREAS, the Grantee has submitted its request for Federal assistance (the Application) and the Government has received and is relying upon the Grantee's assurances, certifications, and all other documents required as conditions precedent to a Grant of assistance by the Government for the Project; and, in its submissions, the Grantee has demonstrated justification for the Project, has demonstrated its financial, organizational, legal, and technical capacity as is necessary to Complete the Project within the maximum amount of Federal assistance set forth in this Agreement, and has demonstrated the capability to secure non-Federal funds as may be necessary for such completion.

WHEREAS, the Government has determined that the Project is justified based on a comprehensive review of its mobility improvements, environmental benefits, cost effectiveness, land use, economic development effects, and the congestion relief associated with the project; the Project is supported by policies and land use patterns that promote public transportation, including plans for future land use and rezoning, and economic development around public transportation stations; and the Project is supported by an acceptable degree of local financial commitment, including evidence of stable and dependable financing sources to construct, maintain, and operate the Project.

WHEREAS, the Government and the Grantee have agreed that their respective duties and responsibilities as related to the completion of the Project shall be determined by and under the terms and conditions of this Agreement and have agreed that this Agreement shall be recognized as the sole understanding between the Government and the Grantee in consideration of the mutual promises as set forth in this Agreement.

THEREFORE, in consideration of the above and the parties' mutual promises as set forth in this Federal Transit Administration Full Funding Grant Agreement, the Grantee and the Government agree to the specific terms, conditions and provisions set forth in this entire Agreement including, in particular, the specific terms of the following Sections and Attachments:

SECTION 1. DEFINITIONS

"Agreement" means this Federal Transit Administration Full Funding Grant Agreement (FFGA) and consists of all parts and documents listed in Section 20 of this Agreement, "Contents of Agreement," and will include all future addenda, substitutions, modifications and amendments as and when legally executed and effective. (This definition supersedes the definition of "Grant Agreement" set forth in Section 1.j of the Federal Transit Administration Master Agreement (Master Agreement), incorporated by reference and made part of this Agreement.)

"Application" means those documents and written submissions filed by or on behalf of the Grantee pursuant to its request for Federal financial assistance for support of the Project and relied upon by the Government as satisfaction of the legal and policy requirements of Grant award. The Application includes all explanatory, supporting, or supplementary documents related to the Project that the Government relied upon in its determination to obligate and award Federal funds for the Project. (This definition is intended to supplement the definition "Application" set forth in Section 1.a of the Master Agreement, incorporated by reference and made part of this Agreement.)

"Baseline Cost Estimate" means the Application document described in Section 13 of this Agreement and set forth in the Tables that comprise Attachment 3. The requirements of the Baseline Cost Estimate are set forth in FTA Circular 5200.1A, "Full Funding Grant Agreements Guidance," as may be revised from time to time. The Baseline Cost Estimate reflects the total anticipated cost of the Project as of the Date of this Agreement.

"Complete the Project" means to accomplish all of the scope and activities of the Project as described in Attachment 1, "Scope of the Project," and Attachment 2, "Project Description."

"Date of this Agreement" means the date the Government awards this Full Funding Grant

Agreement.

"Estimated Net Project Cost" means the amount that is calculated by subtracting the cost that can reasonably be financed from the Grantee's revenue from the total anticipated cost of the Project as reflected in the "Baseline Cost Estimate," Attachment 3. The Estimated Net Project Cost is set forth in Section 7 of this Agreement.

"Financial Plan" means the plan accepted by the Government as part of the Application process describing the Grantee's financial condition and capability to Complete the Project and to maintain and operate the Project together with its existing transit system. It includes all explanatory, supporting and supplementary documents, commitments, and agreements accepted or approved by the Government.

"Government" means the United States of America, acting through the Federal Transit Administration of the United States Department of Transportation.

"Grantee" means the City and County of Honolulu, acting through its Honolulu Authority for Rapid Transportation (HART).

"Grant(s)" means, in singular and plural forms, the obligation and award of Federal financial assistance by the Government pursuant to the laws codified at 49 U.S.C. Chapter 53.

"Levels of Service" means the hours of service and the service headways set forth in Attachment 1, "Scope of the Project."

"Local Share" means that portion of the Grantee's local financial commitment that is the Grantee's legally required share of the Net Project Cost.

"Master Agreement" means the standard terms and conditions applicable to recipients of Federal financial assistance from the Government. It is updated and published annually. It is incorporated by reference and made part of this Agreement and identified in Federal Fiscal Year 2013 by FTA Form MA(19) (October 1, 2012).

"Maximum Federal New Starts Financial Contribution" means the limit of Federal capital New Starts financial participation in the Project. (The amount of the "Maximum Federal New Starts Financial Contribution" is set forth in Section 8 of this Agreement, "Limitations of the Federal Funding Commitment," and is only a portion of the total Federal financial contribution for the Project.)

"Maximum FTA Amount Awarded" means the total amount of Federal funds from all sources administered by FTA and awarded for the Project, regardless of source, and available to the Grantee. (This amount is set forth in the first page of this Agreement.)

"Net Project Cost" means the cost of the Project that cannot reasonably be financed from the Grantee's revenues.

"Project" means the transit/transportation improvements the Grantee has promised to implement as a condition of its Full Funding Grant. A description of the Project is set forth in Attachment 1, "Scope of the Project." Activities to carry out the project scope are set forth in Attachment 2, "Project Description."

"Project Costs" means all costs eligible for Federal financial participation under the terms of this Agreement and consistent with the cost principles set forth in Section 9 of the Master Agreement, "Payments."

"Recovery Plan" means a plan developed by the Grantee, and accepted by the Government, whereby the Grantee will take every reasonable measure to minimize any delay in achieving the baseline schedule set forth in Attachment 4 to this Agreement (the Baseline Schedule) and eliminate or otherwise mitigate [recover] any increase in the total project costs as currently estimated, as compared to the total project cost identified in Attachment 3 to this Agreement (the Baseline Cost Estimate).

"Revenue Service Date" means the date certain upon which the Grantee shall commence revenue operations of the Project as defined in Section 5 of this Agreement.

SECTION 2. PURPOSES OF AGREEMENT

Pursuant to 49 U.S.C. § 5309, the purposes of this Agreement are to:

(a) provide Federal financial assistance to the Grantee in the form of this Full Funding Grant and possible future awards of financial assistance as contemplated under this Agreement, not to exceed the Maximum Federal New Starts Financial Contribution for the Project, as is and may be awarded under this Agreement and the laws codified at 49 U.S.C. Chapter 53 for purposes that are consistent with those statutes, implementing regulations, and other applicable laws and regulations;

(b) describe the Project and set forth the mutual understandings, terms, conditions, rights and obligations of the parties related to implementing the Project, the future management and operation of the Project, and the manner in which Project real property and equipment will be used;

(c) establish the Maximum Federal New Starts Financial Contribution for the Project, and the manner in which all future Federal funds for the Project, if any, will be awarded and released to the Grantee;

(d) establish the Grantee's financial commitment to the Project including its obligation to fund the Local Share, its obligation to Complete the Project with a specified amount of Federal assistance, its obligation to achieve revenue operation of the Project by a specified date, its obligation to pay all costs necessary to Complete the Project that are in excess of the Estimated Net Project Cost and its obligation to finance the future maintenance and operational costs of the Project; and

(e) facilitate timely and efficient management of the Project.

SECTION 3. PREVIOUS FEDERAL DOCUMENTS AND GRANTS

(a) The Government's laws, policies and procedures require the completion of a project development process and environmental review prior to the Award and Execution of this Agreement. Prior Grants of Federal assistance awarded by the Government for this project development process are described in Attachment 5 to this Agreement. These Grants (and any other documents that are described in Attachment 5, including Letters of No Prejudice) are incorporated by reference and made part of this Agreement, except for the terms and conditions thereof specifically superseded by this Agreement. Further, in executing this Agreement, the Grantee assures that the certifications and assurances (made by the Grantee or on behalf of the Grantee or by a third party) upon which the Government relied in these prior actions were made to the Government in good faith and to the best of the Grantee's knowledge and belief, and that the Grantee has no present knowledge of facts or circumstances substantially affecting the continued validity of these certifications and assurances that the Grantee has not formally conveyed to the Government prior to the Government's Award of funding set forth in this Agreement.

(b) This Agreement does not discharge or rescind any of the terms, conditions, or obligations established under the documents set forth in Attachment 5 unless specifically stated otherwise herein. Further, the terms, conditions and obligations of this Agreement take precedence over the provisions of all prior agreements related to the Project between the Grantee and the Government and will be controlling for all actions related to the Project taken after the Date of this Agreement, unless specifically stated otherwise herein.

(c) No amendments will be sought or approved to increase the amount of funds in the prior Grants listed in Attachment 5 beyond the amounts described in this Agreement as available to the Project.

SECTION 4. OBLIGATION TO COMPLETE THE PROJECT

(a) The Government has no obligation to provide any financial assistance for the Project beyond the Maximum Federal New Starts Financial Contribution. If the total Federal funding provided under Section 8 of this Agreement, "Limitations of the Federal Funding Commitment," is insufficient to undertake revenue operations of the Project and the subsequent activities necessary to Complete the Project, the Grantee agrees to Complete the Project and accepts sole responsibility for the payment of any additional costs (overruns).

(b) If at any time during its efforts to Complete the Project the Grantee determines that the total project cost will exceed the Baseline Cost Estimate, the Grantee must immediately notify the Government of the amount of the difference and the reasons for the difference. Further, the Grantee must provide the Government with a Recovery Plan that demonstrates the Grantee is taking and will take every reasonable measure to eliminate [recover] the difference between the total project cost and the Baseline Cost Estimate. Insofar as any difference between the total project cost and the Baseline Cost Estimate cannot be eliminated [recovered], the Grantee must secure and provide such additional resources as are necessary to meet the additional costs and expeditiously Complete the Project without further financial assistance from the Federal capital New Starts program. Further, in its Recovery Plan, the Grantee must identify the sources of funds it will draw upon to meet the additional costs and cover the difference between the total project cost and the Baseline Cost

Estimate.

SECTION 5. REVENUE SERVICE DATE AND LEVELS OF SERVICE

(a) The Grantee agrees and promises to achieve revenue operations of the Project on or before January 31, 2020, the Revenue Service Date, in accordance with the terms and conditions of this Agreement.

(b) The Revenue Service Date is a significant term of this Agreement. The Grantee's failure to achieve the operational functions of the Project on or before the Revenue Service Date will constitute a breach of this Agreement. Upon the Grantee's request, the Government may determine, at its sole discretion, to waive a breach or an anticipatory breach of this Agreement and to extend the Revenue Service Date if there is an unavoidable delay in achieving the operational goals of the Project resulting from an event or circumstance beyond the control of the Grantee, or if the Government determines that allowing the delay is in the best interest of the Government and the success of the Project. Requests by the Grantee for waiver of a breach or anticipatory breach of this Agreement and extension of the Revenue Service Date for the reasons set forth herein shall be submitted promptly (with appropriate documentation) to the Government. In the exercise of its discretion to waive the breach and extend the Revenue Service Date, the Government will take into consideration the actions and measures taken by the Grantee to ensure adherence to its promise to achieve the operational goals of the Project on or before the scheduled Revenue Service Date.

(c) Delays in appropriations of funds from Congress shall not constitute a basis for extension of the Revenue Service Date.

(d) The Government's consent to extend the Revenue Service Date pursuant to Paragraph (b) of this Section 5 does not constitute a basis for additional Federal financial assistance beyond the Maximum Federal New Starts Financial Contribution.

(e) Set forth in Attachment 1 to this Agreement, "Scope of Project, " are the hours of service and headways the Grantee will maintain once the Project is opened to revenue service and for no less than five years thereafter. These specified Levels of Service are a significant term of this Agreement. The Grantee's failure to achieve and maintain these Levels of Service at the Revenue Service Date and for five years thereafter will constitute a breach of this Agreement. Upon the Grantee's request, the Government may determine in its sole discretion to waive a breach of the Grantee's obligation to maintain these specified Levels of Service for events or circumstances beyond the control of the Grantee, or if the Government determines that a waiver is in the interests of the United States. In the exercise of its discretion whether to waive a breach of the specified Levels of Service, the Government will take into consideration the actions and measures taken by the Grantee to achieve and maintain the operational goals of the Project and the Grantee's entire public transportation system for at least five years beyond the opening of the Project to revenue service.

SECTION 6. NET PROJECT COST

(a) This Grant is to assist in the payment of actual eligible costs within the Scope of the Project under this Agreement, minus any amount that can reasonably be financed from revenues of the Grantee. If the funds awarded under this grant exceed the amount necessary to finance the Federal

share, those excess funds are not available to the Grantee for payment of costs beyond the Scope of this Project supported by this Grant.

(b) In accordance with 49 C.F.R. Part 18, the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, a refund or reduction of the Grantee's Local Share of the Net Project Cost requires a refund to the Government of a proportional amount of the Federal financial assistance provided under this Agreement.

(c) The portion of the Net Project Cost that may be financed by the Government with capital New Starts funds may not exceed the amount of the Maximum Federal New Starts Financial Contribution for this Project as stated in Section 8 of this Agreement, "Limitations of the Federal Funding Commitment."

(d) The Grantee acknowledges that Federal funds may be used only to reimburse eligible expenses for the Project. Should FTA determine that Federal funds have been used to reimburse any expenses that were ineligible for Federal reimbursement, FTA will direct the Grantee either to reimburse FTA with local funds not already committed to the Project or to reduce the total project costs by the amounts found to have been ineligible.

SECTION 7. ESTIMATED NET PROJECT COST

(a) The Government's determination to provide financial assistance for the Project is based, in significant part, upon the Grantee's estimated costs as set forth in the "Baseline Cost Estimate," Attachment 3 to this Agreement. The Estimated Net Project Cost reported in Attachment 3 is \$5,121,693,163.

(b) The Estimated Net Project Cost financed with the Execution of this Agreement is limited by the amount of the Maximum FTA Amount Awarded. The amount of the Estimated Net Project Cost and the amount of the Maximum FTA Amount Awarded are stated in the first page of this Agreement. The amount reimbursable by the Government is limited to the lesser of either the amount of the Maximum FTA Amount Awarded or the maximum percentage of FTA participation permitted by Federal law and regulations. Additional funds will not be provided until a Grant amendment awarding additional funds and amending this Full Funding Grant Agreement is executed.

SECTION 8. LIMITATIONS OF THE FEDERAL FUNDING COMMITMENT

(a) With its Award set forth in this Agreement, the Government obligates \$255,000,000 for a total award of \$319,990,000 in Federal capital New Starts financial assistance for the Project. The sources of this Federal financial assistance are set forth in the "Project Budget," Attachment 3A. These funds are in addition to all previous Federal financial commitments to the development of the Project, including \$4,000,000 in ARRA funds, as set forth in the schedule of "Prior Grants and Related Documents," Attachment 5 of this Agreement.

(b)(l) With its Award set forth in this Agreement, the Government also acknowledges its intent to provide Federal capital New Starts financial assistance for the Project in an amount that will not exceed \$1,230,010,000. The anticipated sources of Federal financial assistance in this amount are listed in Attachment 6 to this Agreement, "Schedule of Federal Funds for the Project." All Federal

capital New Starts funds obligated pursuant to this Paragraph will be subject to all the terms, conditions and obligations established by this Agreement. Accordingly, it is expected that the award of additional funds will be processed through amendments to this Agreement.

(b)(2) The award by the Government of additional Federal capital New Starts financial assistance to the Project under Paragraph (b)(1) of this Section 8 is subject to the following limitations:

(A) the availability of appropriated funds, and

(B) the Grantee's continued performance under the terms and conditions of this Agreement.

(c) The Maximum Federal New Starts Financial Contribution for this Project under the capital New Starts category of funds is limited to \$1,550,000,000 which is the sum of the amounts set forth in Paragraphs (a) and (b)(1) of this Section.

SECTION 9. FEDERAL FUNDING—OTHER SOURCES

The Maximum Federal New Starts Financial Contribution specified in Section 8(c) of this Agreement does not include funds other than from the capital New Starts program under 49 U.S.C. Chapter 53. Should such other Federal funds be provided for the Project in addition to the Federal capital New Starts funds set forth in Attachment 6 of this Agreement, the limitation on the Federal funding commitment set forth in Section 8 of this Agreement shall not apply to those funds.

Accordingly, such additional funds shall be excluded from the calculation of the Maximum Federal New Starts Financial Contribution. Funds awarded pursuant to this Section will be subject to all other terms, conditions and obligations set forth in the Agreement.

SECTION 10. LOCAL FINANCIAL COMMITMENT—CAPITAL COSTS

(a) As a condition of the Government's Award of this Full Funding Grant, the Grantee has developed and adopted a Financial Plan for financing all Project Costs necessary to complete the Project. In addition to the amount of Federal funds requested, the Financial Plan includes a statement identifying the State, local and private sources of funding and the amount of funds available for and committed to the Project from each such source. This Financial Plan, as accepted by the Government, with the supporting documentation (including formal funding agreements and commitments) is hereby incorporated by reference and made part of this Agreement.

(b) The Grantee hereby commits and certifies that it will provide funds in an amount sufficient, together with the Federal contribution (acknowledging the limitations as set forth in this Agreement), to assure timely and full payment of the Project Costs as necessary to Complete the Project.

(c) Except as may be authorized by Federal statute or regulation, the Grantee hereby commits and certifies that the Local Share portion of its financial commitment will be provided from funding sources other than Federal funds, receipts from the use of Project facilities or equipment, or revenues of the public transportation system in which such facilities or equipment are used.

(d) Given the Estimated Net Project Cost, as set forth in Section 7 of this Agreement, the Grantee's

financial commitment to the Net Project Cost is estimated to total \$3,357,789,262. This amount constitutes the Local Share needed to match the Maximum Federal New Starts Financial Contribution for the Project and Other Federal Sources. In the event that the actual Federal financial contribution for the Project is reduced or is increased or the funding percentage as set forth in this Agreement is changed, the portion of the Grantee's financial contribution for the Project that is identified as Local Share shall be adjusted accordingly.

(e) The Grantee agrees to notify the Government of any change in circumstances or commitments that adversely affect the Grantee's plan to fund the Project Costs necessary to Complete the Project as set forth in the Financial Plan. In its notification, the Grantee shall advise the Government of what actions it has taken or plans to take to ensure adequate funding resources and shall reaffirm its commitment to the Government as set forth in Paragraph (b) of this Section 10.

SECTION 11. AUTHORIZATION TO ADVANCE PROJECT WITHOUT PREJUDICE

The Grantee may incur costs or expend local funds for all phases of the Project as is reasonably necessary to advance the Project prior to an award of Federal funding assistance without prejudice to possible future Federal participation in or reimbursement of the Project Costs to the extent that such costs are incurred in accordance with all applicable Federal requirements and this Agreement. It is understood that the authority conferred on the Grantee to advance the Project without prejudice does not constitute a legal commitment by the Government to obligate and award Federal funds.

SECTION 12. LOCAL FINANCIAL COMMITMENT—OPERATING AND MAINTENANCE COSTS

(a) As a condition of the Government's Award of funding set forth in this Agreement, the Grantee has developed and adopted a Financial Plan to finance the future operation and maintenance of the Project that also takes into consideration the Grantee's continuing financial responsibilities to operate, maintain and reinvest in its existing transit system. This Financial Plan, as accepted by the Government, and the supporting documentation (including specific funding commitments) evidencing stable and dependable funding sources is an essential part of the Grantee's Application and is made part of this Agreement by incorporation of the Application.

(b) With the Execution of this Agreement, the Grantee assures that it has stable and dependable funding sources, sufficient in amount and in degree of commitment, to operate and maintain its entire mass transportation system at an adequate and efficient level of service, including the future operation and maintenance of the Project without additional Federal assistance beyond the amounts set forth in the Financial Plan. The foregoing assurance does not preclude the Grantee from altering service through contracts with private providers of mass transportation services.

(c) The Grantee will notify the Government of any change in circumstances or commitments that adversely affects the Grantee's plan to fund the maintenance and operating costs of the Project as set forth in the Financial Plan. In its notification, the Grantee will advise the Government of actions it has taken or plans to take to ensure adequate funding resources and will reaffirm to the Government its assurance as set forth in Paragraph (b) of this Section.

SECTION 13. BASELINE COST ESTIMATE

(a) In its Application, the Grantee submitted to the Government a Baseline Cost Estimate for the activities constituting the Project. The Baseline Cost Estimate is accepted by the Government and is set forth in the Tables that comprise Attachment 3 of this Agreement. The Baseline Cost Estimate is derived from cost estimates of the individual third party contracts and force account work that, in sum, constitute the Project; it reflects appropriate escalation and Project schedule dates.

(b) The Government intends to use the Baseline Cost Estimate to monitor the Grantee's compliance with certain terms and conditions of this Agreement. The Baseline Cost Estimate established in Attachment 3 serves as the measure of cost estimates as of the Date of this Agreement, and should not be amended or modified during the implementation of the Project.

(c) The Grantee will submit cost reports on the implementation of the Project as required by this Agreement and in a format consistent with the units set forth in the Baseline Cost Estimate so that the Government can, with reasonable diligence, reconcile the Grantee's reports with the Baseline Cost Estimate.

SECTION 14. BASELINE SCHEDULE

(a) In its Application, as approved, the Grantee submitted a Baseline Schedule for the Project that demonstrates how the Grantee intends to implement the Project and meet the Revenue Service Date. This Baseline Schedule has been accepted by the Government and is Attachment 4 of this Agreement.

(b) The schedule for the Project may be modified from time to time at the discretion of the Grantee. However, the Baseline Schedule is not to be modified because it is to be used as a basis for comparing planned to actual project implementation. The Grantee will notify the Government when a Project schedule modification has the potential to change the Revenue Service Date and describe the actions planned to recover the schedule. The Government's acquiescence in such notice will not be deemed approval by the Government of an extension of a Revenue Service Date unless the Government expressly grants an extension in writing.

SECTION 15. PROJECT MANAGEMENT OVERSIGHT

The Project is a "Major Capital Project" as defined in FTA's Project Management Oversight regulations at 49 C.F.R. § 633.5. Accordingly, the Grantee agrees that all requirements and conditions set forth in the rule at 49 C.F.R. Part 633 apply to the Project activities. Noncompliance with any regulatory requirements shall constitute a breach of this Agreement, unless the Government formally waives the regulatory requirement.

SECTION 16. ENVIRONMENTAL PROTECTION

(a) As a condition precedent to this Agreement, the environmental impacts of the Project have been assessed as required by law. The results of that assessment and the adopted mitigation measures are described in the environmental documents identified in Attachment 7 of this Agreement. These

documents together with related agreements and supporting documentation are incorporated by reference and made part of this Agreement. To assist the Government in monitoring the implementation of the adopted mitigation measures, these measures are specifically referenced in Attachment 7 of this Agreement. It is understood and agreed that the description in Attachment 7 shall not supersede or in any way result in a circumvention of the requirements set forth in the Government's environmental record for the Project.

(b) Certain terms and conditions of this Agreement as related to the Grantee's responsibility to ensure protection of the environment are set forth in Section 25 of the Master Agreement, "Environmental Protections." Under Subsection 25.1, "Mitigation of Adverse Environmental Effects," the Grantee is required, among other actions, to undertake all environmental mitigation measures that are identified in environmental documents prepared for the Project. Accordingly, the Grantee understands that it shall not withdraw or substantially change any of the adopted mitigation measures as described in the Government's environmental record for the Project without the express written approval of the Government.

(c) This Section is intended only to supplement the provisions set forth in Section 25 of the Master Agreement, "Environmental Protections."

SECTION 17. LABOR PROTECTION

The Grantee will carry out the Project in conformance with the terms and conditions determined by the Secretary of Labor to be fair and equitable to protect the interests of employees affected by the Project and meet the requirements of 49 U.S.C. § 5333(b) and U.S. Department of Labor (USDOL) Guidelines at 29 C.F.R. Part 215. These terms and conditions are identified in the letters of certification from USDOL on the dates set forth on the first page of this Agreement. The Grantee will carry out the Project in compliance with the conditions stated in the USDOL certification letters. Those letters and any documents cited therein are incorporated by reference and made part of this Agreement.

SECTION 18. GOVERNMENT ACTIONS

(a) In all cases where the Government's review, approval or concurrence is required under the terms and conditions of this Agreement, the Government will provide its response within sixty (60) calendar days of receipt from the Grantee of all materials reasonably necessary for the formulation of the Government's response.

(b) If the Government determines that its position cannot be finalized within that sixty (60) day period, the Government will notify the Grantee, in writing, within thirty (30) days following receipt of the Grantee's submission that the Government's response will be delayed and advise the Grantee of the Government's anticipated time period for response.

(c) Whenever the Government's approval or concurrence is needed on any matter pertaining to or concerning this Agreement, the Government's approval or concurrence will not be unreasonably withheld.

SECTION 19. REMEDIES

(a) Substantial failure of the Grantee to Complete the Project in accordance with the Application and this Agreement will be a default of this Agreement. In the event of default, the Government will have all remedies at law and equity, including the right to specific performance without further Federal financial assistance, and the rights to termination or suspension as provided by Section 11 of the Master Agreement, "Right of the Federal Government to Terminate." The Grantee recognizes that in the event of default, the Government may demand all Federal funds provided to the Grantee for the Project be returned to the Government. Furthermore, a default of this Agreement will be a factor considered before a decision is made with respect to the approval of future Grants requested by the Grantee.

(b) Under the provisions of Section 15 of this Agreement, "Project Management Oversight," and under the terms and conditions of the Master Agreement, the Government will review performance by the Grantee to determine whether satisfactory progress is being made to complete the Project. In the event that the Government determines that the Grantee is in breach of this Agreement, the Government may withhold its approvals of further funding and suspend drawdown of funds, under the provisions of Section 11 of the Master Agreement, "Right of the Federal Government to Terminate," until any necessary corrective action, which may be required by the Government, is accomplished. Any breach of this Agreement that is not corrected within a reasonable period of time will be a default of this Agreement. The Government in its discretion may permit the cost of such corrective action to be deemed a Project Cost, provided that such cost is an allowable cost under the requirements of Section 9.c of the Master Agreement, "Costs Reimbursed," and so long as it remains within the limits of the Maximum Federal New Starts Financial Contribution set forth in Section 8 of this Agreement, "Limitations of the Federal Funding Commitment."

(c) In the event of a breach of this Agreement by the Grantee and before the Government takes action contemplated by this Section, the Government will provide the Grantee with ninety (90) days written notice that the Government considers that such a breach has occurred and will provide the Grantee a reasonable period of time to respond and to take necessary corrective action.

SECTION 20. CONTENTS OF AGREEMENT

This Full Funding Grant Agreement consists of the text of this Agreement, which includes the first pages setting forth significant characteristics of the Agreement (such as the maximum Federal funds obligated and awarded for expenditure on the Project and the funding ratio of Federal and local funds to be expended for the Project, and such other data), followed by the Terms and Conditions and the Attachments to the Agreement. The Agreement also includes the following documents incorporated by reference and made part of this Agreement: the "Federal Transit Administration Master Agreement," FTA Form MA (19) (October 1, 2012) as may be revised from time to time, the Application, the Government's environmental record for the Project, related agreements, and prior Grant Agreements for the Project referenced in Attachment 5 of this Agreement. Should the Federal assistance award letter include special conditions for the Project, that letter is incorporated by reference and made part of this Agreement. Any inconsistency between the Application and the terms and conditions of this Full Funding Grant Agreement will be resolved according to the clear meaning of the provisions of this Agreement and Attachments hereto.

SECTION 21. SIMULTANEOUS CREATION OF AGREEMENT IN ELECTRONIC FORMAT

Simultaneous to the Award and Execution of this Agreement set forth in typewritten hard copy, the Agreement is being awarded and executed by electronic means through FTA's electronic award and management system. To the extent any discrepancy may arise between the typewritten version and the electronic version of this Agreement, the typewritten version will prevail. Should any special conditions or requirements for the Project be added separately in the electronic version, those conditions or requirements are incorporated by reference and made part of this Agreement.

SECTION 22. AMENDMENTS TO AGREEMENT

Amendments to any of the documents referenced in Section 20, "Contents of Agreement," will be made in accordance with the requirements and procedures set forth in FTA Circular 5010.1D (November 1, 2008), "FTA Grant Management Requirements", as may be amended from time to time, and FTA Circular 5200.1A (December 5, 2002), "Full Funding Grant Agreements Guidance," as may be amended from time to time.

SECTION 23. ATTACHMENTS—INCORPORATION

Each and every Attachment to this Agreement is incorporated by reference and made part of this Agreement.

SECTION 24. NOTICES

Notices required by this Agreement will be addressed as follows:

As to the Government:

Mr. Leslie T. Rogers
Regional Administrator
Federal Transit Administration
201 Mission Street, Suite 1650
San Francisco, CA 94105

As to the Grantee:

Mr. Daniel A. Grabauskas
Executive Director and CEO
Honolulu Authority for Rapid Transportation
1700 Alakea Street, Suite 1700
Honolulu, HI 96813

SECTION 25. APPLICABLE LAW

If neither Federal statute nor Federal common law governs the interpretation of the provisions of this Agreement, the state law of the State of Hawai'i will apply. This provision is intended only to supplement Section 2.c of the Master Agreement, "Application of Federal, State, and Local Laws, Regulations, and Directives."

SECTION 26. AWARD AND EXECUTION OF AGREEMENT

There are several identical counterparts of this Agreement in typewritten hard copy; each counterpart is to be fully signed in writing by the parties and each counterpart is deemed to be an original having identical legal effect. When signed and dated by the authorized official of the Government, this instrument will constitute an Award that should be executed by the Grantee within ninety (90) days of the date of the Government's Award (FTA Award). The Government may withdraw its Award of financial assistance and obligation of funds if this Agreement is not executed within the ninety (90) day period. Upon full Execution of this Agreement by the Grantee, the effective date will be the date the Government awarded funding under this Agreement as set forth below.

THE GOVERNMENT HEREBY AWARDS THIS FULL FUNDING GRANT THIS

19th DAY OF December, 2012

Signature: _____

Peter Rogoff

Federal Transit Administrator

FEDERAL TRANSIT ADMINISTRATION

EXECUTION BY GRANTEE

The Grantee, by executing this Agreement, affirms this FTA Award; adopts and ratifies all statements, representations, warranties, covenants, and materials it has submitted to FTA; consents to this Award; and agrees to all terms and conditions set forth in this Agreement.

THE GRANTEE HEREBY EXECUTES THIS FULL FUNDING GRANT THIS

19th DAY OF December, 2012

Signature: Peter B. Carlisle

Name: Peter B. Carlisle

Title of Official: Mayor

Name of Organization: City and County of Honolulu

ATTESTED BY:

Signature: Daniel A. Grabauskas

Name: Daniel A. Grabauskas

Title of Attesting Official: Executive Director and CEO


Name of Organization: Honolulu Authority for Rapid Transportation

AFFIRMATION OF GRANTEE'S ATTORNEY

As the undersigned Attorney for the Grantee, I affirm to the Grantee that I have examined this Agreement and the proceedings taken by the Grantee relating to it. As a result of this examination I hereby affirm to the Grantee the Execution of the Agreement by the Grantee is duly authorized under state and local law. In addition, I find that in all respects the Execution of this Agreement is due and proper and in accordance with applicable state and local law. Further, in my opinion, this Agreement constitutes a legal and binding obligation of the Grantee in accordance with the terms of the Agreement. Finally, I affirm to the Grantee that, to the best of my knowledge, there is no legislation or litigation pending or imminent that might adversely affect the full implementation of the Project in accordance with the terms thereof, other than the following litigation: Kaleikini v. Yoshioka, et al., Civil No. 11-1-0206-01 GWBC (on appeal SCAP-11-0000611, Supreme Court of the State of Hawaii), filed on January 31, 2011, involving Plaintiff Paulette Ka'anohiokalani Kaleikini and Defendants Wayne Yoshioka, City and County of Honolulu, Honolulu City Council, Peter Carlisle, City and County of Honolulu Department of Transportation Services, City and County of Honolulu Department of Planning and Permitting and various State of Hawaii defendants; HonoluluTraffic.com, et al. v. Federal Transit Administration, et al., Civil No. 11-00307 AWT, United States District Court for the District of Hawaii, filed on May 12, 2011, involving Plaintiffs HonoluluTraffic.com, Cliff Slater, Benjamin J. Cayetano, Walter Heen, Hawaii's Thousand Friends, the Small Business Hawaii Entrepreneurial Education Foundation, Randall W. Roth and Dr. Michael Uechi, and Intervenor Plaintiff Outdoor Circle, and Defendants Federal Transit Administration, Leslie Rogers, Peter Rogoff, United States Department of Transportation, Ray LaHood, City and County of Honolulu and Wayne Yoshioka, and Intervenor Defendants Faith Action for Community Equity, Pacific Resource Partnership and Melvin Uesato; and Bombardier v. Director, Department of Budget and Fiscal Services, et al., Civil No. 11-1-1778-08 (on appeal CAAP-11-0000756, Hawaii Intermediate Court of Appeals), filed August 15, 2011, involving Petitioner-Appellant Bombardier Transportation (Holdings) USA Inc., and Appellees Director, Department of Budget and Fiscal Services, City and County of Honolulu, Ansaldo Honolulu JV, and Department of Commerce and Consumer Affairs, State of Hawaii.

DATED 19th DAY OF December, 2012.

AFFIRMED BY:

Signature: 
Name: Renee R. Sorobe Hong
Title of Official: Acting Corporation Counsel
Name of Organization: City and County of Honolulu

ATTACHMENT 1

City and County of Honolulu Honolulu Rail Transit Project Honolulu, Hawaii

Scope of the Project

The Honolulu Rail Transit Project (the Project) consists of design and construction of a 20-mile, grade-separated fixed rail system from East Kapolei to the Ala Moana Center in Honolulu, Hawaii. The Project begins in East Kapolei, proceeds to the University of Hawaii at West Oahu, then turns east to Pearl Harbor and the Honolulu International Airport, and ends at Kona Street adjacent to the Ala Moana Center. The Project will operate in an exclusive right-of-way and will be elevated except for a 0.6-mile, at-grade section near Leeward Community College. The Project will be powered with third rail electrification.

The Project scope includes 80 light metro fully automated (driverless) rail vehicles and a Maintenance and Storage Facility (MSF) on a 44-acre parcel near Leeward Community College. The MSF includes four buildings, maintenance facilities, a vehicle wash area, storage track, a system control center, and employee parking. The MSF buildings will be designed to meet Leadership in Energy and Environmental Design silver certification requirements.

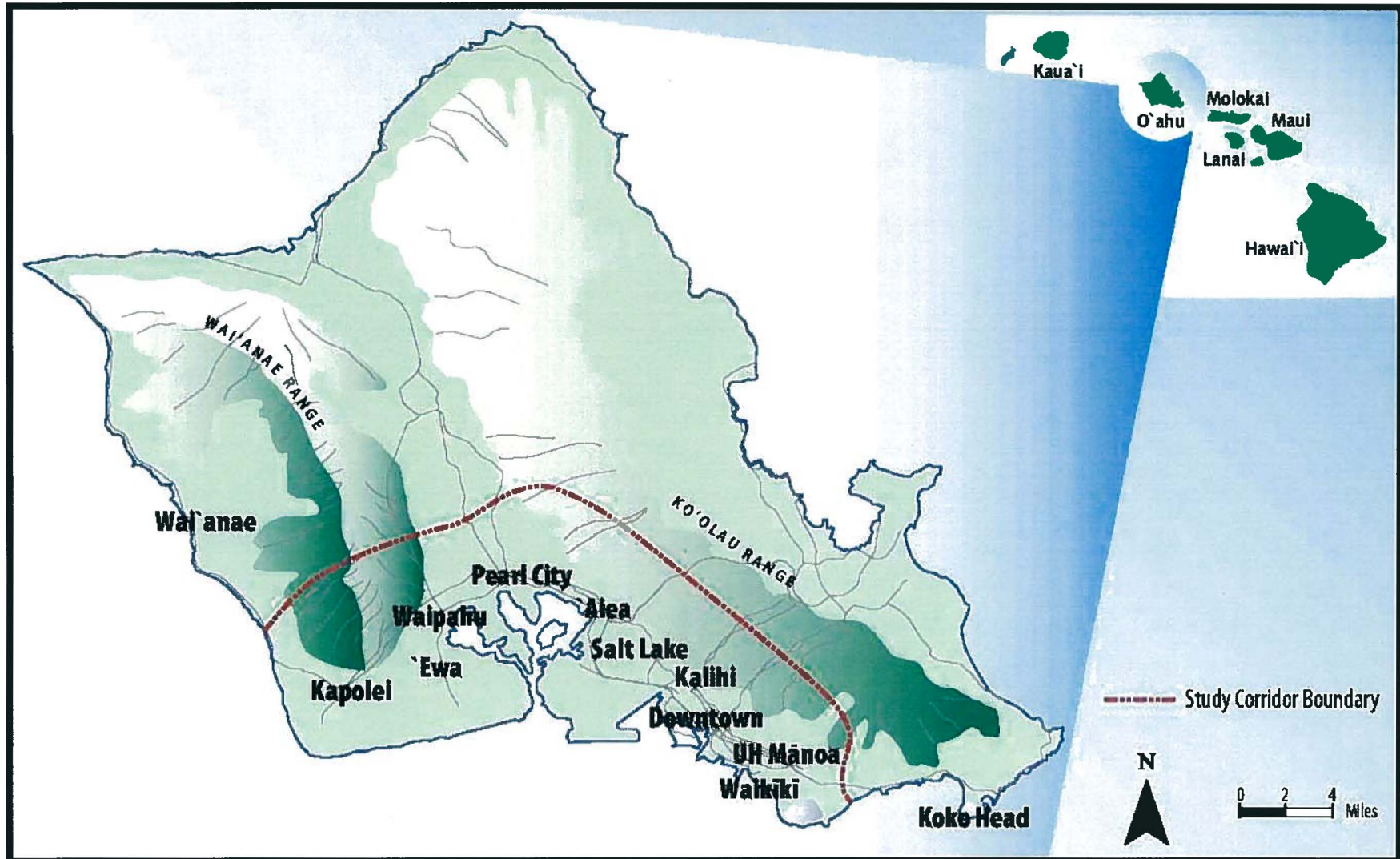
The Project includes 21 stations with passenger canopies, seating areas, and art work. All stations, except for the Leeward Community College Station, are elevated. There are four park-and-ride facilities with 4,100 total spaces. The park-and-ride facility at the Pearl Highlands station will be a parking structure, which includes construction of an access ramp from the H-2 freeway into the parking structure.

The Revenue Service Date for the Project is January 31, 2020. Hours of operation in the opening year will be from 4:00 a.m. to midnight on weekdays. On weekends and holidays, service will run from 6:00 a.m. to midnight. In the opening year, service will operate every three minutes during weekday peak periods, every six minutes during weekday off-peak periods, and every 10 minutes on weekday evenings. On weekends in the opening year, service will operate every six minutes during the day and every 10 minutes in the evenings. In the forecast year of 2030, service will operate every three minutes during weekday peak periods, every five minutes during weekday off-peak periods, and every eight minutes on weekday evenings. On weekends in the forecast year, service will operate every five minutes during the day and every eight minutes in the evenings. Average weekday boardings are projected to be 99,800 in the opening year, and 114,300 in 2030.

Attachment 1A

City and County of Honolulu
Honolulu Rail Transit Project
Honolulu, Hawaii

Project Vicinity Map



Attachment 1B

City and County of Honolulu Honolulu Rail Transit Project Honolulu, Hawaii

Project Location Map



ATTACHMENT 2

City and County of Honolulu Honolulu Rail Transit Project Honolulu, Hawaii

Project Description

Narrative Description:

The Honolulu Rail Transit Project (the Project) consists of design and construction of a grade - separated, 20-mile fixed rail system with 21 stations, a maintenance and storage facility, and 80 light metro automated rail vehicles. The Project extends from East Kapolei to the Ala Moana Center in Honolulu, Hawaii.

Project Description by Standard Cost Category (SCC):

The following provides a description of the Project by Standard Cost Category (SCC). These SCCs are the basis for the Baseline Cost Estimate and for the Baseline Schedule contained in Attachment 3 and Attachment 4, respectively.

SCC Code 10 - Guideway and Track Elements

This SCC includes all elements of trackwork including: procurement, installation, stray current protection, and all structural work. This SCC also includes all civil work for the alignment, including roadway work necessary to construct the guideway. Trackwork includes the furnishing of all rails, ties, fasteners, ballast, concrete, turnouts, switches, and other special trackwork, spare materials, and all construction materials, labor, tools, and supplies.

SCC 10 includes the following applicable subcategories:

- **SCC 10.04 – Guideway: Aerial structure.** The Project consists of about 19.45 miles of elevated guideway. This subcategory includes grading, substructure installation, superstructure erection, and all work elements required for aerial guideway construction.
- **SCC 10.08 – Guideway: Retained cut or fill.** The Project includes approximately 0.6 miles of guideway that is on retained cut or fill near the Leeward Community College.
- **SCC 10.09 – Track: Direct Fixation.** This includes all work associated with all of the rails necessary for the Project. The Project includes direct fixation track for all 19.45 miles on the aerial Guideway.
- **SCC 10.11 – Track: Ballasted.** This includes rails, ties and ballast. The Project includes tie and ballast track for the 0.6 miles of at-grade mainline guideway near Leeward Community College.

- SCC 10.12 – Track: Special (switches, turnouts). This includes switches, turnouts, track crossovers, bumping posts and spares.

SCC Code 20 - Stations, Stops, Terminals, Intermodal Traffic & Operations

This SCC includes improvements associated with the construction of 21 new passenger stations and one park and ride structure. All stations will be ADA compliant. All stations will include platform screen gates for access from the platform to each vehicle door, which is a safety measure to prevent entry into the guideway.

- SCC 20.01 At-grade station, stop, shelter, mall, terminal, platform. This SCC subcategory provides for the construction, purchase, and installation for elements for the at-grade station at Leeward Community College. Also associated with this SCC subcategory for the station are platforms, conduit installation, platform finishes, station canopies, required ramps and/or railings, fencing, signage and pavement markings, benches, and all other elements for the construction and safe operation of the rail transit stations.
- SCC 20.02 Aerial station, stop, shelter, mall, terminal, platform. This SCC subcategory provides for the construction, purchase, and installation for elements for the aerial stations for the Project. Also associated with this SCC subcategory for stations are platforms, conduit installation, platform finishes, station canopies, required ramps and/or railings, fencing, signage and pavement markings, benches, and all other elements for the construction and safe operation of rail transit stations. The stations are as follows:
 - 1) East Kapolei station
 - 2) University of Hawaii West Oahu station
 - 3) Ho`opili station
 - 4) West Loch station
 - 5) Waipahu Transit Center station
 - 6) Pearl Highlands station
 - 7) Pearlridge station
 - 8) Aloha Stadium station
 - 9) Pearl Harbor Naval Base station
 - 10) Honolulu International Airport station
 - 11) Lagoon Drive station
 - 12) Middle Street Transit Center station
 - 13) Kalihi station
 - 14) Kapalama station
 - 15) Iwilei station
 - 16) Chinatown station
 - 17) Downtown station
 - 18) Civic Center station
 - 19) Kaka`ako station
 - 20) Ala Moana station

- SCC 20.06 Automobile parking multi-story structure. This category includes the construction of 1,600 structured park-and-ride spaces at the Pearl Highlands station.
- SCC 20.07 Elevators, escalators. This category includes the elevators and escalators needed for all stations and the park-and-ride structure.

SCC Code 30 – Support Facilities; Yards, Shops, Administration Buildings

This SCC includes design and construction of a Maintenance and Storage Facility (MSF) for the system. The MSF is located on a 44-acre parcel at the former Navy Drum site east of Farrington Highway between Waipahu High School and Leeward Community College on the south side of the alignment.

SCC 30 includes the following subcategories:

- SCC 30.02 Light maintenance facility. This category includes construction of the required maintenance facility, which will also house the wheel truing machine.
- SCC 30.03 Heavy maintenance facility. This category includes construction of the required maintenance facility and procurement of machinery for MSF for heavy overhaul maintenance work. This includes staff offices and welfare facilities; Operation Control Center; vehicle heavy repair, service and inspection, and component change-out tracks; equipment maintenance support shops; and system central stores. This also includes the design and construction of the rail vehicle wash bay, which will be located in a separate building.
- SCC 30.04 Storage or Maintenance of Way Building. This category includes construction of the maintenance of way site as part of the MSF. This includes interior and exterior storage, and parking for maintenance of way vehicles.
- SCC 30.05 Yard and yard track. This category includes the installation of yard tracks, storage tracks and special trackwork at the MSF. This also includes crossings for rubber tired non-revenue vehicle circulation.

SCC Code 40 – Sitework and Special Conditions

This SCC includes all construction materials and labor for:

- SCC 40.01 - Demolition, clearing, and earthwork. This category includes demolition, clearing, earthwork including concrete pavement and sidewalk removal, asphalt pavement removal, grubbing and stripping, ditch drainage improvement, embankment, foundation stabilization material, aggregate base course, and modification to existing sanitary sewer.
- SCC 40.02 - Site utilities and utility relocation. This category includes site utilities and utility relocation activities, including storm water drainage, sanitary sewer, culver placement and extensions, electrical, ductbank, fiber optics, communications, placement of water system service, and street lighting.

- SCC 40.03 Hazardous material, contaminated soil removal/mitigation, ground water treatments. This category includes hazardous material, contaminated soil removal, ground water treatment, and all other hazardous materials, contaminated media and treatments.
- SCC 40.04 Environmental mitigation measures including those measures for wetlands and noise. This category includes all required environmental mitigation work including noise, stormwater, historic and archeological.
- SCC 40.05 Site structures including retaining walls, sounds walls. This category includes retaining walls and parapet walls necessary for sound mitigation.
- SCC 40.06 Pedestrian/bike access and accommodation, landscaping. This category includes irrigation and landscaping at the stations, public art program, fencing, and bike facilities.
- SCC 40.07 Automobile, bus, van accessways including roads and parking lots. This category includes roadway improvements and construction of the park-and-ride facilities. The park-and-ride lots and their estimated capacities are as follows:

Station	Approximate Number of Stalls To Be Built
East Kapolei	900
UH West Oahu	1,000
Aloha Stadium	600

- SCC 40.08 Temporary Facilities and Other Direct Costs During Construction. This includes permits, field offices, mobilization, quality control and material testing, maintenance of traffic, security, all temporary facilities, storm water pollution prevention measures, temporary access to mitigate construction impacts, payment/performance Bond, warranty bond, Contractor's Insurance (not covered by Owner Controlled Insurance Program), construction management and supervision, Safety Plan and Program administration, obligations during warranty period, construction survey and layout, public information, contractor's fee, and System Testing & Certification.

SCC Code 50 – Systems

This SCC provides for the purchase, installation, and construction of all train control, traction power, communications, and fare collection systems required for the Project.

SCC 50 includes the following subcategories:

- SCC 50.01 Train Control and signals. This category includes the purchase, installation and testing of the train control system including wiring, cabling, cases, and spare parts.

- SCC 50.02 Traffic signals, striping and pedestrian crossing controls. This category includes traffic signals at locations necessitated by roadway modifications for the guideway and by the changes in traffic patterns around stations or other fixed project facilities.
- SCC 50.03 Traction power supply: substations. This category includes all components for the traction power system. Included is the purchase, installation, and testing of the traction power distribution system, which is comprised of approximately 14 traction power substations and all necessary poles, mounting brackets, feeder cables, spare parts and power supply.
- SCC 50.04 Traction power distribution: catenary and third rail. This category includes the purchase, installation, and testing for the system-wide third rail power system.
- SCC 50.05 Communications. This category includes the purchase, installation, and testing for the entire communication system, which will include the fiber optic backbone, terminals, displays, computer control hardware and software, central control furnishings, variable message signs, spare parts, radios, public address system, telephone, alarms and provisions for closed circuit television system. It will also include required software, training, and operating manuals.
- SCC 50.06 Fare collection system and equipment. This category includes the purchase, installation and testing of the self-service fare collection equipment, including a minimum of 42 ticket vending machines (TVMs), spare parts, training and technical support. At least two TVMs will be located at each station entrance, and additional TVMs will be located at higher volume stations. Also included is the infrastructure for the addition of future fare gates.
- SCC 50.07 Central control. This category includes the purchase, installation and testing for all components needed for the new rail operations control center and backup operations control center. This includes all necessary components for the automatic train control system that will include automatic train protection, automatic train operation and automatic train supervision subsystems and their means of communication.

SCC Code 60 - Right-of-way, Land, Existing Improvements

This SCC provides for the real property costs for the Project, specifically the temporary or permanent acquisition of or access to all real property required. Real property includes donated, leased, or purchased land, permanent surface and subsurface leases required; associated professional appraisal, acquisition and legal services; demolition; and any costs related to the exercise of eminent domain.

SCC 60 includes the following subcategories:

- SCC 60. 01 - Purchase or lease of real estate. This category includes costs of donated, leased, or purchased lands and associated acquisition, legal, appraisal services, and demolition for approximately 40 full parcel acquisitions and approximately 135 partial acquisitions.

- SCC 60.02 – Relocation of existing households and businesses. This category includes relocation costs and services for approximately 83 existing residential and business relocations.

SCC Code 70 - Vehicles

This SCC provides for the procurement of light metro automated rail vehicles.

- SCC 70.02 - Heavy rail. This category includes the design, manufacture, inspection, delivery, testing and commissioning of 80 new light metro rail vehicles. This category also includes training and associated equipment, as well as training for start-up and warranty provisions.
- SCC 70.06 - Non-revenue vehicles. This category includes procurement of all non-revenue vehicles needed for the project such as maintenance vehicles, high-rail vehicles, and other rail related equipment vehicles.
- SCC 70.07 – Spare parts. This category includes the spare parts, special tools, and manuals for the new light metro vehicles.

SCC Code 80 - Professional Services

This SCC includes all of the professional, technical and management services, intergovernmental agreements and related costs during the preliminary engineering, final design, construction, and start-up phases of the Project.

SCC 80 includes the following subcategories:

- SCC 80.01 - Preliminary Engineering. This category includes the professional services and project administration required to complete preliminary design, engineering and architectural services.
- SCC 80.02 - Final Design. This category includes further design, engineering, and architectural services; compilation of as-built documents; environmental mitigation services; specialty services such as safety and security analyses; value engineering; risk assessment; cost estimating and scheduling; and surveying.
- SCC 80.03 - Project Management for Design and Construction. This category includes the agency staff and professional service consultants providing project management and oversight to the entire project. This includes work performed by agency staff, including assembling information, conducting analyses, and preparing the Before and After Study.
- SCC 80.04 - Construction Administration and Management. This category includes the agency staff and professional service consultants contracted for construction inspection; field engineering; design support coordination; project scheduling and construction coordination; safety certification; change order processing; preparation of independent cost estimates; field verification and testing; systems integration and testing, and; other activities required in support of the Project.

- SCC 80.05 – Insurance. This provides for Owner-provided insurance to provide insurance coverage for project related activities. The insurance will provide the owner, contractor/sub-contractor, and consultant/sub-consultant with Worker's Compensation, Environmental Liability, Employers Liability, Commercial General Liability, Professional Liability, Builder's Risk, Excess Liability Coverage, and Railroad Protective Insurance. Some of these coverages may be consolidated further into an Owner Controlled Insurance Program.
- SCC 80.06 - Legal, Permits, Review Fees. This category includes the cost of legal and negotiation services for the project, the cost of permits, and required reviews by government agencies.
- SCC 80.07 - Surveys, Testing, Investigation, Inspection. This category includes the cost of survey and geological investigation and testing, which includes hazardous material research and investigation, voluntary investigation and clean-up program support, contamination remediation oversight, construction testing, and vibration testing.
- SCC 80.08 - Start-up. This category includes the agency staff and professional service consultants providing support to begin revenue operations.

SCC Code 90 - Unallocated Contingency

This SCC represents the entire unallocated contingency for the Project. It provides a funding source to cover unknown but anticipated additional project execution costs and uncertainty due to risk factors such as unresolved design issues, market fluctuations, unanticipated site conditions and change orders. It also covers unforeseen expenses and variances between estimates and actual costs. Contingency will be managed over the life of the Project in accordance with the project Risk and Contingency Management Plan.

SCC Code 100 - Finance Charges

This SCC includes finance charges expected to be paid by the project sponsor/grantee prior to either the completion of the project or the fulfillment of the New Starts funding commitment, whichever occurs later in time. It also includes interim borrowing to Project cash flow and interest on bond issues for local match net of interest earnings.

ATTACHMENT 3

**City and County of Honolulu
Honolulu Rail Transit Project
Honolulu, Hawaii**

Baseline Cost Estimate

Table 1 – BCE by Standard Cost Category

<i>Applicable Line Items Only</i>		YOE Dollars Total
10 GUIDEWAY & TRACK ELEMENTS (20.05 route miles)		\$1,275,328,962
10.04	Guideway: Aerial structure	\$1,175,328,184
10.08	Guideway: Retained cut or fill	\$8,077,393
10.09	Track: Direct fixation	\$86,332,027
10.11	Track: Ballasted	\$3,550,634
10.12	Track: Special (switches, turnouts)	\$2,040,724
20 STATIONS, STOPS, TERMINALS, INTERMODAL (21 stations)		\$506,165,689
20.01	At-grade station, stop, shelter, mall, terminal, platform	\$7,333,599
20.02	Aerial station, stop, shelter, mall, terminal, platform	\$353,476,148
20.06	Automobile parking multi-story structure	\$79,690,518
20.07	Elevators, escalators	\$65,665,424
30 SUPPORT FACILITIES: YARDS, SHOPS, ADMIN. BLDGS		\$99,425,456
30.02	Light Maintenance Facility	\$8,161,279
30.03	Heavy Maintenance Facility	\$40,906,889
30.04	Storage or Maintenance of Way Building	\$8,382,270
30.05	Yard and Yard Track	\$41,975,018
40 SITEWORK & SPECIAL CONDITIONS		\$1,103,867,264
40.01	Demolition, Clearing, Earthwork	\$34,695,802
40.02	Site Utilities, Utility Relocation	\$350,694,801
40.03	Haz. mat'l, contam'd soil removal/mitigation, ground water treatments	\$7,228,935
40.04	Environmental mitigation, e.g. wetlands, historic/archeologic, parks	\$30,841,906
40.05	Site structures including retaining walls, sound walls	\$8,637,582
40.06	Pedestrian / bike access and accommodation, landscaping	\$48,262,816
40.07	Automobile, bus, van accessways including roads, parking lots	\$212,536,181
40.08	Temporary Facilities and other indirect costs during construction	\$410,969,241
50 SYSTEMS		\$247,460,782
50.01	Train control and signals	\$91,492,532
50.02	Traffic signals and crossing protection	\$12,524,011
50.03	Traction power supply: substations	\$32,873,934
50.04	Traction power distribution: catenary and third rail	\$36,426,287
50.05	Communications	\$59,889,234
50.06	Fare collection system and equipment	\$10,221,753
50.07	Central Control	\$4,033,031
Construction Subtotal (10 - 50)		\$3,232,248,153
60 ROW, LAND, EXISTING IMPROVEMENTS		\$222,188,385
60.01	Purchase or lease of real estate	\$201,658,907
60.02	Relocation of existing households and businesses	\$20,529,478
70 VEHICLES (80)		\$208,501,186
70.02	Heavy Rail	\$186,061,066
70.06	Non-revenue vehicles	\$16,011,166
70.07	Spare parts	\$6,428,954

Table 1 – BCE by Standard Cost Category

<i>Applicable Line Items Only</i>		YOE Dollars Total
80 PROFESSIONAL SERVICES (applies to Cats. 10-50)		\$1,183,826,026
80.01	Preliminary Engineering	\$95,120,484
80.02	Final Design	\$257,934,908
80.03	Project Management for Design and Construction	\$385,825,694
80.04	Construction Administration & Management	\$218,155,752
80.05	Professional Liability and other Non-Construction Insurance	\$52,138,030
80.06	Legal; Permits; Review Fees by other agencies, cities, etc.	\$76,135,125
80.07	Surveys, Testing, Investigation, Inspection	\$24,955,327
80.08	Start up	\$73,560,706
Subtotal (10 - 80)		\$4,846,763,750
90 UNALLOCATED CONTINGENCY		\$101,871,170
Subtotal (10 - 90)		\$4,948,634,920
100 FINANCE CHARGES		\$173,058,243
Total Project Cost (10 - 100)		\$5,121,693,163

ATTACHMENT 3

**City and County of Honolulu
Honolulu Rail Transit Project
Honolulu, Hawaii**

Baseline Cost Estimate

Table 2 – Inflated Cost to Year of Expenditure

STANDARD COST CATEGORY DESCRIPTION	Base Year Dollars without Contingency	Base Year Dollars Allocated Contingency	Base Year Dollars TOTAL	Inflation Factor	YOE Dollars TOTAL
10 GUIDEWAY & TRACK ELEMENTS (20.05)	\$955,496,569	\$136,579,877	\$1,092,076,446	1.1678	\$1,275,328,962
20 STATIONS, STOPS, TERMINALS, INTERMODAL (21 station)	\$351,187,519	\$70,237,503	\$421,425,022	1.2011	\$506,165,689
30 SUPPORT FACILITIES: YARDS, SHOPS, ADMIN. BLDGS	\$85,010,215	\$6,326,082	\$91,336,297	1.0886	\$99,425,456
40 SITEWORK & SPECIAL CONDITIONS	\$891,846,429	\$108,839,062	\$1,000,685,491	1.1031	\$1,103,867,264
50 SYSTEMS	\$188,203,803	\$22,162,982	\$210,366,785	1.1763	\$247,460,782
60 ROW, LAND, EXISTING IMPROVEMENTS	\$180,326,879	\$22,430,533	\$202,757,412	1.0958	\$222,188,385
70 VEHICLES (80)	\$159,603,422	\$18,513,997	\$178,117,419	1.1706	\$208,501,186
80 PROFESSIONAL SERVICES (applies to Cats. 10-50)	\$1,024,626,813	\$85,752,595	\$1,110,379,408	1.0661	\$1,183,826,026
90 UNALLOCATED CONTINGENCY			\$88,666,000	1.1489	\$101,871,170
100 FINANCE CHARGES			\$140,596,098	1.2309	\$173,058,243
Total Project Cost (10 - 100)	\$3,836,301,649	\$470,842,631	\$4,536,406,378	1.1290	\$5,121,693,163

ATTACHMENT 3

City and County of Honolulu Honolulu Rail Transit Project Honolulu, Hawaii

Baseline Cost Estimate

Table 3 – BCE by Source of Funding

		Total Project Cost in YOE Dollars	Federal 5309 New Starts	Federal Other (Section 5307)	Federal Other (ARRA)	Local
10	GUIDEWAY & TRACK ELEMENTS (20.05 miles)	\$1,275,328,962	\$385,546,858	\$54,095,024	\$0	\$835,687,080
20	STATIONS, STOPS, TERMINALS, INTERMODAL (21 stations)	\$506,165,689	\$153,019,806	\$21,469,790	\$0	\$331,676,093
30	SUPPORT FACILITIES: YARDS, SHOPS, ADMIN. BLDGS	\$99,425,456	\$30,057,478	\$4,217,282	\$0	\$65,150,696
40	SITework & SPECIAL CONDITIONS	\$1,103,867,264	\$333,711,982	\$46,822,214	\$0	\$723,333,068
50	SYSTEMS	\$247,460,782	\$74,810,288	\$10,496,428	\$0	\$162,154,066
60	ROW, LAND, EXISTING IMPROVEMENTS	\$222,188,385	\$67,170,147	\$9,424,459	\$0	\$145,593,779
70	VEHICLES (80)	\$208,501,186	\$63,032,347	\$8,843,896	\$0	\$136,624,943
80	PROFESSIONAL SERVICES (applies to Cats. 10-50)	\$1,183,826,026	\$356,607,499	\$50,213,787	\$4,000,000	\$773,004,740
90	UNALLOCATED CONTINGENCY	\$101,871,170	\$30,796,846	\$4,321,021	\$0	\$66,753,303
100	FINANCE CHARGES	\$173,058,243	\$55,246,749	\$0	\$0	\$117,811,494
Total Project Cost (10 - 100)		\$5,121,693,163	\$1,550,000,000	\$209,903,901	\$4,000,000	\$3,357,789,262

Sources of Federal Funding and Matching Share Ratios	Costs Attributed to Source of Funds	All Federal Funds	Federal/Local Matching Ratio within Source	Local Funds
Federal 5309 New Starts	\$4,855,313,286	\$1,550,000,000	32/68	\$3,305,313,286
Federal Other (Section 5307)	\$262,379,877	\$209,903,901	80/20	\$52,475,976
Federal Other (ARRA)	\$4,000,000	\$4,000,000	100/0	0
Total	\$5,121,693,163	\$1,763,903,901		\$3,357,789,262
Overall Federal Share of Project		34%		
New Starts Share of Project		30%		

ATTACHMENT 3A

**City and County of Honolulu
Honolulu Rail Transit Project
Honolulu, Hawaii**

Project Budget

Scope Code	Scope and Activity Line Item Descriptions	Qty	Total Federal %	Federal 5309 New Starts			Federal Other (Section 5307)		
				Federal	Local	Total	Federal	Local	Total
10	GUIDEWAY & TRACK ELEMENTS	20.05	34%	\$385,546,858	\$822,163,324	\$1,207,710,182	\$54,095,024	\$13,523,756	\$67,618,780
20	STATIONS, STOPS, TERMINALS, INTERMODAL	21	34%	\$153,019,806	\$326,308,645	\$479,328,451	\$21,469,790	\$5,367,448	\$26,837,238
30	SUPPORT FACILITIES, YARDS, SHOPS, ADMIN. BLDGS.		34%	\$30,057,478	\$64,096,375	\$94,153,853	\$4,217,282	\$1,054,321	\$5,271,603
40	SITWORK & SPECIAL CONDITIONS		34%	\$333,711,982	\$711,627,514	\$1,045,339,496	\$46,822,214	\$11,705,554	\$58,527,768
50	SYSTEMS		34%	\$74,810,288	\$159,529,960	\$234,340,248	\$10,496,428	\$2,624,106	\$13,120,534
60	ROW, LAND, EXISTING IMPROVEMENTS		34%	\$67,170,147	\$143,237,664	\$210,407,811	\$9,424,459	\$2,356,115	\$11,780,574
70	VEHICLES	80	34%	\$63,032,347	\$134,413,969	\$197,446,316	\$8,843,896	\$2,210,974	\$11,054,870
80	PROFESSIONAL SERVICES		35%	\$356,607,499	\$760,451,293	\$1,117,058,792	\$50,213,787	\$12,553,447	\$62,767,234
90	UNALLOCATED CONTINGENCY		34%	\$30,796,846	\$65,673,048	\$96,469,894	\$4,321,021	\$1,080,255	\$5,401,276
100	FINANCE CHARGES		32%	\$55,246,749	\$117,811,494	\$173,058,243	\$0	\$0	\$0
Total Project Cost (10 - 100)			34%	\$1,550,000,000	\$3,305,313,286	\$4,855,313,286	\$209,903,901	\$52,475,976	\$262,379,877

ATTACHMENT 3A**City and County of Honolulu
Honolulu Rail Transit Project
Honolulu, Hawaii****Project Budget (Continued)**

Scope Code	Scope and Activity Line Item Descriptions	Qty	Total Federal %	Federal Other (ARRA)			Total Project Cost in YOE Dollars		
				Federal	Local	Total	Federal	Local	Total
10	GUIDEWAY & TRACK ELEMENTS	20.05	34%	\$0	\$0	\$0	\$439,641,882	\$835,687,080	\$1,275,328,962
20	STATIONS, STOPS, TERMINALS, INTERMODAL	21	34%	\$0	\$0	\$0	\$174,489,596	\$331,676,093	\$506,165,689
30	SUPPORT FACILITIES, YARDS, SHOPS, ADMIN. BLDGS.		34%	\$0	\$0	\$0	\$34,274,760	\$65,150,696	\$99,425,456
40	SITework & SPECIAL CONDITIONS		34%	\$0	\$0	\$0	\$380,534,196	\$723,333,068	\$1,103,867,264
50	SYSTEMS		34%	\$0	\$0	\$0	\$85,306,716	\$162,154,066	\$247,460,782
60	ROW, LAND, EXISTING IMPROVEMENTS		34%	\$0	\$0	\$0	\$76,594,606	\$145,593,779	\$222,188,385
70	VEHICLES	80	34%	\$0	\$0	\$0	\$71,876,243	\$136,624,943	\$208,501,186
80	PROFESSIONAL SERVICES		35%	\$4,000,000	\$0	\$4,000,000	\$410,821,286	\$773,004,740	\$1,183,826,026
90	UNALLOCATED CONTINGENCY		34%	\$0	\$0	\$0	\$35,117,867	\$66,753,303	\$101,871,170
100	FINANCE CHARGES		32%	\$0	\$0	\$0	\$55,246,749	\$117,811,494	\$173,058,243
Total Project Cost (10 - 100)			34%	\$4,000,000	\$0	\$4,000,000	\$1,763,903,901	\$3,357,789,262	\$5,121,693,163

ATTACHMENT 4

**City and County of Honolulu
Honolulu Rail Transit Project
Honolulu, Hawaii**

Schedule

[illegible]

ATTACHMENT 5

City and County of Honolulu Honolulu Rail Transit Project Honolulu, Hawaii

Prior Grants and Related Documents

Section I. Prior Grants (not included in the FFGA)

<u>Grant Number</u>	<u>Obligation Date</u>	<u>Federal Amount</u>	<u>Funding Source</u>	<u>Purpose</u>
None				

Section II. Related Documents

<u>Milestone</u>	<u>Date</u>
1. City ordinance adopting the Locally Preferred Alternative	January 6, 2007
2. Locally Preferred Alternative adopted in the Oahu Metropolitan Planning Organization's 2030 Long Range Transportation Plan	May 4, 2007
3. Draft Environmental Impact Statement (EIS)	October 29, 2008
4. Entry into Preliminary Engineering	October 16, 2009
5. Final EIS	June 14, 2010
6. Record of Decision	January 18, 2011
7. Letter of No Prejudice (LONP) for Final Design activities	May 24, 2011
8. Entry into Final Design	December 29, 2011
9. LONP for early construction activities	February 6, 2012
10. LONP for pre-cast yard activities	May 17, 2012

Section III. FFGA Grant History (Grants Under the FFGA)

<u>Grant Number</u>	<u>Obligation Date</u>	<u>Federal Amount</u>	<u>Funding Source</u>	<u>Purpose</u>
HI96X001	08/14/09	\$ 4,000,000	ARRA	PE/ FEIS
HI-03-0047-00	09/23/10	\$34,990,000	5309 New Starts	PE/ FEIS
HI-03-0047-01	07/01/11	\$30,000,000	5309 New Starts	PE/ FEIS

Total FFGA Grants \$68,990,000

ATTACHMENT 6

City and County of Honolulu Honolulu Rail Transit Project Honolulu, Hawaii

Section 20008 of the Moving Ahead for Progress in the 21st Century Act (Pub. L. 112-141: July 6, 2012) ("MAP-21") authorizes FTA to award Federal major capital investment (New Starts) funds for final design and construction of the Honolulu Rail Transit Project (the Project). In accordance with Federal transit law at 49 U.S.C. Chapter 53 and FTA Circular 5200.1A, Full Funding Grant Agreements Guidance (December 5, 2002), by the execution of this Agreement the Government is limiting its commitment to provide New Starts funding for the Project to those funds that have been or may be appropriated during the term of MAP-21 and subsequent authorizations. The Government and the Grantee recognize, however, that the period of time necessary to complete the Project will extend beyond MAP-21, as evidenced by Attachment 4 of this Agreement (Baseline Schedule).

Moreover, the Government has previously awarded American Recovery and Reinvestment Act (ARRA) funds for the Project.

Currently, the Government and the Grantee anticipate that the New Starts funds and Section 5307 funds will be provided for the Project as follows:

**Proposed Schedule of Federal Funds
(Based on Year of Appropriation)**

Fiscal Year	Federal			Local (1)	Total
	ARRA Funds	Section 5309 New Starts Funds	Section 5307 Formula Funds		
2012 and Prior	\$4,000,000	\$319,990,000	-	\$616,751,367	\$940,741,367
2013	-	\$250,000,000	\$32,941,432	\$538,610,806	\$821,552,238
2014	-	\$250,000,000	\$33,733,543	\$540,118,678	\$823,852,221
2015	-	\$250,000,000	\$34,543,557	\$541,660,631	\$826,204,188
2016	-	\$250,000,000	\$35,373,020	\$543,239,607	\$828,612,627
2017	-	\$230,010,000	\$36,221,856	\$506,802,251	\$773,034,107
2018	-	-	\$37,090,493	\$70,605,921	\$107,696,414
Total	\$4,000,000	\$1,550,000,000	\$209,903,901	\$3,357,789,262	\$5,121,693,163

(1) Source of local funding is: local General Excise and Use Tax Surcharge revenues dedicated to the Project.

ATTACHMENT 7

City and County of Honolulu Honolulu Rail Transit Project Honolulu, Hawaii

Measures to Mitigate Environmental Impacts

The environmental record for the Project includes the following documents:

1. *Honolulu High-Capacity Transit Corridor Project(HHCTCP) Final Environmental Impact Statement/Section 4(f) Evaluation* signed by Federal Transit Administration (FTA) on June 14, 2010
2. *Section 106 Programmatic Agreement Among the US Department of Transportation FTA, the Hawaii State Historic Preservation Officer, the United States Navy, and the Advisory Council on Historic Preservation regarding the HHCTCP in the City and County of Honolulu, Hawaii* signed by FTA on January 11, 2011 and State Historic Preservation Officer on January 13, 2011
3. *Record of Decision on the HHCTCP in Metropolitan Honolulu, Hawaii by the Federal Transit Administration (ROD)* signed by FTA on January 18, 2011

The mitigation measures and other project features that reduce adverse impacts, to which FTA and City and County of Honolulu committed in the environmental record, may not be eliminated from the Project, except by FTA's written consent in accordance with applicable laws and regulations. City and County of Honolulu's Honolulu Authority for Rapid Transportation, transmitted to FTA the *Mitigation Monitoring Program (MMP) for Project Management Oversight of Environmental and Related Commitments in the Final Environmental Impact Statement (Final EIS), Record of Decision (ROD), and Section 106 Programmatic Agreement (PA)*, March 15, 2012. The MMP includes a table of 211 mitigation measures and a compliance monitoring manual. The purpose of the MMP is to facilitate monitoring the implementation of the mitigation measures during final design and construction. The MMP, and periodic revisions to update the implementation status of the mitigation measures, is incorporated herein by reference.

ATTACHMENT 8

City and County of Honolulu Honolulu Rail Transit Project Honolulu, Hawaii

Implementation of a “Before and After Study”

The City and County of Honolulu’s Honolulu Authority for Rapid Transportation (HART) will assemble information and conduct analyses of pre- and post- project performance related to the Honolulu Rail Transit Project (the Project) in terms of its cost and impacts, evaluate the reliability of technical methods used during the planning and development of the Project, and identify potential useful improvements to those methods. Specifically, the study addresses the following requirements:

I. Required Information

HART will collect data and assemble information on six key characteristics of the Project and its associated transit services:

- a. Physical Project Scope: the physical components of the Project, including environmental mitigation;
- b. Service Levels: the operating characteristics of the rail system and bus service in the corridor, and in the overall system;
- c. Capital Costs: total costs of construction, vehicles, engineering, management, testing, land acquisition, and other capital expenses;
- d. Operation and Maintenance Costs: incremental operating/maintenance costs of the Project and the transit system; and
- e. Ridership and Ridership Patterns: incremental ridership, origin/destination patterns of transit riders on the Project, wait and trip time for passengers, passenger surveys and incremental farebox revenues for the transit system, descriptions of surrounding conditions, assumptions made about those conditions and how they affect forecasts. For examples, conditions may include housing prices, traffic volumes, Transit Oriented Development, population, employment and inter-local agreements.
- f. Revenues: farebox revenue forecasts and actual revenues.

II. Milestones

HART will assemble those data items that are available at a series of four key milestones in the development and operation of the Project:

- a. Milestone 1 Planning and Project Development Predictions (November 2009): the predictions developed for the six characteristics of the Project that coincided with the Preliminary Engineering phase with data from the *Honolulu High-Capacity Transit Corridor Project Environmental Impact Statement/Section 4(f) Evaluation* and associated technical documents.
- b. Milestone II Planning and Project Development Predictions Update (September 2011): included the update of predictions documented in Milestone I based on changes at the conclusion of Preliminary Engineering and information in the Record of Decision.

- c. Milestone III Before Conditions: will be submitted after the updated on-board survey is completed and during construction of Phase 1.
- d. Milestone IV: The After/Actual Conditions: the actual outcomes for the six characteristics of the Project two years after the opening of the Project to revenue service and associated adjustments to other transit services in the corridor.

III. Plan for Data Assembly and Analysis

HART has prepared a detailed work plan that describes the technical activities and steps that will be taken to assemble the required information described above and conduct assessments of the actual results of the Project and the accuracy of predictions of those results. Milestone I and Milestone II reports have also been prepared. FTA has reviewed and approved the work plan and the milestone reports, which is incorporated by reference.

Chapter 4: RISKS AND UNCERTAINTIES

The preceding chapters presented the financial plan with baseline assumptions for revenues and costs. This chapter discusses the risks and uncertainties around many of the key assumptions, and presents the results of several capital and operating stress tests. The detailed cash flows summarizing the results of the stress tests are included in Attachment B.

CAPITAL PLAN

CAPITAL COST RISKS

Risks and uncertainties related to the Project capital cost estimate are mostly related to inflationary and schedule risks as further described below. Market risks are reduced on already awarded contracts that make up 41 percent of the Project capital cost estimate in YOE dollars (without contingency). These include the design-build contracts awarded for the West O'ahu-Farrington Highway Guideway; the Kamehameha Highway Guideway; the Maintenance Storage Facility and Yard; and the design-build portion of the Core Systems DBOM Contract. Additionally, other contract awards include engineering service agreements with utility companies for Sections I and II (partial); design of the Farrington Highway station group; and design of the Airport section guideway and utilities. The remainder of the capital cost not covered by these contracts reflects a "bottom-up" cost estimate.

Inflation

As described in Chapter 2, Project construction costs have been escalated using individual cost component rates which vary according to demand and supply at a global, regional, and local level. In general, commodity prices tend to be more sensitive to global economic pressures with some construction cost components being more volatile than others. Steel prices increased slightly in 2011, fueled mainly by increases in production capacity utilization. Other commodity components (concrete and other materials) might be subject to similar fluctuations in prices and could have similar impact of increasing Project costs.

The majority of labor contracts are due to be renegotiated in FY2013 and FY2018, at which point labor prices could increase or decrease based on the availability of labor and the level of construction activity. Furthermore, the escalation rates for labor might be somewhat different if a labor agreement is signed for the Project, since it would lock in labor contracts throughout the construction period.

The total contingency included in the Project cost estimate is approximately 15 percent of the total base-year cost without contingencies, or approximately \$560 million in 2012 dollars or \$644 million in YOE dollars. The level of contingency reflects some cushion for potential cost escalation, within a reasonable level of probability.

Project Schedule

As part of the Project's ongoing risk management program and FTA's risk assessment process, the City has identified several Project activities that pose potential risks to the critical path of the Project. As with many projects of similar scope and size, the most significant schedule risks involve the timing of design and construction NTP; permitting delays; delays in acquisition of right-of-way; and late delivery or acceptance of design submittals.

The Project's master schedule has been developed in close coordination with FTA, and reflects input on the baseline assumption of executing an FFGA by October 2012. Any potential shift in the FFGA date beyond the expiration date of the LONP (issued in February 2012) could impact the Project construction schedule, although it is likely that the City would be able to implement schedule mitigation measures to reduce such an impact. The probability of risks associated with potential schedule delays has been

included in the Project's risk register, and therefore is also reflected in the amount of contingency included in the Project budget.

Interest Rates and Municipal Market Uncertainties

As in any capital project requiring the issuance of debt, the Project is subject to uncertainty associated with fluctuations in interest rates. Variations in interest rates could affect the interest earned on cash balances and the interest paid on any outstanding debt, as well as the size of the debt requirements to finance the Project. Variations in interest rates could also influence the level of working capital and the ability to both operate existing service and undertake new initiatives.

Fluctuations in interest rates are influenced by a number of factors, including the credit rating of the bond issuer (the City) and other external factors that are not directly under the control of the City, such as market risks.

The financial plan assumes that the City will utilize GO bonds and short-term construction financing. Each of these tools are currently available to the City and have been structured in the financial plan to conform to provisions of the Hawai'i Constitution. The interest rates assumed for each type of debt instrument are similar to the interest rates that are available for comparable maturities in today's market. These rates were adjusted upward by 50 basis points for bonds issued between FY2016 and FY2019 to account for potential future interest rate increases.

Credit Rating

This financial plan assumes that Project-related debt will not impact the credit quality of the City because the forecasted Project revenues are sufficient to fund all Project-related debt service. The cost of borrowing could increase if the City's credit rating were negatively impacted.

CAPITAL REVENUE RISKS

GET Surcharge Revenue

The primary source of non-Federal funding for the Project is the net GET Surcharge revenues. The amount of total GET Surcharge revenues depends on a variety of underlying economic factors outside of the City's control that may result in a higher or lower collection rate than the one currently used in this financial plan. Nonetheless, several mitigating factors are important to consider for the outlook in GET Surcharge revenues:

- Inflation plays an important role in forecasting GET Surcharge revenues, as this source of funds is highly dependent on local prices. Higher general inflation in the post-construction years could increase GET Surcharge revenues without affecting Project capital costs.
- Unlike most sales taxes, the GET Surcharge has the benefit of being levied on a broad range of business activities including both goods and services. This diversification is usually seen positively by economists and the investment community and is usually associated with greater stability.

FTA Funding: Section 5307 Formula; Section 5309 New Starts, FGM, and Bus Capital

The Project assumes Federal funding participation through the Section 5307 Urbanized Area program; and Section 5309 New Starts, FGM, and Bus Capital programs. Federal legislation that authorizes these programs (Safe Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users) was scheduled to expire at the end of September 2009, but has been extended until June 30, 2012. While these programs have been in place for many years, through several authorization cycles, there is a possibility that Congress will change direction in the next authorization cycle. Congress could increase or decrease the amount of funds available, impose new rules on project eligibility, and/or revise the criteria used to evaluate potential projects.

U.S. Department of Transportation's FY 2013 budget proposal includes increasing levels of funding available for transit projects; including \$2.2 billion of funds for "Transit Expansion and Livable Communities" projects, which would include the New Starts program. While it is unlikely that these exact amounts will be enacted by Congress, the budget proposal signals a strong commitment from the Administration to the New Starts program.

The timing of New Starts funding is also subject to appropriation uncertainties. The total amount of the FTA contribution will be specified in an FFGA between FTA and the City. The FFGA will also identify the amounts to be made available each year, subject to annual appropriations legislation. History has shown that Congress ultimately honors and appropriates the full amount of New Starts funds awarded in an FFGA. Congress could extend the funding period for the Project by stretching out the annual appropriations. Any delay or significant decrease in the annual New Starts appropriation amounts could necessitate additional borrowing or schedule delays, potentially increasing the Project's capital cost.

In the event of delays in FFGA funds, the City could consider issuing debt that would be secured with FFGA revenues, referred to as grant anticipation notes. These notes would allow the City to leverage future FFGA revenues before they are appropriated, and any appropriation risk would be factored into the interest rate. This could help minimize the potential impacts of any delays in FFGA appropriations on the financial plan.

CAPITAL PLAN SENSITIVITY ANALYSES

Sensitivity analyses were run to assess the City's capacity to cover unexpected cost increases or revenue shortfalls. This section presents the results of a potential increase in Project capital cost, and a reduction in the growth rate in net GET Surcharge revenues.

The City has developed a risk management plan and is committed to enacting cost containment measures as a primary tool to maintain the Project's capital cost within the established budget. If needed, the City also has various strategies to mitigate these downside risks using mechanisms that are currently in place, including additional debt capacity available to the City through the issuance of GO debt backed by excess Project revenues. This would result in a reduction in the amount deposited to the Project reserve fund or earlier release of those funds. As a last source of mitigation, the City could also utilize its existing TECP program for short-term financing needs. Other potential mitigating strategies that could be utilized by the City include value capture mechanisms, advertising and parking revenues, and extending the GET Surcharge revenues (although this would require legislative amendment).

Scenario 1 – 10 Percent Project Capital Cost Overrun

This scenario illustrates the impact of a 10 percent overrun in the Project's capital cost (SCCs 10 – 90) starting in FY2014, over and above the 15 percent contingency of \$644 million in YOE dollars that is already included in the base cost. The basis of this assumption is that any costs incurred through FY2013 are actual expenditures; or potential changes that are already known and have been accounted for in the contingency level of the Baseline Cost Estimate. The total capital cost impact of this scenario, including additional financing costs, is an additional \$416 million in YOE dollars.

Under this scenario the City would still deposit \$139 million from the FY2014 debt issuance in a Project reserve fund. Starting in FY2015, these reserve funds would be released to pay for 50 percent of the increase in Project capital cost each year. The City would also issue additional GO bonds on an annual basis from FY2014 to FY2020 to fund the remaining 50 percent of the increase in Project capital cost.

As in the Base Case, this scenario assumes that the City would use \$100 million in the existing TECP capacity on a 270-day revolving basis for the years FY2014 to FY2018. During this period the City would still have access to an additional \$350 million in TECP capacity that has already been authorized. After FY2018, when the \$100 million in TECP capacity is no longer needed to finance Project construction, the City would have access to the \$450 million in authorized TECP capacity.

Under this scenario the Project's cash flow would still exhibit a positive cash balance in each year until FY2020. From FY2021 through FY2023, the City would use its TECP capacity or other resources to fund approximately \$223 million in outstanding debt service obligations. If TECP is used, the City would still have approximately \$227 million of available TECP capacity out of the \$450 million that is currently authorized. It is important to note that under this scenario the City would not need to access the TECP program until FY2021, which is well after the last year in which the City uses the \$100 million on a revolving basis during the construction period. At the end of FY2023, the City would not transfer any GET Surcharge funds to rail O&M or ongoing capital needs.

Table 4-1 summarizes the results of this stress test scenario, including the amount of the projected cost increases that is absorbed by the Project reserve fund, and the amount that is absorbed by the TECP or other resources through FY2023.

**Table 4-1. Summary of Stress Test Results for Capital Plan Sensitivity
Scenario 1**

Total Capital Cost Impact of Stress Test (including Financing)	\$416M
Cost Increase Absorbed by Project Cash Balance and Reserve Fund	\$193M
Cost Increase Absorbed by TECP/Other Resources	\$223M

At this time, the City expects to use TECP capacity for any additional funding requirements generated by this stress test scenario. This scenario has a forecasted need for \$223 million in TECP which is less than half the \$450 million TECP program currently authorized by the City Council. GO bond funds are currently used to refund TECP. However, since the stress test scenario identifies that additional funding capacity would not be needed until at least FY2021, the City Department of Budget and Fiscal Services would work with HART to determine the most cost-effective option for funding the \$223 million based on prevailing market conditions and the financing tools available to the City at that point in time. HART has committed to reimburse the General Fund for any outstanding principal, interest or issuance costs associated with the TECP. The detailed capital plan cash flow tables for this scenario are presented in Table B-1 of Attachment B.

Scenario 2 – Lower Net GET Surcharge Growth

The second stress test scenario examines the impact of a potential reduction in net GET Surcharge growth in future years. This scenario assumes that net GET Surcharge revenues will grow at a lower rate that correlates to a Congressional Budget Office (CBO) forecast for the U.S. gross domestic product (GDP). This scenario assumes a 4.3 percent annual growth in net GET Surcharge revenues, as opposed to 5.04 percent annual growth in the Base Case, which results in a reduction of net GET Surcharge revenues of \$123 million between FY2013 and FY2023.

The reduced growth rate of 4.3 percent was derived by calculating the historical difference in growth between the State of Hawai'i's (State's) 4 percent GET revenues and the U.S. GDP, and applying that difference to the CBO's forecast of U.S. GDP. The CAGR for the historical FY1981 to FY2010 revenues from the State's 4 percent GET is 5.04 percent. The FY1981 to FY2010 historical growth in U.S. GDP was derived from the Bureau of Economic Analysis, resulting in a CAGR of 5.6 percent. Finally, the CAGR was calculated for the FY2012 to FY2023 U.S. GDP forecast, using the CBO's Long-Term Budget Outlook dated June 2011. The resulting CAGR was 4.9 percent. The 4.3 percent growth rate was obtained by subtracting the difference between the CAGR for the U.S. GDP historical growth and the CAGR for the State's 4 percent GET revenues (approximately 0.6 percent) from the 4.9 percent CAGR for the forecast of U.S. GDP growth.

Based on this scenario, the City is still able to implement the Project while maintaining a positive cash balance in each year until FY2023. The City would mitigate the reduction in net GET Surcharge revenues by depositing a lower amount in the Project reserve fund equal to \$41 million (compared to the \$139 million deposit in the Base Case). The Project reserve fund would be released in FY2023 to repay a portion of that year's debt service obligations. The City would still transfer \$86 million to rail O&M or ongoing capital needs from FY2021 to FY2023. There would be no need to utilize the City's TECP program under this scenario. The detailed capital plan cash flow tables for this scenario are presented in Table B-2 of Attachment B.

OPERATING PLAN

OPERATING COST RISKS

Core Systems Contract

As described in Chapter 3, about 80 percent of the Project's O&M cost will be covered by the Core Systems DBOM contract, including pass-through utility costs. The O&M agreement includes pricing for labor, materials, management and administration necessary to support the O&M of the Project. As such, the risks and uncertainties around unit prices and service plan are strongly mitigated by the presence of this contract through FY2029.

Cost Escalation: Health Care and Energy Prices

Inflation assumptions for O&M cost used in this financial plan are considered to be reasonably conservative. Rates were applied to each Project O&M cost category from the Core Systems Contract and each object class for TheBus and TheHandi-Van O&M costs. This level of disaggregation allowed for consideration of differences in the growth outlook for various cost items, such as health care or fuel prices, which are expected to increase faster than general inflation. Inflationary risks and uncertainties do remain, however, as the global and local supply/demand balance evolves. This is the case, for example, with energy costs in Honolulu, which are highly driven by oil prices and therefore, subject to its volatility.

OPERATING REVENUE RISKS

Fare Revenues-Ridership

Fare revenues are based on current demand forecasts for ridership and a continuation of current fare levels in real terms, which could both change due to a number of short-term and long-term factors such as:

- The state of the economy
- The local job market
- Population growth
- Traffic congestion on roads and main highways
- Fuel prices
- Land use and development plans

While the existing travel demand forecast has made some assumptions with regard to each of these variables, there are uncertainties surrounding the timing and extent of each.

The operating revenues included in the financial plan assume periodic fare increases that would maintain a FRR for TheBus and rail between 27 percent and 33 percent, in accordance with the City's current policy. However, the FRR would not be met if fares are not increased as shown in the financial plan.

Attachment B: Summary Cash Flows – Sensitivity Analyses

Table B-1, Sensitivity Analysis – Scenario 1: Ten Percent Increase in Project Capital Cost Starting in FY2014, Project Capital Plan Cash Flow

City Fiscal Year	Units	Total	2010 Actual	2011 Actual	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Project Funding Sources																							
Net GET Surcharge Revenues	YOE \$M	3,291	121	166	194	203	214	224	236	247	260	273	287	301	316	249	-	-	-	-	-	-	-
FTA Section 5309 New Starts Revenues	YOE \$M	1,550	-	21	99	258	442	250	250	230	-	-	-	-	-	-	-	-	-	-	-	-	-
FTA Section 5307 Formula Funds Used for the Project	YOE \$M	210	-	-	-	-	33	34	35	35	36	37	-	-	-	-	-	-	-	-	-	-	-
ARRA Funds Used for the Project	YOE \$M	4	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Obligation (GO) Bond Proceeds (net of issuance cost and deposit to reserve fund)	YOE \$M	2,131	-	-	-	-	469	424	409	319	250	201	60	-	-	-	-	-	-	-	-	-	-
Proceeds from Tax Exempt Commercial Paper (TECP)	YOE \$M	700	-	-	-	-	100	200	100	100	200	-	-	-	-	-	-	-	-	-	-	-	-
Reserve Fund Release	YOE \$M	139	-	-	-	-	-	44	37	33	22	3	1	-	-	-	-	-	-	-	-	-	-
Interest Income	YOE \$M	2	0	0	0	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-	-	-	-
Additional Funds	YOE \$M	223	-	-	-	-	-	-	-	-	-	-	-	85	77	61	-	-	-	-	-	-	-
Total Project Sources of Funds	YOE \$M	8,251	125	187	293	463	1,257	1,177	1,066	965	768	514	347	386	394	311	-	-	-	-	-	-	-
Project Capital Costs																							
Total Capital Cost	YOE \$M	5,313	79	124	366	734	943	976	806	725	487	60	13	-	-	-	-	-	-	-	-	-	-
Debt Service and Transfers																							
Principal Payment on GO Bonds Issued for the Project	YOE \$M	2,287	-	-	-	-	-	62	112	169	223	276	332	361	371	382	-	-	-	-	-	-	-
Interest Payment on GO Bonds Issued for the Project	YOE \$M	239	-	-	-	-	-	15	24	33	37	38	36	29	19	8	-	-	-	-	-	-	-
Principal Payment on TECP	YOE \$M	700	-	-	-	-	-	200	100	100	200	100	-	-	-	-	-	-	-	-	-	-	-
Interest Payment on TECP	YOE \$M	10	-	-	-	-	-	2	2	2	3	2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Project Cash Balance to Ongoing Rail Capital and O&M Cost	YOE \$M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Project Uses of Funds	YOE \$M	8,549	79	124	366	734	943	1,255	1,043	1,028	951	477	382	390	390	390	-	-	-	-	-	-	-
Total Finance Charges																							
Total Finance Charges	YOE \$M	266	-	-	-	-	5	20	28	37	42	41	37	29	19	8	-	-	-	-	-	-	-
FFGA Eligible Finance Charges	YOE \$M	210	-	-	-	-	5	20	28	37	42	41	37	-	-	-	-	-	-	-	-	-	-
Project Cash Balance																							
Beginning Project Cash Balance*	YOE \$M	298	344	408	335	63	377	299	322	259	77	114	79	75	79	-	-	-	-	-	-	-	-
Additions (deletions) to Cash	YOE \$M	(298)	46	63	(73)	(272)	314	(78)	23	(63)	(182)	37	(35)	(4)	4	(79)	-	-	-	-	-	-	-
Ending Project Cash Balance	YOE \$M	344	408	335	63	377	299	322	259	77	114	79	75	79	-	-	-	-	-	-	-	-	-
Reserve Fund Balance																							
Beginning Reserve Fund Balance	YOE \$M	-	-	-	-	-	139	95	58	26	3	1	-	-	-	-	-	-	-	-	-	-	-
Initial Deposit to Reserve Fund**	YOE \$M	139	-	-	-	-	139	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income on Reserve Fund	YOE \$M	0	-	-	-	-	0	0	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-
Reserve Fund Release	YOE \$M	139	-	-	-	-	-	44	37	33	22	3	1	-	-	-	-	-	-	-	-	-	-
Ending Reserve Fund Balance	YOE \$M	-	-	-	-	-	139	95	58	26	3	1	-	-	-	-	-	-	-	-	-	-	-

* : beginning balance shown in FY2010 equal to the Transit Fund Balance as of 10/16/2009 (start of PG)

** : initial deposit to reserve fund represents the amount deposited from the FY2014 bond issuance to a Project reserve.

The financial plan assumes that the City would use this fund to repay a portion of the final year's debt service obligations, although it could also be available to cover Project capital cost increases or revenue shortfalls, if needed.

Table B-2, Sensitivity Analysis – Scenario 2: Lower Growth in Net GET Surcharge Revenues (4.3% instead of 5.0%), Project Capital Plan Cash Flow

City Fiscal Year	Units	Total	2010 Actual	2011 Actual	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Project Funding Sources																							
Net GET Surcharge Revenues	YOE \$M	3,168	121	166	194	202	211	220	229	239	249	260	271	283	295	231	-	-	-	-	-	-	-
FTA Section 5309 New Starts Revenues	YOE \$M	1,550	-	21	99	258	442	250	250	230	-	-	-	-	-	-	-	-	-	-	-	-	-
FTA Section 5307 Formula Funds Used for the Project	YOE \$M	210	-	-	-	-	33	34	35	35	36	37	-	-	-	-	-	-	-	-	-	-	-
ARRA Funds Used for the Project	YOE \$M	4	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Obligation (GO) Bond Proceeds (net of issuance cost and deposit to reserve fund)	YOE \$M	1,616	-	-	-	-	353	359	339	246	181	134	4	-	-	-	-	-	-	-	-	-	-
Proceeds from Tax Exempt Commercial Paper (TECP)	YOE \$M	700	-	-	-	-	100	200	100	100	200	-	-	-	-	-	-	-	-	-	-	-	-
Reserve Fund Release	YOE \$M	41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41	-	-	-	-	-	-
Interest Income	YOE \$M	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-	-
Additional Funds	YOE \$M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Project Sources of Funds	YOE \$M	7,291	125	187	293	460	1,139	1,062	952	850	646	431	276	283	295	272	-	-	-	-	-	-	-
Project Capital Costs																							
Total Capital Cost	YOE \$M	4,949	79	124	366	734	858	887	733	659	443	55	12	-	-	-	-	-	-	-	-	-	-
Debt Service and Transfers																							
Principal Payment on GO Bonds Issued for the Project	YOE \$M	1,669	-	-	-	-	-	40	82	129	171	210	248	256	263	271	-	-	-	-	-	-	-
Interest Payment on GO Bonds Issued for the Project	YOE \$M	176	-	-	-	-	-	10	17	25	29	29	27	20	13	6	-	-	-	-	-	-	-
Principal Payment on TECP	YOE \$M	700	-	-	-	-	-	200	100	100	200	100	-	-	-	-	-	-	-	-	-	-	-
Interest Payment on TECP	YOE \$M	10	-	-	-	-	-	2	2	2	3	2	-	-	-	-	-	-	-	-	-	-	-
Transfer from Project Cash Balance to Ongoing Rail Capital and O&M Cost	YOE \$M	85	-	-	-	-	-	-	-	-	-	-	-	-	1	15	69	-	-	-	-	-	-
Total Project Uses of Funds	YOE \$M	7,589	79	124	366	734	858	1,139	934	915	845	395	287	278	292	345	-	-	-	-	-	-	-
Total Finance Charges	YOE \$M	199	-	-	-	-	3	15	21	28	33	32	27	20	13	6	-	-	-	-	-	-	-
FFGA Eligible Finance Charges	YOE \$M	160	-	-	-	-	3	15	21	28	33	32	27	-	-	-	-	-	-	-	-	-	-
Project Cash Balance																							
Beginning Project Cash Balance*	YOE \$M	-	298	344	408	335	62	343	266	284	220	41	76	65	70	74	-	-	-	-	-	-	-
Additions (deletions) to Cash	YOE \$M	(298)	46	63	(73)	(273)	281	(77)	18	(65)	(179)	36	(11)	5	3	(74)	-	-	-	-	-	-	-
Ending Project Cash Balance	YOE \$M	-	344	408	335	62	343	266	284	220	41	76	65	70	74	-	-	-	-	-	-	-	-
Reserve Fund Balance																							
Beginning Reserve Fund Balance	YOE \$M	-	-	-	-	-	-	41	41	41	41	41	41	41	41	41	-	-	-	-	-	-	-
Initial Deposit to Reserve Fund**	YOE \$M	41	-	-	-	-	41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income on Reserve Fund	YOE \$M	0	-	-	-	-	0	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-	-
Reserve Fund Release	YOE \$M	41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41	-	-	-	-	-	-
Ending Reserve Fund Balance	YOE \$M	-	-	-	-	-	41	41	41	41	41	41	41	41	41	41	-	-	-	-	-	-	-

* : beginning balance shown in FY2010 equal to the Transit Fund Balance as of 10/16/2009 (start of PE)

** : initial deposit to reserve fund represents the amount deposited from the FY2014 bond issuance to a Project reserve.

The financial plan assumes that the City would use this fund to repay a portion of the final year's debt service obligations, although it could also be available to cover Project capital cost increases or revenue shortfalls, if needed.

ATTACHMENT 3a

Airport Section Guideway

Contract CT-HRT-1600385
 Airport Guideway & Stations (AGS)
 As of August 16, 2017

Original Contract Amount	\$874,750,000	Percent
HART Initiative	\$14,308	0.0016%
Interface	\$0	0.00%
3rd Party	\$0	0.00%
Design	\$0	0.00%
ROW	\$0	0.00%
Delay	\$0	0.00%
Total Change Orders	\$14,308	0.0016%

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
001	ASU Carry over scope	\$32,151	\$32,151	7/25/2017	HART Initiative	Scope moved from Airport Utilities contract
002	JW1029 & JW1030 Scope removal	(\$17,843)	(\$17,843)	7/25/2017	HART Initiative	Scope determined to be no longer required
	TOTAL	\$14,308	\$14,308			

Contract SC-HRT-1400323
Airport Section Utilities Construction DBB
As of August 16, 2017

Original Contract Amount	\$27,993,290	Percent
HART Initiative	(\$945,490)	-3.38%
Interface	\$0	0.00%
3rd Party	(\$720,904)	-2.58%
Design	\$1,317,600	4.71%
ROW	\$649,420	2.32%
Delay	\$0	0.00%
Total Change Orders	\$300,626	1.07%

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
1	Stub out for future downspout	\$4,866	\$4,600	2/8/2016	Design	Required as guideway design was progressed
2	Potholing at waterline JW1012	\$28,108	\$25,063	2/22/2016	Design	Field conditions differ from 3rd party as-builts; additional potholing to investigate potential conflicts
3	30 Day Delay - from Navy ROW Delay	\$0	\$0	2/8/2016	ROW	Conflict in ROW records between HDOT and Navy prohibited access to Navy property used by HDOT; this exercised
4	OCIP and Builder's Risk	(\$178,963)	(\$303,338)	3/9/2016	HART Initiative	Credit for OCIP
5	Impacts Due to Navy ROE Delay	\$801,627	\$649,420	3/15/2016	ROW	Conflict in ROW records between HDOT and Navy prohibited access to Navy property used by HDOT; 128 calendar day delay (total \$801,627 see CCO 0004)
6	HTI Scope Revision	(\$841,552)	(\$854,172)	4/4/2016	3rd Party	Scope of work eliminated due to discovery of existing ductbanks that allowed alternate routing of HTI fiber cable
7	Delete Sewer Relocation FHB	(\$142,106)	(\$142,106)	5/27/2016	Design	Conflict eliminated as guideway design progressed
8	Potholing for Pier 476	\$16,149	\$12,103	5/27/2016	Design	Field conditions differ from 3rd party as-builts; additional potholing to investigate potential conflicts
9	Delete HDOT-A Utility	(\$106,119)	(\$106,119)	7/13/2016	HART Initiative	Transfer scope to A7 contract
10	Potholing Piers 434L&R	\$19,358	\$7,014	7/13/2016	Design	Field conditions differ from 3rd party as-builts; additional potholing to investigate potential conflicts
11	Not issued	\$0	\$0			CCO not issued - Skip in CCO sequence
12	Soft Soils Conditions	\$63,630	\$54,068	10/31/2016	Design	Sewer line relocation modified due to extreme soil conditions in proposed location
13	Elec/Comm Jackets	\$34,728	\$34,728	10/31/2016	Design	Field conditions differ from 3rd party as-builts; proposed relocation design changed to accommodate
14	Leaking Navy Sewer Line - RFCC 00008	\$146,626	\$63,229	12/23/2016	3rd Party	Discovery of a cracked Navy sewer line led to delay in other waterline work and removal of contaminated soil from trench; HART approaching Navy about reimbursement
14	Revised Connection of Navy Water Line - RFCC 00010	\$292,043	\$252,032	12/23/2016	Design	Field conditions differ from 3rd party as-builts; proposed relocation design changed to accommodate
14	30-inch Water Line Changes - RFCC 00012	\$134,990	\$112,714	12/23/2016	Design	Field conditions differ from 3rd party as-builts; proposed relocation design changed to accommodate
14	Drain Line Inlet Penetration - RFCC 00021	\$31,127	\$31,127	12/23/2016	Design	Field conditions differ from 3rd party as-builts; proposed relocation design changed to accommodate
14	Delete Ducts 822T1 and 822V1 - RFCR 00018	(\$228,897)	(\$233,342)	12/23/2016	HART Initiative	Scope of work eliminated and transferred to AGS contract to maintain integrity of Oceanic Time Warner Cable fiber
14	MH Exploration for Navy Comm/Elec - RFCR 00022	\$13,932	\$13,932	12/23/2016	Design	Investigations required to determine extent and routing of unknown Navy comm cables from MH to MH

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
14	Potholing for Gas Line - RFCR 00023	\$4,166	\$4,148	12/23/2016	Design	Field conditions differ from 3rd party as-builts; additional potholing to investigate potential conflicts
14	Potholing for Elevations to Re-Design - RFCR 00024	\$4,515	\$4,515	12/23/2016	Design	Field conditions differ from 3rd party as-builts; additional potholing to investigate potential conflicts
14	Concrete Encasement of Irrigation Line JIRR1067 - RFCR 00029	\$13,774	\$13,774	12/23/2016	Design	Field conditions differ from 3rd party as-builts; proposed relocation design changed to accommodate
15	Corroded Gas Line Connection RFCR 00017	\$156,895	\$156,895	12/23/2016	3rd Party	Proposed connection to existing gas line not possible due to corrosion of existing line. Add'l excavation required so gas company could access for repair
15	Potholing for unknown 10" line RFCR 00019	\$31,629	\$31,489	12/23/2016	Design	Field conditions differ from 3rd party as-builts; additional potholing to investigate potential conflicts
15	Potholing for 24" Navy Water line RFCR 00020	\$24,991	\$24,991	12/23/2016	Design	Field conditions differ from 3rd party as-builts; additional potholing to investigate potential conflicts
15	Tapping of an unknown 8" fuel line RFCR 00021	\$16,528	\$16,528	12/23/2016	Design	Field conditions differ from 3rd party as-builts; unclaimed line hot tapped to determine status of contents
15	Pothole 6" irrigation line RFCR 00025	\$10,983	\$10,983	12/23/2016	Design	Field conditions differ from 3rd party as-builts; additional potholing to investigate potential conflicts
15	Replacement of water gate valve RFCR 00027	\$41,028	\$41,028	12/23/2016	3rd Party	Existing water gate valve was found to be non-operable, which was required for water line relocation work
16	Tree Removal Scope Revisions	(\$13,626)	(\$82,661)	12/23/2016	HART Initiative	Scope moved to AGS and On-call contracts
16	Utilities Abandonment Revisions	(\$23,749)	(\$220,030)	12/23/2016	HART Initiative	Scope changed from removal to abandon in place
16	Delete Ducts 804 T2 & N2	(\$65,690)	(\$147,095)	12/23/2016	Design	Potholing determined that conflict did not exist as reflected in 3rd Party as-builts
16	Delete Irrigation Lines	\$2,966	(\$24,830)	12/23/2016	Design	Potholing revealed that irrigation lines did not conflict with pier as shown in 3rd Party as-builts
16	Abandon Ducts 806N1, 810N1, 810N2 and 811N1	(\$95,081)	(\$107,761)	12/23/2016	3rd Party	Scope changed to abandon in place per recent HART agreement with HDOT
16	Delete Gas Lines	\$948	(\$23,955)	12/23/2016	Design	Existing gas line unexpectedly routed through storm drain manhole; contrary to 3rd Pary as bilts; scope transferred to AGS contractor
16	Duct Line 812 Conflict	(\$128,150)	(\$124,680)	12/23/2016	Design	Existing conditions found to conflict with routing of this equation; scope moved to AGS contract
17	Delete drain line JSD1183	(\$14,572)	(\$38,587)	12/23/2016	Design	Potholing revealed an unknown conflict that requires work from AGS D/B to resolve; scope of this item moved to AGS D/B
17	Delete wiring / cabling in Duct 804N1	(\$52,727)	(\$13,073)	12/23/2016	Design	Scope moved to AGS and On-call contracts, due to time req'd to trace and resolve communications line issues discovered in field
17	Delete Chevron Fuel Line Scope	(\$59,321)	(\$87,842)	12/23/2016	Design	Disposal of abandoned fuel lines changed and lines found to be coated in haz-mat; moved to On-call contract
17	Delete Demo of Navy Sewer at Kam and Radford	(\$194)	(\$30,308)	12/23/2016	Design	Portion of line conflicted with work yet to be performed in the AGS contract; scope moved to that contract
17	Nimitz Street Lighting	(\$11,010)	(\$20,123)	12/23/2016	3rd Party	Vandals stole existing copper wire in HDOT system; connection not possible and scope moved to AGS contract
17	Delete Duct 815N1	(\$51,951)	(\$45,765)	12/23/2016	Design	Scope moved to AGS contract due to unresolved routing of Navy cables
17	Delete drain line JSD1059	(\$6,323)	(\$46,355)	12/23/2016	Design	Scope moved to AGS contract due to associated work of duct 815N1 also being moved
18	Duct Line 806N1 Revision	\$0	\$0	2/1/2017	Delay	No Cost Time Extension 17 days; Contractor directed to perform additional work beyond the original scope of work due to an unforeseen site condition with the Navy NE1 (RFCC 00025)

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
18	Leaking Navy Sewer and J@1047 Delay	\$263,827	\$0		Delay	No cost time extension 50 calendar days; HART denied request for compensable time but HART performed detailed scheudle analysis documented the delay is excusable but non-compensable.
18	Electrical and Telecom Issues Delay	\$96,398	\$0		Delay	No cost time extension 19 calendar days. Original scope of work required the relocation of duct lines but relocations could not be completed.
19	Tree Removal Scope Revisions	(\$13,626)	\$68,804	6/9/2017	Design	Field Conditions
19	Utilities Abandonment Revisions	(\$226,362)	(\$5,189)		Design	Field Conditions
19	Delete Duct 804 T2 & N2	(\$65,690)	\$82,547		Design	Field Conditions
19	Delete Irrigation Lines RFI 105-107		\$289,392		Design	Field Conditions
19	Abandon Ducts 806N1, 810N1, 810N2 and 811N1	(\$95,081)	\$11,935		Design	Field Conditions
19	Delete Gas Lines RFI 90 & 93	\$1,040	\$23,890		Design	Field Conditions
19	Duct Line 8012 Conflict	(\$128,150)	(\$2,326)		Design	Field Conditions
19	Delete JSD 1183	(\$14,572)	\$16,572		Design	Field Conditions
19	Delete wiring / cabling in Duct 804N1	(\$52,727)	(\$38,511)		Design	Field Conditions
19	Delete Chevron Fuel Line Scope	(\$52,194)	\$30,434		Design	Field Conditions
19	Delete Demo of Navy Sewer at Kam and Radford	(\$194)	\$31,256		Design	Field Conditions
19	Nimitz Street Lighting and Keehi Lagoon	(\$11,010)	\$3,431		Design	Field Conditions
19	Delete Duct 815N1	(\$51,951)	(\$5,044)		Design	Field Conditions
19	Delete JSD 1059	(\$6,326)	\$34,018		Design	Field Conditions
20	JIRR 1171 24-inch drain line conflict	\$25,057	\$25,057	6/9/2017	Design	Field Conditions
20	Pier 426 Conflict near JSS994	\$2,208	\$2,208		Design	Field Conditions
20	JSD 1118 Conflict with Unforeseen 8-inch line	\$27,401	\$26,151		Design	Field Conditions
20	Drain Line JSD 1095, Install New Type "D" Catch Basic	\$163,399	\$144,451		Design	Field Conditions
20	JSD 1059 Conflict with HTI Ductbank	\$31,480	\$48,649		Design	Field Conditions
20	JIRR 1067 Unforeseen Conditions	\$44,772	\$44,366		Design	Field Conditions
20	Water Line JW1178 Changes	\$117,210	\$114,745		Design	Field Conditions
20	JW 1047 Profile Change	\$62,974	\$59,492		Design	Field Conditions
20	ARC Type D Manholes for JW1047	\$70,840	\$58,267		Design	Field Conditions
21	RFI 00051 JW 1012 Manhole for ARV	\$73,977	\$48,957	6/9/2017	Design	Field conditions
21	Waterline JIRR1087	\$37,916	\$25,803		Design	Field conditions
22	Repair Navy Ductbank	\$249,033	\$249,033	6/9/2017	Design	Field conditions differing site condition encountered
	TOTAL	\$425,226	\$300,626			

Duplicate CCO Nos. are due to the fact that some CCOs contain multiple RFCs

Contract CT-SC-1200106
Core Systems Design-Build Operate Maintain
As of August 16, 2017

Original Contract Amount ⁽¹⁾	\$573,782,793	Percent
HART Initiative	\$22,374,613	3.90%
Interface	\$47,500	0.01%
3rd Party	\$85,850	0.01%
Design	(\$358,000)	-0.06%
ROW	\$0	0.00%
Delay	\$17,450,000	3.04%
Total Change Orders	\$39,599,963	6.90%
⁽¹⁾ Design-Build Lump Sum Value Only		

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
00001	1. West Edge of LCC Platform (RFCR 00003, \$6,894); and 2. Engineering Support (RFCR 00005, \$49,750).	\$106,536	\$56,644	1/16/2013	HART Initiative	1. The point of switch for the East Yard Lead (EYL) was in violation of Section 4.2.2.A of the Design Criteria requiring a minimum distance of 45 ft of tangent track between the end of the platform and any point of switch. Redesign of the MSF tracks and/or shifting the location of the LCC station platform was not feasible. The CSC was asked to analyze the passenger vehicle movement at this location to ensure a proper design of the vehicle threshold with the platform edge. 2. A joint engineering assessment team provided engineering expertise and synergy to seek solutions to the MSF configuration issues.
00002	Amend Special Provisions SP-4.7/4.8	\$0	\$0	3/28/2013	HART Initiative	These Special Provisions changes were proposed by AHJV, as requested by the HART Quality Assurance Manager, to suit the Core Systems Contract (CSC) Quality Assurance/Quality Control (QA/QC) requirements.
00003	Additional Seats for Rail Car	\$2,532,604	\$1,750,852	4/29/2013	HART Initiative	Increasing the passenger vehicle seating capacity will improve the transit experience for HART's customers and serve to attract and retain ridership on the rail system.
00004	Backup Operations Control Center	\$539,900	\$235,000	9/19/2013	HART Initiative	The original Backup OCC was identified for installation at the City's Joint Traffic Management Center (JTMC). However, the Backup OCC location is to be established at an alternate location due to uncertainty of the completion schedule of the JTMC building and space availability.
00005	Platform Screen Gate System (PSGS)	\$37,708,891	\$27,124,854	10/2/2013	HART Initiative	Passenger safety is the principal benefit of the installation of this system to preclude accidental trainway incursions and reduce the risk of accidents.
00006	1. PF Track Circuits in Crossover (RFCC 00003, \$0); and 2. System Site #23 Relocation (RFCR 00012, \$0)	\$133,923	\$0	11/25/2013	HART Initiative	1. The reasons for utilizing single rail PF track circuits in interlocking crossover tracks are shunting sensitivity, shunting performance, and the lack of physical mounting space within the interlocking. 2. Systems Site #23 is being relocated due to the Archeological Inventory Survey (AIS) requirements.
00007	Relocate TPSS to Systems Site #3	(\$762,243)	(\$867,054)	5/14/2014	HART Initiative	HART revised the Traction Electrification System for reduced cost and improved performance. The CSC advised HART that a TPSS at Ho'opili (Systems Site #3) was preferred over a TPSS at UH West Oahu (Systems Site #2). The TPSS at UH West Oahu (Systems Site #2) and the GBS at Systems Site #3 were removed.
00008	PSGS Mobilization	\$28,023,048	\$898,194	7/23/2014	HART Initiative	The "Description of Work" of CCO No. 00005 remains unchanged, however, under this CCO No. 00008, the parties have agreed that the changed work involves additional AHJV labor for engineering, design, construction and commissioning, RAM, safety and security, quality, O&M (design-build phase), supply chain management, travels and incidentals, outside services, and other local direct costs.
00009	WOFH Guideway Alignment	\$119,695	\$145,000	10/3/2014	HART Initiative	The CSC needed to continue to develop its designs for train control and engineering installation in order to progress the work in a timely manner. The CSC's designs were based on the alignment drawings dated March 6, 2012. Subsequently, the WOFH Contractor made changes to its guide way alignment drawings. The changes were included in the CSC's design development.
00010	HRT Train Mock-up Shipment/Delivery	\$52,189	\$63,714	12/4/2014	HART Initiative	HART paid for shipment and delivery of a donated full-size train mock-up from AnsaldoBreda to Honolulu Hale for Oahu residents to experience and see the full-size driverless train mock-up.
00011	Eliminate Station Manager Booths	(\$187,232)	(\$310,000)	12/4/2014	HART Initiative	HART removed the station attendant booths in accordance with its operational requirements of roving station attendants as stated in TP-3.7.3.C.
00012	Delete Ticket Vending Machines	(\$9,952,004)	(\$10,350,000)	11/18/2014	HART Initiative	HART's plan to procure, operate and maintain a closed (gated) fare collection system required the removal of the Ticket Vending Machines (TVMs) from the CS contract scope of work.

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
00013	HECO Connection Charges	\$0	\$150,000	12/4/2014	HART Initiative	HART agreed to reimburse the CSC for payments made to HECO for the initial engineering design and electrical service to the fourteen (14) TPSS's and two (2) GBS's in accordance with its response to Addendum No. 20 of the RFP, Question #88.
00014	Eliminate Secondary Emergency Access Road	\$45,899	(\$50,000)	12/24/2014	HART Initiative	HART eliminated the secondary emergency access road from the MSF contract. The secondary emergency access road was determined to be not required by Sheldon Yasso (HFD) since the primary entrance meets the minimum code requirements. The CSC removed the crossing protection designs and equipment from its scope of work.
00015	Test and Storage Track at MSF	\$3,757,648	\$2,510,000	1/29/2015	HART Initiative	These changes allow for maximum efficiency for operational testing of the passenger vehicles and automatic train control subsystems before entry into revenue service, including re-entry tests after maintenance activities, verification of service brakes, emergency brakes and propulsion systems, verification of all automatic functions, correct station stopping, acceleration, and door operation, and for troubleshooting of vehicle ATC failures.
00016	Delete Automatic Passenger Counter	(\$626,305)	(\$114,161)	3/27/2015	HART Initiative	The Automatic Passenger Counters are removed from the CSC's scope of work since HART's new Fare Collection System utilizes fare gates that provide more accurate and reliable data of passenger counts in/out by station and time of day.
00017	Voltage Flicker Study	\$0	\$37,850	7/23/2015	3rd Party	HECO is required to prevent power quality issues from affecting other customers. Accordingly, the CSC was asked to develop and implement a test procedure to record traction power measurements at a Copenhagen Metro TPSS so that HECO could evaluate its voltage flicker analysis as compared to a load profile with a higher sampling rate than is used in its model. The measurements allowed HECO to analyze the data provided and to finalize their analysis of potential power quality concerns.
00018	9 Month Claim Delay	\$16,478,561	\$8,700,000	10/15/2015	Delay	The basis of AHJV's BAFO (Best and Final Offer), Project cash flows, and Contract price were based on a commencement date of not later than April 11, 2011. NTP#1 was eventually issued in January 2012 (HART letter CMS-AB00-00001) with a commencement date of January 17, 2012. This represented a 9 month delay to the actual commencement of the Project.
00019	Four Car Consists	\$3,937,029	(\$5,200,000)	10/15/2015	HART Initiative	The Project is required to support 4-car consists in every respect. The Project specifications anticipated an incremental increase in train length by adding cars in response to growing ridership demand. The CSC's approach to satisfying the line capacity requirements for the system has resulted in an 80-car fleet of 2-car trains for the initial years of service. However, incremental expansion of train configurations from two to three cars and then from three to four cars, to respond to growing ridership demand, would present several technical and operational challenges, and costs, that would be mitigated by implementing a fleet of four car consists from the outset of service.
00020	Airport-City Center Alignment	\$301,136	\$490,000	1/19/2016	HART Initiative	The Airport/City Center Guideway Designer made changes to its guideway alignment and crossover locations that are now reflected in its draft final design drawings (May 2014 Over-the-Shoulder Submittal). The changes, as reflected in the draft final design drawings, must be included in the CSC's design development.
00021	FOC Pearlridge to DTS Patch Panel	\$120,070	\$47,500	1/19/2016	HART Initiative	HART has established that it will provide a 24 strand fiber optic cable to the Department of Transportation Services (DTS) fiber network patch panel. This network connection will provide the DTS with full system video surveillance throughout the HRT. Reference letter number CMS-AB00-00002.
00022	Obstruction Detection	\$382,660	\$330,000	2/9/2016	HART Initiative	The technical provisions of the CS Contract require that CCTV cameras are to be "Placed to view (the) track in front of a moving consist such as to provide an alarm should tracks be obstructed." The CSC has proposed a video analytics solution for this requirement but notes that, "Fundamentally this outdoor analytics from a moving camera exceeds the ability of COTS CCTV Video analytics products ..." HART concurred with the assessment that Commercial Off-The-Shelf (COTS) equipment will not adequately meet the intent of the requirements. Therefore, the requirements for obstruction detection shall not be provided by CCTV cameras but shall be implemented by an automatic electromechanical subsystem that will detect and alarm track way obstructions.
00023	Removal of Station Fire Sprinklers	\$98,369	\$72,500	2/9/2016	HART Initiative	The HART Chief Safety and Security Officer (CSSO), as the Authority Having Jurisdiction (AHJ), determined that fire sprinklers are not required for the passenger rail stations in accordance with current NFPA 130 code requirements. Reference letter number CMS-AP00SAFE-00011. The CSC's designs were revised to eliminate the stations' sprinkler interfaces.

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
00024	TC Design for Future Platform TWF	\$503,894	\$355,000	2/25/2016	HART Initiative	The MSF Contractor (KKJV) reduced the MSF Train Wash Facility from approximately 276 to 220 feet in length. This allowed for a longer extensive cleaning platform that will accommodate a 4 car train set and be accessible from either side of Track RL3 or Track W1. The new platform will be a future addition and the originally designed platform will remain and be built as a part of the MSF contract. The CSC added additional ATC wayside train control design and equipment for the future platform.
00025	UPS Transformer Winding Temperature	(\$10,000)	(\$15,000)	2/25/2016	Design	The limits given in the specification 26 22 00 of a 220 degree Celsius insulation with an 80 degree Celsius average temperature rise based on an ambient temperature of 40 degrees Celsius do not align with the requirements of C57 12 01 (1998) Table 9. This change relaxes the HART requirement to be consistent with industry standards. A credit amount is due HART.
00026	TPSS at Civic Center	\$1,051,756	\$727,000	6/13/2016	HART Initiative	Due to proposed real estate developments surrounding the Civic Center Station, HART has discussed several design alternatives with Kamehameha Schools, Stanford Carr Development, and the Hawaii Community Development Authority. This collective group has chosen an alternative which requires the Civic Center Station Contractor to construct the enclosure to Systems Site #22, in contrast to all other TPSS which will be housed in a prefabricated enclosures provided by the Cores Systems Contractor.
00027	Minor Field Work Allowance	\$250,000	\$250,000	6/13/2016	HART Initiative	The Minor Field Work Allowance is designated for minor work that needs to be done immediately in order to not impact or delay the Project. During the installation and testing phase of the Core Systems throughout the Project, it is anticipated that some minor work will need to be done to resolve issues related to interface compatibilities between the Core Systems and the fixed facilities. Such work will need to be done in the most expeditious manner so as not to delay the Work of the Core System Contractor (CSC) or the related work of the Fixed Facilities Contractors (FFCs).
00028	Request H RTP Power Loads Profiles	\$43,979	\$48,000	10/7/2016	3rd Party	HECO has requested additional H RTP system power loading information based on the following purposes: - To determine the system upgrades and new facilities required to provide services when they are required, - To study the power quality issues and compliance with the Tariff, - To determine justification, costs and required service date to include in PUC application for new facilities, - To determine the rate payer impacts.
00029	North Fence Perimeter ID	\$457,014	\$157,000	10/7/2016	Design	AHJV proposed a Perimeter Intrusion Detection System (PIDS) that integrates with the existing CCTV design to provide complete and comprehensive intrusion detection of the MSF north fence including the lead ins. HART found that the Contractor's solution will provide a higher level of reliability and efficiency than linear cameras alone and that it will provide several other advantages over a solution based exclusively on video-analytics capabilities.
00030	Train Control Architecture	(\$277,456)	(\$500,000)	11/15/2016	Design	1. The CSC is providing a highly reliable ATC subsystem that generally meets the intent of the System Architecture redundancy requirements but does not specifically meet the "seamless changeover" requirement. 2. The ATC features redundant subsystems that meet the System Availability required by the H RTP Technical Provisions. 3. HART has analyzed the CSC's current designs and agrees that the current ATC System Architecture is sufficient to meet the System Availability requirements of the Contract. The current designs are service proven and have been safety certified on other projects that are similar in scope to the H RTP. 4. HART avoided an unnecessary and significant delay to the Project schedule by not compelling the CSC to provide an ATC subsystem that is technically compliant to the "seamless change-over" requirement.
00031	Additional MSF FDAS Commissioning	\$53,364	\$47,500	11/15/2016	Interface	AHJV provided – upon HART request - additional MSF FDAS commissioning resources to accelerate completion of MSF FDAS commissioning. AHJV completed the MSF FDAS commissioning activities on June 29, 2016. The milestone was a required predecessor for the MSF Substantial Completion.
00032	JTMC Remote ATS Workstation	\$185,226	\$165,700	3/9/2017	HART Initiative	Workstation at Joint Traffic Mgmt Control Center
00033	Re-Baseline Schedule Access Dates	\$20,277,492	\$8,750,000	4/25/2017	Delay	Re-baseline schedule due to AIS delays and impacts to CAM access dates
00034	Railcar Graffiti Removal & Additional Security	\$39,147	\$38,870	4/24/2017	HART Initiative	Response to vandalism of Railcars at MSF
00035	Battery Room Equipment at OSB	\$134,478	\$105,000	4/25/2017	HART Initiative	Install battery equipment to support O&M activities
00036	Add Fiber Optic Network	\$7,155,570	\$3,750,000	4/24/2017	HART Initiative	Add Fiber Optic Network for Fare Collection transactions & future City needs

TOTAL \$112,674,839 \$39,599,963

Farrington Highway Stations

Contract CT-HRT-150023
Farrington Highway Station Group Construction
As of August 16, 2017

Original Contract Amount	\$78,999,000	Percent
HART Initiative	\$1,013,174	1.28%
Interface	\$0	0.00%
3rd Party	\$49,406	0.06%
Design	\$2,181,049	2.76%
ROW	\$0	0.00%
Delay	\$0	0.00%
Total Change Orders	\$3,243,629	4.11%

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
00001	Canceled	\$0	\$0	NA	Design	The CCO was to incorporate the Conformed Drawings. It was subsequently canceled.
0002	UH Right of Entry	\$0	\$0	5/27/2016	ROW	The agreement between HDCC and the University of Hawaii was delayed as a result of the contractor's claim that HDCC was not advised that a Right of Entry (ROE) Agreement between HDCC and the university would be required and that the terms were not understood by HDCC at the time of bid. The claim was determined to have merit since HART entered into a CROE with the University of Hawaii that imposed certain obligations and responsibilities on HART and its contractors through flow down provisions that were not part of the Contract
0003	Mud Jack Tubes at West Loch (Unilateral) RFCR 0004	\$14,574	\$14,574	8/24/2016	HART Initiative	The installation of Mudjacking Tubes at the West Loch Station is included for future maintenance of the Ancillary Building to prevent potential future settlement of the foundation due to existing poor soils conditions.
0004	Add Traction Power Substation (TPSS) at West Loch (Unilateral) RFCR 0003	\$942,560	\$785,600	6/9/2016	HART Initiative	The installation of a TPSS and Switchgear at the West Loch Station was originally in the WOFH contract but due to lack of Core Systems Contract (CSC) final design information, it could not be constructed in accordance with Kiewit's construction sequencing. It was determined by HART to move the Work from the WOFH Contract to the FHSGC Contract.
0005	Add an Upflo Filter at West Loch RFCR 0002	\$44,110	\$49,406	9/14/2016	3rd Party	The installation of a standard storm water inlet was proposed to be constructed in the Issue for Bid (IFB) documents. HART agreed to incorporate comments made by the Department of Planning and Permitting to replace the planned standard inlet with an inlet that will function as a storm water pollution prevention best management device.
0006	Vertical Raceway Duct Bank RFCR 00001	\$321,420	\$105,459	12/27/2016	Design	The Issue for Bid documents did not provide a profile for the placement of the communications duct bank that traverses from the Ancillary Building to the vertical raceway in the guideway columns. The profiles were added as a part of the Issue for Construction (IFC) Rev 1 documents. The profile revealed conflicts with existing utilities in the roadway causing the duct bank to be placed a deeper depths than the contractor would have otherwise anticipated. Subsequently refinements to duct bank were also made in the Rev 2 drawings to avoid conflict with other proposed utilities.
0007	IFB to IFC (rev 1) to Rev 2 RFCR 0009	\$1,901,000	\$1,901,000	12/16/2016	Design	This Change will incorporate the revisions as shown in the Farrington Highway Station Group Rev 1 (Issue for Construction (IFC)) and Rev 2 documents into the Work and will modify the Contract Sum to include those changes that are determined to be compensable. The revised plan sets are West Loch Station, Waipahu Station, Leeward Community College Station, the Common drawings and the Canopy drawings.
00008	LCC Waterline	\$285,574	\$174,590	6/1/2017	Design	Change is to resolve a conflict between an existing waterline and the proposed finished grades at LCC Station as shown in sheet GD002. The waterline is owned and was installed by LCC. Record drawings has been requested but LCC unable to locate.
00009	Increase FCN Allowance	\$213,000	\$213,000	8/6/2017	HART Initiative	Management tool to expeditiously address compensable, time critical changes to the contract within the not to exceed range of up to \$50,000.
TOTAL		\$3,722,238	\$3,243,629			

H2R2

Contract CT-HRT-150039
H2R2 Ramp
As of August 16, 2017

Original Contract Amount	\$5,203,646	Percent
HART Initiative		0.00%
Interface		0.00%
3rd Party	\$42,522	0.82%
Design	\$367,230	7.06%
ROW		0.00%
Delay		0.00%
Total Change Orders	\$409,752	7.87%

CCO	Description	Original Amount	Executed Amount	Date Executed	Secondary Source	Remarks
0001	Rev.1 to Conformed Dwgs	\$0	\$0	7/21/2015	3rd Party	Revise conformed drawings
0002	Issued for Construction drawing changes to Conformed Dwgs	\$615,567	\$42,522	8/26/2016	3rd Party	Issued for Construction drawings contain changes to Conformed drawing set
0003	Install GlasGrid and changes to Guard Rail	\$393,693	\$367,230	4/17/2017	Design	Revised shop drawings resulted in modifications to guard rail made
TOTAL		\$1,009,260	\$409,752			

Contract CT-HRT-11H0195
Kamehameha Highway Guideway Design-Build
As of August 16, 2017

Original Contract Amount	\$372,150,000	Percent
HART Initiative	(\$5,240,365)	-1.41%
Interface	\$4,763,994	1.28%
3rd Party	\$12,513,478	3.36%
Design	(\$449,606)	-0.12%
ROW	\$200,000	0.05%
Delay	\$18,881,761	5.07%
Total Change Orders	\$30,669,262	8.24%

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
00001	RFCR 11 - Contract number conversion	\$0	\$ -	1/5/2013	HART Initiative	RFCR 00011 (Issue 00058), which modifies the contract number from Contract No. CT-DTS-1100195 to CRT-HRT-11H0195, but adds no cost, no credit and no contract time.
00001	RFCR 10 - Revised NTP-1 date	\$0	\$ -	1/5/2013	HART Initiative	RFCR 00010 (Revised NTP-1 Date), which increases the contract duration by 78 additional days, (but adds no cost and no credit).
00001	RFCC 5 - Grade 75 as an option to Grade 60	\$0	\$ -	1/5/2013	Design	RFCC 5 - Grade 75 as an option to Grade 60 no cost, no credit and no contract time.
00001	RFCC 4 - Elastomeric coating for post tension	\$0	\$ -	1/5/2013	Design	RFCC 4 - Elastomeric coating for post tension no cost, no credit and no contract time.
00001	RFCC 7 - Inserts in segmental precast	\$0	\$ -	1/5/2013	Design	RFCC 7 - Inserts in segmental precast no cost, no credit and no contract time.
00001	RFCC 8 - Design criteria - derailment load	\$0	\$ -	1/5/2013	Design	RFCC 8 - Design criteria - derailment load no cost, no credit and no contract time.
00002	Master CO Concept--Not Used	\$0	\$ -	-	Void	Contract Master Change Order - Voided 8/28/12
00003	Alternate Analysis-Acacia Rd.	\$16,492	\$ 15,981.00	1/23/2013	Design	RFCR 00003 -(DCN/Force Account) for Design-Builder to present three design alternatives which eliminate the future dedicated right turn lane from Ewa-bound Kamehameha Highway onto Acacia Road.
00004	AIS Provisional Sum (Pt 1.)	\$9,800,000	\$ 4,200,000.00	1/23/2013	Delay	
00005	Design criteria-rebar clear spacing	\$0	\$ -	4/15/2014	Design	
00006	AIS Suspension Part 2	\$9,819,118	\$ 1,500,000.00	8/2/2013	Delay	Provisional Sum to pay the Contractor for actual monies expended during the first six (6) months, of the anticipated twelve (12) month period, of Partial Suspension, Archaeological Inventory Survey ("AIS") investigation (the "Extension"), issued August 24, 2012.
00007	Insurance Coverage Requirements	\$2,800,397	\$ 995,000.00	8/2/2013	HART Initiative	Per the Contract, HART was to provide OCIP coverage. In absence of the OCIP, the Design-Builder was requested to provide the insurance as required in revised SP-3.1 (rev 12-23-11) for a period of eighteen months beginning June 30, 2011 through December 31, 2012.
00008	APEC Restrictions	\$369,567	\$ 369,567.00	5/15/2014	Design	APEC Work restrictions at the Kamehameha Highway Guideway (KHG) site
00008	Abandon Utility Designs	\$116,678	\$ 81,500.00	5/15/2014	3rd Party	Abandoned Utility design
00008	Duct Banks RelocationSta.922	\$109,215	\$ 54,607.00	5/15/2014	3rd Party	Duct Bank Relocation near Station 922
00009	Insurance Coverage Requirements 2013	\$336,832	\$ 330,000.00	5/15/2014	HART Initiative	Non-Owner Controlled Insurance Program (OCIP) - 2013 Insurance Coverage Requirements for Liability.
00009	Emergency Walkway - Guideway	\$271,858	\$ 509,000.00	5/15/2014	HART Initiative	Widen center walkway of the guideway from 30-inches to 45-inches to eliminate the need for safety handrail.
00010	Delay in Issuance of NTP 2 and 3	\$1,828,208	\$ 1,828,208.00	7/31/2014	Delay	
00011	RFCR 14 - Add construction safety and security plan (rev. 2)	\$0	\$ -	8/25/2014	HART Initiative	
00011	RFCR 15 - Design		\$ 42,202.00	8/25/2014	ROW	RFCR-00015; Relocation of existing light poles, signage, flagpole, and bollards on the Cutter Dodge property is necessary to facilitate a Right-of-Way acquisition agreement; thereby allowing Kamehameha Highway to be widened.
00011	RFCR 13 - Revised vehicle criteria - Design	\$33,717	\$ 31,500.00	8/25/2014	Interface	RFCR-00013; Design-Builder to revise the Contact Rail design drawing package to ensure successful integration and incorporation of modifications to the Vehicle Dynamic Envelope (VDE).
00011	RFCR 15 - Light pole, signs, and bollard relocation	\$200,076	\$ 157,798.00	8/25/2014	ROW	RFCR-00015; Relocation of existing light poles, signage, and bollards on the Cutter Dodge property
00011	RFCR 16 - Adjust ROW Need line at Stuart Plaza	\$0	\$ -	8/25/2014	ROW	
00012	Insurance Coverage 9-1-2013 - Q2 2014	\$1,400,000	\$ 1,400,000.00	8/5/2014	HART Initiative	Provisional Sum amount for monthly payment of acceptable insurance coverage.

Contract CT-HRT-11H0195
Kamehameha Highway Guideway Design-Build
As of August 16, 2017

Original Contract Amount	\$372,150,000	Percent
HART Initiative	(\$5,240,365)	-1.41%
Interface	\$4,763,994	1.28%
3rd Party	\$12,513,478	3.36%
Design	(\$449,606)	-0.12%
ROW	\$200,000	0.05%
Delay	\$18,881,761	5.07%
Total Change Orders	\$30,669,262	8.24%

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
00013	RFCR 00018 - Station Loads and Configuration Mods	\$2,046,802	\$ 1,350,000.00	10/23/2014	Interface	Design work due to the replacement of the aerial station load and aerial station configuration information provided as "mandatory" information by HART in the Request for Proposals (RFP) with the aerial station load and aerial station configuration information identified in RFCR 00018.
00014	Escalation due to Schedule Impacts	\$15,503,024	\$ 3,500,000.00	12/5/2016	Delay	Provisional Sum to pay for actual escalation costs incurred by the Design-Builder.
00015	Mds of SP 24.2 Table 24.2-1 MOT 3	\$0	\$ -	3/26/2015	ROW	
00016	Delay to Method Shaft 6	\$232,170	\$ 121,000.00	5/19/2015	HART Initiative	Delay impacts to Design-Builder's staff, craft labor, and equipment resulting from postponement of drilling operations for Method Shaft 6 due to HEER requirements.
00017	RFCR 00020 - Procure New Variable Message Sign	\$141,986	\$ 119,100.00	8/14/2015	3rd Party	Procure a new Variable Message Sign (VMS)
00017	RFCR 00021 - Temp. Parking Lot at Salt Lake Blvd. (Design)	\$39,726	\$ 39,726.00	8/14/2015	Design	Design a temporary parking lot adjacent to the Commercial Driver's License (CDL) Office on Salt Lake Blvd.
00017	RFCC 00040 - DSC - Buried Bone at Sta. 917+45	\$6,448	\$ 6,448.00	8/14/2015	Design	Assist Cultural Services Hawaii (CSH) and osteologists with their evaluation of bone fragments and further examination of soil material.
00017	RFCC 00017 - Relocate 6" Sewer at Sta. 935 - 947+00 (Design)	\$16,017	\$ 16,017.00	8/14/2015	Design	Design work to relocate existing 6" sewer line.
00018	RFCR 00029 - Drawings for KHG Systems Sites	\$0	\$ -	8/15/2015	Interface	
00018	RFCC 00012 - Unknown Subsurface at Boring 422R	\$36,363	\$ 33,073.00	8/15/2015	HART Initiative	
00018	RFCC 00047 - Lead Paint Abatement	\$12,003	\$ 12,003.00	8/15/2015	HART Initiative	
00018	RFCR 00026 - CDC Ch. 5 Revision - Track work	\$0	\$ -	8/15/2015	Design	
00018	RFCC 00045 - Utility Varying from RFP - HECO Duct bank	\$52,346	\$ 47,255.00	8/15/2015	Design	All labor, materials, equipment, and subcontract costs associated with the removal and replacement of HECO duct banks 317-A and 317-B with the correct number and size/diameter of electrical conduits to ensure proper connection with existing facilities.
00019	RFCC 54 - Track Profile Change	\$0	\$ -	11/18/2015	Design	
00019	RFCC 87 - Comp of Design Criteria Ch 9 Revisions	\$0	\$ -	11/18/2015	Design	
00019	RFCR 36 - Relocate Conc. Curb Ramps #80 and #81	\$25,422	\$ 24,704.00	11/18/2015	3rd Party	Relocate two concrete curb ramps to facilitate the widening of driveway entrance/exit to a commercial business (HDOT Sta. 326+40 Makai).
00019	RFCC 68 - HDOT Design Speed Exception	\$18,234	\$ 12,579.00	11/18/2015	3rd Party	Design costs to prepare and submit a Design Exception to HDOT for the Civil Roadway Design of Kamehameha Highway (through the project corridor) to lower the official design speed from 50 mph to 45 mph.
00019	RFCC 43 - Old Railroad Section in Waterline "C"	\$13,717	\$ 12,881.00	11/18/2015	Design	Installation of 30 linear feet (LF) of waterline "C" under an unknown/abandoned section of railroad tracks located beneath Kamehameha Highway.
00019	RFCC 70 - Arch Find - Wooden Str at STMH 325-1	\$7,727	\$ 7,727.00	11/18/2015	Design	Assist Cultural Surveys Hawaii, Inc. with their investigation of an unknown wooden structure. Activities include vacuum excavation and dewatering, MOT, maintenance of steel plates, and additional aggregate backfill of trench.
00020	HDOT Traffic Signal Mods	\$0	\$ -	Void	Void	Void
00021	RFCR 00023 - Analyze Guideway Structure Loading	\$10,797	\$ 10,797.00	2/8/2016	Design	Design costs to perform a Train Loading Engineering Analysis on the Kamehameha Highway Guideway (KHG) guideway structures for the load cases provided by Ansaldo Honolulu Joint Venture (AHJV) in Request for Interface Data (RFID) 1181, and submit a report of findings/results with verification.

Contract CT-HRT-11H0195
Kamehameha Highway Guideway Design-Build
As of August 16, 2017

Original Contract Amount	\$372,150,000	Percent
HART Initiative	(\$5,240,365)	-1.41%
Interface	\$4,763,994	1.28%
3rd Party	\$12,513,478	3.36%
Design	(\$449,606)	-0.12%
ROW	\$200,000	0.05%
Delay	\$18,881,761	5.07%
Total Change Orders	\$30,669,262	8.24%

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
00021	RFCC 00049 - Transite Pipe at TS Duct bank (Sta. 870)	\$14,920	\$ 14,269.00	2/11/2016	HART Initiative	Removal and disposal of multiple sections of 5" diameter transite pipe (hazmat: asbestos) encountered during excavation operations to install a new traffic signal duct bank at Sta. 870+00.
00021	RFCC 00010 - HDOT Fence in Roadway Median	\$35,229	\$ 35,229.00	2/11/2016	3rd Party	Temporary removal, patching, and restoration of numerous sections of chain-link fence located in State of Hawaii Department of Transportation (HDOT) median areas along Kamehameha Highway that were impacted to facilitate geotechnical boring operations.
00021	RFCC 00065 - Unknown DTS FOC at 12-943-E1	\$14,920	\$ 14,920.00	2/11/2016	Design	Temporary repair (i.e. splice) of two (2) damaged fiber optic cables utilized by the City and County of Honolulu Department of Transportation Services (DTS) and located beneath Salt Lake Boulevard.
00022	HECO Single Line Diagrams	\$422,929	\$ 413,319.00	2/11/2016	3rd Party	Incorporate new 46kV switch poles and electrical circuits depicted on the Single Line Diagrams (SLD) provided by Hawaiian Electric Company, Inc.
00023	Provisional Sum - HECO Utility Conflict	\$80,000	\$ 80,000.00	2/29/2016	3rd Party	Re-design Utility Conflict 12-943-E1 which adds 425 linear feet (LF) of new underground electrical duct bank and two (2) accompanying electrical manholes along Kamehameha Highway.
00024	Issue 225 HECO Conflict 12-943-E1 Duct bank Constr.	\$550,000	\$ 550,000.00	4/25/2016	3rd Party	Purchase of two pre-cast electrical vaults and manholes associated with Issue No. 00225 – HECO Duct bank for Utility Conflict 12-943-E1.
00025	Issue 00227 - Design of CIP Retaining Walls 2, 3, 4	\$95,000	\$ 95,000.00	10/12/2016	3rd Party	Prepare design for Retaining Walls No. 2, 3, and 4 of cast-in-place (CIP) concrete walls in lieu of Materially Stabilized Earth (MSE) walls and materials.
00026	RFCR-00032 HDOT Traffic Signal Improvements	\$10,199,029	\$ 7,703,000.00	3/23/2016	3rd Party	Revise traffic signals to include updated MUTCD 2009 standards and AASHTO Standard Specifications for Structural Support for Signs and Luminaires and Traffic Signals, 2009.
00027	RFCC00077 Station Loads and Configuration Changes - Construction Impacts	\$1,202,498	\$ 610,000.00	4/25/2016	Interface	Construction impacts related to the station load and configuration changes at the Pearlridge and Aloha Stadium Stations.
00028	RFCR 00030 Replace 24-Inch CMP Drain Line	\$678,060	\$ 501,381.00	4/25/2016	3rd Party	Remove 435 linear feet (LF) of existing 24-inch/30-inch corrugated metal pipe (CMP) drain line and replace it with 24-inch/30-inch reinforced concrete pipe (RCP) (Class IV) without a reinforced concrete jacket which is no longer required due to installing RCP.
00029	AIS Provisional Sum Reconciliation Issue 00133	(\$1,223,824)	\$ (1,223,824.00)	4/12/2016	Delay	Final costs paid for the AIS Partial Suspension period.
00030	Pre-Cast Yard Extended Lease Jul-Oct 2016 RFCC 00069	\$742,990	\$ 819,782.00	4/7/2016	Interface	KIWC extending the lease agreement with Fort I2 NM LLC, dated April 3, 2012, for the Precast Yard.
00031	Change MSE Walls 2, 3, 4 to CIP Concrete Walls	\$0	\$ -	Void	Void	Void
00032	RFCR 00002 - Defer Emergency Lighting - Guideways	(\$1,406,374)	\$ (1,536,000.00)	8/29/2016	HART Initiative	Eliminate Emergency Lighting G/W to eliminate from the Contract all emergency walkway lighting and appurtenances along the guideway.
00033	RFCC 00030 Equipment Ownership Costs During the AIS Delay	\$267,817	\$ 267,817.00	8/8/2016	Delay	Ownership costs for equipment owned by Kiewit Infrastructure West Company (KIWC) as a result of the Archeological Inventory Survey (AIS) delay.
00034	RFCC 79 - Unknown HTI asbestos DB at MH-301-K2	\$137,680	\$ 121,575.00	8/26/2016	HART Initiative	
00034	RFCC 111 - Unknown 4-inch transite pipe at VMH 331-1	\$11,853	\$ 6,250.00	8/26/2016	HART Initiative	Install larger hand hole box due to encountering an unknown 4-inch transite pipe not identified in the RFP.
00034	RFCC 60 - HECO duct line at pole 25	\$71,777	\$ 69,900.00	8/26/2016	3rd Party	Hawaiian Electric Company (HECO) Duct line at Pole 25: design and construct 122 linear feet of underground electrical duct bank in lieu of installing a joint use pole utilized by HECO.
00034	RFCC 109 - Additional cabinet for new VMS	\$33,666	\$ 6,900.00	8/26/2016	3rd Party	Procure a new controller cabinet for the VMS (Hawaiian Department of Transportation Sta. 324+80).

Contract CT-HRT-11H0195
Kamehameha Highway Guideway Design-Build
As of August 16, 2017

Original Contract Amount	\$372,150,000	Percent
HART Initiative	(\$5,240,365)	-1.41%
Interface	\$4,763,994	1.28%
3rd Party	\$12,513,478	3.36%
Design	(\$449,606)	-0.12%
ROW	\$200,000	0.05%
Delay	\$18,881,761	5.07%
Total Change Orders	\$30,669,262	8.24%

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
00034	RFCC 64 - Unknown utilities at TS DB Sta. 798+00	\$49,347	\$ 32,000.00	8/26/2016	Design	Additional shoring, vacuum excavate due to encountering an unknown 3-foot wide duct bank and four unknown utilities not shown on the Request for Proposal (RFP).
00034	RFCC 90 - Impacts of gas line "O" delay	\$21,518	\$ 21,375.00	8/26/2016	Design	Extra work activities (i.e. temporary backfill and re-excavation of trench) due to a delay from The Gas Company's schedule response.
00034	RFCC 105 - Unknown utility in 5-823-T1 excavation	\$26,293	\$ 12,000.00	8/26/2016	Design	Extra work activities after encountering an unknown concrete jacket and a 2-inch direct buried conduit not identified on the RFP.
00034	RFCC 102 - Unknown thicker HTI manhole wall	\$5,571	\$ 5,000.00	8/26/2016	Design	Extra work activities to chip through an existing manhole wall substantially thicker than the detail shown in HTI's Standard V-1 Type Manhole drawing.
00035	Extend Substantial Completion Date	\$0	\$ -	9/6/2016	HART Initiative	Unilateral NO COST change order that extends the Substantial Completion Date by two hundred thirty eight (238) days from September 16, 2016 to May 12, 2017.
00036	RFCC 00032 - Variance from Trench Restoration Detail	\$1,213,666	\$ (1,140,000.00)	10/19/2016	Design	Eliminating the requirement to construct the "T TOP" portion of the trench restoration detail during dry utility relocation work.
00037	RFCR 00038	\$47,396	\$ 36,109.00	11/15/2016	Interface	Increase Size of Hawaiian Electric Company, Inc. (HECO) Switchgear Pads.
00037	RFCR 00039	\$22,254	\$ 17,500.00	11/15/2016	Interface	HECO Conduits for Harmonic Filter: Revise the construction of the Traction Power Substation (TPSS) foundation at KHG Systems Sites #10 and #24 to include two (2) 5-inch conduits for a future extension.
00037	RFCR 00024	(\$239,915)	\$ (239,915.00)	11/15/2016	Interface	Revise the design and construction of C12-6 Communications Duct bank from twelve (12) 4-inch conduits to two (2) 4-inch conduits to convey FOC from Systems Site #12 to the City Fiber Patch Panel located at the northwest corner of Kaonohi Street and Kamehameha Highway.
00038	RFCR 00048 Accelerate Construction of Straddle Bents 400 and 401	\$87,016	\$ 77,500.00	10/6/2016	HART Initiative	Mitigating potential schedule impacts to the Span-by-Span operations that are being affected by substructure activities in Phase 12 by accelerating the construction of straddle bents 400 and 401.
00039	RFCC 00036 - Design Management Costs	\$3,810,560	\$ 3,810,560.00	10/28/2016	Delay	Management services and deliverables associated with HNTB's Design Management, during the period of August 25, 2012 through April 30, 2015 only, including the Archaeological Inventory Survey (AIS) suspension period.
00040	Pre-Cast Yard Lease Extension	\$792,582	\$ 792,581.96	10/20/2016	Interface	KIWC extending the lease agreement with Fort I2 NM LLC, dated April 3, 2012, for the Precast Yard, from November 1, 2016 through February 28, 2017.
00041	RFCR 00025	\$59,429	\$ 48,500.00	11/15/2016	Interface	Pearlridge Station to shift the North driveway to the West, relocate one street light to the West side of the Station driveway, and revise the height of the center-of-station street lights to avoid conflict with the overhead stairway/pedestrian bridge.
00041	RFCR 00019	\$89,514	\$ 25,200.00	11/15/2016	HART Initiative	Revise design to accommodate the future installation of the Rail Rescue Carts and cabinets, one at each side-platform station (Pearlridge and Aloha Stadium stations).
00042	RFCC 00119	\$62,918	\$ 55,000.00	11/15/2016	Design	Abatement of abandoned unknown 4-inch asbestos-cement pipes during telecommunication utility tie-in operations at TMH-333-1.
00042	RFCC 00093	\$12,335	\$ 12,000.00	11/15/2016	Design	Unknown Ductbank at Waterline A: extra work to realign Waterline A installation due to encountering an unknown duct bank at 0.7-FT depth while excavating for Waterline A near STA 788+20. The duct bank was not identified in the RFP.

Contract CT-HRT-11H0195
Kamehameha Highway Guideway Design-Build
As of August 16, 2017

Original Contract Amount	\$372,150,000	Percent
HART Initiative	(\$5,240,365)	-1.41%
Interface	\$4,763,994	1.28%
3rd Party	\$12,513,478	3.36%
Design	(\$449,606)	-0.12%
ROW	\$200,000	0.05%
Delay	\$18,881,761	5.07%
Total Change Orders	\$30,669,262	8.24%

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
00043	RFCR 32 - Traffic Signal Mods	\$2,016,959	\$ 2,016,959.00	11/21/2016	3rd Party	Supplemental HDOT Traffic Signal Mods to revise design and perform construction work related to traffic signal modifications under the Contract to include updated MUTCD 2009 standards and AASHTO Standard Specifications for Structural Support for Highway Signs and Luminaires and Traffic Signals, 2009.
00044	RFCC 126 - Silica Fume	\$0	\$ -	12/5/2016	Design	Replace "silica fume" in the first sentence of the second paragraph of Section 5.3.1 of the Compendium of Design Criteria with "fly ash".
00045	Pending CCO	(\$285,177)	\$ (1,099,235.00)		HART Initiative	Credit - pending Board approval
00046	Final AIS Delay Cost Escalation	\$4,999,000	\$ 4,999,000.00	12/16/2016	Delay	Escalation costs resulting from the thirteen (13) month Contract extension resulting from the Archaeological Inventory Survey ("AIS") delay event authorized under CCO No. 10.
00047	RFCC 63 - Unknown Abandoned MH at 12-942-E1	\$7,843	\$ 7,200.00	1/5/2017	Design	Work to demolish and remove the unknown pre-existing abandoned manhole.
00048	RFCR 00022 - Abatement of Abestos Wrapped 10" Fuel Line	\$252,048	\$ 235,000.00	1/9/2017	HART Initiative	Extra work to remove the asbestos contaminated material wrapped around the exterior of an existing abandoned 10-inch fuel line at approximately fifty (50) locations throughout the alignment of the Project (i.e. fuel line conflicts with drilled shaft locations).
00048	RFCC 00074 - Unknown Ductbank	\$5,601	\$ 4,500.00	1/9/2017	Design	RFCC No. 74 - Unknown DB at EMH 339-1: extra work due to encountering an unknown duct bank approximately 3-feet from the top of the asphalt during electrical utility tie-in operations at EMH 339-1. The pipes were not identified in the RFP Composite Plan - Existing Utilities Drawings.
00049	RFCC 00056	\$295,041	\$ 270,000.00	1/10/2017	3rd Party	Hawaiian Electric Company ("HECO") Impacts on Shaft 270: extra work for KIWC to have to come back to complete drilling operations at Shaft No. 270, differing from what was shown on its baseline schedule, after HECO completed its portion of the work.
00049	RFCC 00114	\$70,185	\$ 56,500.00	1/10/2017	3rd Party	Inefficiencies at pole sweeps due to delay: extra work for KIWC to have to come back to complete pole sweeps at joint use poles, differing from what was shown on its baseline schedule, once HECO completed its portion of the work.
00050	RFCC 00120 - Hazardous Materials at Alea Laundry	\$86,857	\$ 65,000.00	1/6/2017	HART Initiative	Additional sampling of soil and the contaminated groundwater plume associated with the former Alea Laundry Facility site.
00051	RFCC 72 Unknown DTS Ductbank at EMH 340-1	\$23,766	\$ 21,000.00	3/30/2017	3rd Party	Relocation of DTS ductbank to allow for installation of new HECO conduits.
00051	RFCC 121 HTI Additional Ductbank at Station 870	\$154,300	\$ 145,800.00	3/30/2017	3rd Party	Installation of new HTI ductbank to replace previously damaged one.
00052	RFCC 69.3 Extend Precast Yard Lease to May 2017	\$594,436	\$ 594,436.47	4/17/2017	Interface	KIWC extending the lease agreement with Fort I2 NM LLC, dated April 3, 2012, for the Precast Yard, from February 28, 2017 to May 31, 2017.
00053	RFCR 056 Precast Yard Demobilization	\$600,000	\$ 600,000.00	4/17/2017	Interface	Provisional sum to pay for demobilization of Precast Yard towards transition to AGS use.
00054	RFCC 127 HECO Conflict 920 Delay	\$118,171	\$ 96,000.00	3/30/2017	3rd Party	Installation of Span Segments 386, 387, and 388 differing from what was shown in the baseline schedule, once HECO completed its portion of the work, which was required prior to the start of KIWCs work.
00055	RFCR 055 Impediment Mitigation	(\$6,822,772)	\$ (6,550,000.00)	6/23/2017	HART Initiative	Deletion of civil roadway work to minimize extended supervision costs and to address work scope adjustments driven by HDOT-requested improvements, utility relocation impediments, and the start of KHSG work at Pearlridge Station.

Contract CT-HRT-11H0195
Kamehameha Highway Guideway Design-Build
As of August 16, 2017

Original Contract Amount	\$372,150,000	Percent
HART Initiative	(\$5,240,365)	-1.41%
Interface	\$4,763,994	1.28%
3rd Party	\$12,513,478	3.36%
Design	(\$449,606)	-0.12%
ROW	\$200,000	0.05%
Delay	\$18,881,761	5.07%
Total Change Orders	\$30,669,262	8.24%

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
00056	RFCC 081 Pearl Bike Path Connection	\$41,896	\$ 18,000.00	6/19/2017	3rd Party	Design and construct a sidewalk that connects the Pearl Harbor bike path to existing sidewalk adjacent to Kamehameha Highway.
00057	RFCC 113 Rail Trucking Premiums	\$154,300	\$ 103,500.00	6/19/2017	Interface	Additional trucking and loading costs incurred during transportation of rail materials from Sause Brothers and Pasha Group storage yards.
00058	RFCR 060 Modify Curb Ramps to Updated ADA Standards	\$44,000	\$ 44,000.00	6/9/2017	3rd Party	Provisional sum to pay for actual costs incurred to re-design twelve (12) type B, C and E curb ramps that have not been built as of May 24, 2017 to meet ADA standards.
00059	RFCR 059 Kanuku Intersection Traffic Utility Impacts	\$98,845	\$ 98,000.00	7/21/2017	3rd Party	Installation of new traffic signal pole, removal of temporary traffic signal pole, and removal of existing traffic signal pole at Kanuku intersection.
TOTAL		\$65,708,892	\$30,669,262			

KHSG Change Orders

CT-HRT-1600152
Kamehameha Highway Station Group (KHSG)
As of August 16, 2017

Original Contract Amount	\$115,805,845	Percent
HART Initiative	\$0	0.00%
Interface	\$0	0.00%
3rd Party	\$0	0.00%
Design	\$726,786	0.63%
ROW	\$0	0.00%
Delay	\$0	0.00%
Total Change Orders	\$726,786	0.63%

CCO	Description	Original Amount	Esecuted Amount	Date Executed	Secondary Source	Remarks
00001	RFCR 001 IFB to IFC Design Change	\$991,031	\$792,147	5/10/2017		Include Issued for Construction (IFC) drawings to the contract.
00002						Not issued
00003	RFCR 002 Rev 2 Design Changes	\$143,076	(\$218,361)	5/10/2017		Include Rev 2 design changes to the contract.
00004	RFCR 017 Pearlridge Station Temporary Road Widening	\$489,945	\$153,000	5/3/2017		Incorporating Pearlridge Station temporary road widening.
	TOTAL	\$1,624,052	\$726,786			

Contract CT-HRT-10H0449
Maintenance & Storage Facility
As of August 16, 2017

Original Contract Amount	\$195,258,000	Percent
HART Initiative	\$ 2,142,430	1.10%
Interface	\$ 30,178,744	15.46%
3rd Party	\$ 16,085	0.01%
Design	\$ 4,227,790	2.17%
ROW	\$0	0.00%
Delay	\$ 49,949,883	25.58%
Total Change Orders	\$86,514,932	44.31%

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
1	Standard and Directive Drawings	\$0	\$ 0	11/12/2012	Design	
1	Revision to RTD Standard Specifications	\$0	\$ 0	11/12/2012	Design	
1	Compendium of Design Criteria Revisions	\$7,087	\$ 0	11/12/2012	Design	
1	Contract Management System	\$0	\$ 0	11/12/2012	HART Initiative	
2	Revised Rail Procurement	\$24,592,003	\$ 15,910,959	11/2/2012	Delay	Delay in issuance NTP
4	Ala Ike Street Reconfiguration	(\$321,130)	\$ (429,307)	11/2/2012	HART Initiative	
4	Vapor Testing	\$21,686	\$ 16,085	11/2/2012	3rd Party	Additional DOH Requirement
5	AIS Suspension Part 1	\$10,040,000	\$ 4,100,000	12/20/2012	Delay	Archeological Inventory Survey Suspension
6	CSC Engineering Support	\$63,471	\$ 55,138	3/28/2013	Delay	Contract Alignment with CSC*
6	Double Crossover IJ's	\$30,944	\$ 30,876	3/28/2013	Interface	CSC/HART directed changes
6	Insurance Coverage (7/25/11 - 12/31/12)	\$1,679,570	\$ 434,000	3/28/2013	Delay	OCIP not in place due to Contract Protest
7	AIS Suspension Part 2	\$5,862,000	\$ 3,000,000	7/19/2013	Delay	Archeological Inventory Survey Suspension
8	Switch Machines	\$583,129	\$ 553,000	7/17/2013	Interface	HART O&M directed Change
9	Yard Layout Revisions (Design Only-HNTB)	\$3,225,269	\$ 427,560	7/3/2013	HART Initiative	
9	Photovoltaic Power Service Option	\$390,000	\$ 86,866	7/3/2013	HART Initiative	HART directed change
10	Train Configuration	\$0	\$ 27,700	7/17/2013	Interface	CSC/HART directed changes
11	Preliminary Design (Unilateral)	\$2,388,555	\$ 694,866	7/19/2013	Interface	CSC/HART directed changes
12	Amendment 1 - Part B Design Only	\$823,500	\$ 823,500	9/5/2013	Delay	Delay in issuance NTP
13	Roof Access Modification Options	\$0	\$ 15,655	9/27/2013	Interface	CSC/HART directed changes
13	#6 Turnouts	(\$91,000)	\$ (91,000)	9/27/2013	HART Initiative	
13	Insurance Coverage (1/01/13 - 8/31/13)	\$275,862	\$ 266,500	9/27/2013	Delay	OCIP not in place due to Contract Protest
14	Preliminary Design Supplemental PM	\$0	\$ 205,134	11/12/2013	Interface	CSC/HART directed changes
14	Dynamic Envelope Impacts	\$0	\$ 9,712	11/12/2013	Interface	CSC/HART directed changes
15	Yard Layout Revisions (Construction Only)	\$3,225,569	\$ 2,150,000	11/6/2013	HART Initiative	
15	Inadequate RFP Structural Steel	\$1,975,354	\$ 1,500,000	11/6/2013	Design	
15	Insurance Coverage (4th Quarter - 2014)	\$22,300	\$ 223,000	11/6/2013	Delay	OCIP not in place due to Contract Protest
16	Rail Lubricators	\$116,261	\$ 102,000	4/14/2014	Design	FEIS requirement
17	Yard Layout and ATO Design	\$5,526,995	\$ 4,250,000	4/14/2014	Interface	CSC/HART directed changes
18	Rail Materials Storage	\$499,999	\$ 370,000	4/21/2014	Interface	CSC/HART directed changes
19	Train Wash Facility Shortening - Unilateral	\$178,413	\$ 0	4/15/2014	Interface	HART O&M directed Change
20	CSC Consolidated Changes Construction	\$40,993,681	\$ 22,500,000	5/30/2014	Interface	CSC/HART directed changes
21	Amendment 1 - Part A Markup	\$3,182,192	\$ 1,591,096	6/9/2014	Delay	Delay in issuance NTP
22	Amendment 1 - Part B Non Rail Escalation	\$17,822,058	\$ 10,087,325	6/9/2014	Delay	Delay in issuance NTP
23	OCC Layout - Unilateral	\$1,032,472	\$ 220,000	5/30/2014	Interface	CSC/HART directed changes
24	Yard Storage Track Crossing - Unilateral	\$609,292	\$ 53,750	5/30/2014	Interface	CSC/HART directed changes
25	OSB Reconfiguration - Unilateral	\$57,700	\$ (170,000)	5/30/2014	HART Initiative	HART directed change to save costs
26	Insurance Coverage (1/01/14 - 8/31/14)	\$1,112,000	\$ 1,112,000	8/12/2014	Delay	OCIP not in place due to Contract Protest
27	TCP Suspension	\$1,145,447	\$ 473,593	8/28/2014	Delay	Traditional Cultural Properties Suspension
28	AIS Suspension Escalation	\$14,844,157	\$ 8,500,000	10/24/2014	Delay	Archeological Inventory Survey Suspension
29	Revised SP 4.1	\$0	\$ 0	12/2/2014	Interface	CSC/HART directed changes
30	OSB Exterior and Ground Floor Systems	\$603,241	\$ 450,000	4/1/2015	Delay	Contract Alignment with CSC*
31	OSB Interior Building Systems Devices	\$392,543	\$ 128,440	6/12/2015	Delay	Contract Alignment with CSC*
31	MOW Interior Building Systems Devices	\$253,521	\$ 51,560	6/12/2015	Delay	Contract Alignment with CSC*
32	Unanticipated Weather Delays 2014 (6 cal days)	\$0	\$ 0	6/12/2015	Delay	Weather Delays (Substantial rain delays)
32	Car Roof Access Platform Extensions (Design/Constr)	\$281,596	\$ 100,000	6/12/2015	Interface	CSC/HART directed changes
32	OSB Stinger Relocation	\$22,675	\$ 18,000	6/12/2015	Delay	Contract Alignment with CSC*
32	MOW & WTB Exterior and Ground Floor Systems	\$133,356	\$ 132,000	6/12/2015	Delay	Contract Alignment with CSC*
32	Deletion of Vegetative Roof Request	(\$403,415)	\$ (403,415)	6/12/2015	Interface	HART directed change to save costs
33	EOS Foundation	\$44,179	\$ 44,179	8/17/2015	Interface	CSC/HART directed changes
34	Credit for CCO 18 - Rail Material Storage Plan	(\$99,030)	\$ (99,030)	11/3/2015	HART Initiative	
35	Flag Poles	\$110,482	\$ 31,000	11/3/2015	Interface	HART O&M directed Change
35	Changes to the Facilities' Color Scheme	\$8,150	\$ 14,900	11/3/2015	HART Initiative	
35	Deletion of OSB & MOW Walk-off Mat Drains	(\$2,100)	\$ (2,100)	11/3/2015	HART Initiative	
36	OSB Interior Building Systems Devices Pt2	\$333,879	\$ 32,760	11/17/2015	Delay	Contract Alignment with CSC*
36	MOW Interior Building Systems Devices Pt2	\$199,981	\$ 44,540	11/17/2015	Delay	Contract Alignment with CSC*
36	TWF Building Systems	\$107,491	\$ 52,700	11/17/2015	Delay	Contract Alignment with CSC*
37	AIS Reconciliation Credit	(\$785,304)	\$ (785,304)	11/3/2015	Delay	Archeological Inventory Survey Suspension
38	Unpaid Suspension Amounts - \$540,728	\$540,728	\$ 271,374	11/3/2015	Delay	Archeological Inventory Survey Suspension
39	Escalation of ADS Due Sched. - \$142,629	\$142,629	\$ 68,058	11/3/2015	Delay	Archeological Inventory Survey Suspension

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
40	Layout Direct/Fix Ballasted Turnout	(\$108,624)	\$ (422,634)	1/18/2016	HART Initiative	
41	Rework of Site Work due to AIS - \$591,581	\$591,581	\$ 537,653	11/17/2015	Delay	Archeological Inventory Survey Suspension
42	Unanticipated Weather Delays 2015 (11 cal days)	\$0	\$ 0	1/19/2016	Delay	Weather Delays (Substantial rain delays)
42	Mainline Rail Material Quantities w/ WYL #8 TO	(\$15,555)	\$ (38,000)	1/19/2016	HART Initiative	HART directed change to save costs
43	Extended Rail Materials Storage (Jan-Mar 2016)	\$99,030	\$ 99,030	12/31/2015	Delay	Archeological Inventory Survey Suspension
44	Extension of Rail Yard Lease (Apr-Jul 2016)	\$136,112	\$ 136,112	2/23/2016	Delay	Archeological Inventory Survey Suspension
45	Patented Keys	\$25,984	\$ 25,984	3/16/2016	Interface	CSC/HART directed changes
45	Additional Rail Insulated Joints	\$6,950	\$ 6,950	3/16/2016	Delay	Contract Alignment with CSC*
45	Deletion Car Progression Systems	(\$3,940)	\$ (4,089)	3/16/2016	Interface	CSC/HART directed changes
46	Relocate Chain-link Fence at OSB	\$7,792	\$ 7,792	2/23/2016	Interface	CSC/HART directed changes
47	Extend Substantial Completion	\$0	\$ 0	6/24/2016	HART Initiative	
48	WYL-EYL Conduits, Manholes, and Landscaping	(\$90,420)	\$ (138,000)	11/30/2016	Interface	CSC/HART directed changes
48	Deletion of OFCI 4207, 5905, 5906	(\$118,707)	\$ (118,707)	11/30/2016	Delay	Contract Alignment with CSC*
48	Additional Security	\$17,431	\$ 17,431	11/30/2016	Delay	CSC/HART directed changes
48	Fire Detection and Alarm System Mod	\$65,891	\$ 65,891	11/30/2016	Delay	Contract Alignment with CSC*
48	Dust Fence to Remain	(\$9,769)	\$ (10,151)	11/30/2016	HART Initiative	
49	Layout Direct/Fix Ballasted Turnout Mediation	\$422,634	\$ 322,782	12/20/2014	HART Initiative	Settled in Mediation
50	Additional Design Review Cycle	\$1,754,831	\$ 987,402	12/20/2014	Delay	Contract Alignment - CSC Protest; settled in mediation
51	Extended Management (TRO) for Design	\$970,026	\$ 892,880	12/20/2014	Delay	Contract Coordination - CSC Protest; settled in mediation
52	Escalation of Additional Design Services	\$50,187	\$ 50,186	12/20/2016	Delay	Archeological Inventory Survey Suspension; settled in mediation
53	OSB Atrium Rating	\$615,753	\$ 615,720	12/20/2016	Design	RFP design parameters did not incl regment; settled in mediation
54	Inadequate Water Pressure	\$1,139,435	\$ 1,092,670	12/20/2016	Design	RFP design parameters did not incl regment; settled in mediation
55	Communication Room RFID 500	\$215,144	\$ 215,728	12/20/2016	Delay	Contract Alignment - CSC Protest*
56	OCC Layout - Unilateral	\$650,170	\$ 611,600	12/20/2016	Interface	CSC/HART directed changes; settled in mediation
57	Train Auxiliary Panel Load Change	\$156,281	\$ 153,456	12/20/2016	HART Initiative	HART directed change to length of pax vehicle; settled in mediation
58	Rework of Site Work due to AIS - \$591,581	\$53,928	\$ 18,088	12/20/2016	Delay	Archeological Inventory Survey Suspension; settled in mediation
59	Waipahu HS Light Pole	\$69,259	\$ 76,728	12/20/2016	Design	RFP design parameters did not show conflict; settled in mediation
60	OSB Reconfiguration	\$248,441	\$ 249,088	12/20/2016	HART Initiative	Settled in Mediation
61	Train Wash Facility Shortening	\$651,164	\$ 667,200	12/20/2016	Interface	Settled in Mediation
62	Permit Payment for New Utility	\$198,360	\$ 840,672	12/20/2016	Design	RFP contains ambiguous/conflicting language; settled in mediation
63	Yard Storage Track Crossing	\$232,230	\$ 305,800	12/20/2016	Interface	CSC/HART directed changes; settled in mediation
TOTAL		\$151,831,037	\$86,514,932			

Duplicate CCO Nos. are due to the fact that some CCOs contain multiple RFCs

* Delay in the issuance of the CSC NTP produced an unanticipated lag between the design of the MSF and the CSC contract resulting in add

Contract CT-HRT-10H0137
West Oahu Farrington Highway Guideway Design-Build
As of August 16, 2017

Original Contract Amount	\$482,924,000	Percent
HART Initiative	\$36,523,412	7.56%
Interface	\$0	0.00%
3rd Party	\$26,014,644	5.39%
Design	\$26,340,809	5.45%
ROW	\$940,757	0.19%
Delay	\$108,324,001	22.43%
Total Change Orders	\$198,143,624	41.03%

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
00001	RFCC 1, 2, 4, 14, & 25 (Conc. Cvr for Deck, Concrete Modulus of Rupture, Elastomeric Coating, Vert Vib, & Grade 75 Option)	\$0	\$0	4/19/2011	Design	Grading
00002	RFCC 37 & 50 and RFCR 11 (Inserts in Segmental Precast & Derailment Load & Revise Div 1 - Preamble)	\$0	\$0	7/27/2011	Design	PreCast
00003	RFCC 7 (Revise SP 4.21 Material Price Adj)	\$0	\$0	8/1/2011		
00004	RFCC 65 and RFCR 3 & 21 (Design-Builder Provided Insurance)	\$5,451,888	\$3,995,230	7/27/2011	HART Initiative	Builder's Risk Insurance. Add'l coverage Ag 2011-Dec 2011; Expedite process
00005	RFCC 70 & 74 and RFCR 13 & 15 (Rebar Clear Spacing, Drd Shaft Rcdds, Revise SP-8, & Horiz Derailment Load)	\$0	\$0	10/5/2011	Design	
00006	RFCR 8 (Delay of NTP 2, 3, & 4 - Ext. OH)	\$15,000,000	\$15,000,000	10/5/2011	Delay	Revised Contract Completion Date from 10/21/2013 to 07/01/2016.
00007	RFCR 4 & 22 (RTD Design Criteria Compendium & CMS as Official Communication)	\$0	\$0	11/22/2011	Design	
00008	RFCC 8 (Additional Unconsolidated Undrained)	\$60,803	\$50,000	10/25/2011	HART Initiative	Perform UU testing that was not required in original RFP. GEC Initiated.
00009	RFCC 75 & 86 (Boring Variances & Tensar SME Retaining Wall System)	\$0	\$0	7/10/2012	Design	
00010	RFCR 12 (Relocation of Trees)	\$1,123,318	\$930,000	8/30/2012	Design	City will no longer provides nursery (tree) for transplanted trees for 60 days.
00011	RFCR 5 (Revised Dwgs Missing from Addendum 23)	\$1,039,637	\$925,000	8/30/2012	Design	27 Preliminary Engineering Drawings missing from Addend 23 before contractor's proposals were submitted.
00012	RFCR 30 (Delay of NTP 2, 3, & 4 - Design Impacts)	\$7,733,284	\$7,200,000	8/30/2012	Delay	Design Management payments 1, 2 & Remaining
00013	RFCC 3 and RFCR 32 (Unknown Utility Strike Pier 234 & Securing Structure on TMK 9-6-004:002)	\$44,429	\$52,884	7/11/2012	Design	Differing site condition
00014	RFCR 29 (Ho'opili Mass Grading)	\$1,020,466	\$940,757	8/30/2012	ROW	Appeasing property owner for ROW. The property owner (D.R. Horton) provided future finish grades for this area of the contract. Revise the guideway designs to accommodate future mass grading in the Ho'opili development between Kualaka'i Parkway and Old Fort Weave Road, makai of Farrington Highway.
00015	RFCC 67 & 96 and RFCR 40 (Spread Footing Support Pier 253, Boring Variance, Delay of NTP 2, 3, & 4 - Direct Costs Neg)	\$137,500	\$134,500	7/11/2012	Design	Access to work, Fence and Shrub, drum site, tree trimming. Water tank price, disposal & soil.
00016	RFCC 28 & 73 (Additional Fiber Optic UP225/226 & Non-Shrink Grout @ CSL Tubes)	\$631,955	\$479,874	7/9/2012	3rd Party	Cross hole sonic logging Credit (40,126) and Additional HECO fiber optic UP225,226 \$520,000.
00017	RFCR 1 (Waipahu School Site Improvements)	\$2,983,244	\$2,670,000	8/16/2012	3rd Party	Install Portables for DOE and site work (roads and gates).
00018	RFCR 6 (RTD Std & Dir Drawings/CADD Std)	\$172,458	\$149,025	8/16/2012	Design	HART Directed CADD
00019	Administrative Change to Contract Number	\$0	\$0	9/24/2012	HART Initiative	
00020	RFCR 48 (HECO Utility Relocation Work Pkg 1)	\$1,272,208	\$987,000	10/16/2012	3rd Party	Direct HECO work to KIWC to avoid delay
00021	RFCC 62 and RFCR 31 (Apparent Arch Find Site 6 & Insurence Coverage Req Builder's Risk)	\$3,207,202	\$56,689	10/15/2012	HART Initiative	Insurance coverage
00022	RFCC 60 (Additional Fiber Optic UP231)	\$700,594	\$577,000	10/16/2012	3rd Party	Differing site conditions

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
00023	RFCC 97 and RFCR 19 (Civil Defense Warning Siren Pole & UH West Oahu Structural Mods to GW)	\$353,473	\$76,908	11/7/2012	Design	HART has revised station designs to follow a modular concept for cost, maintenance, and ridership efficiencies.
00024	RFRCR 18 & 20 (West Loch Structural Mods to G/W & Waipahu Structural Mods to Guideway)	\$342,649	\$302,424	11/26/2012	Design	HART has revised station designs to follow a modular concept for cost, maintenance, and ridership efficiencies.
00025	Partial Suspension Due to AIS Provisional Sum Part 1	\$45,200,000	\$17,600,000	1/9/2013	Delay	Money expended in first 6 months of the anticipated 12 month period.
00026	RFCC 41 & 51 (Insurance Coverage Requirements CCIP & Addl BGGV & WL at Old Ft. Weaver Rd)	\$20,416,185	\$2,720,178	1/30/2013	HART Initiative	Insurance coverage
00027	RFCC 43 & 94 and RFCR 33, 49, & 56 (Unforeseen 3" Pipe Near St. 659+50, Unforeseen Util - ATT Reloc PH10, Relocate TPSS #5, Seismic Load Combinations, and Unforeseen Util 1)	\$92,482	\$85,354	5/13/2013	Design	Differing site conditions
00028	RFCC 16 (Unforeseen BWS Util Near Shaft 96)	\$94,404	\$110,554	5/13/2013	Design	Differing site conditions
00029	RFRCR 26 (Farrington Hwy Future Widening)	\$178,798	\$950,000	5/13/2013	3rd Party	CCH DDC requested extra work
00030	Partial Suspension Due to AIS Provisional Sum Part 2	\$45,190,892	\$5,800,000	8/12/2013	Delay	Money expended in second six months.
00031	RFRCR 54 (Insurance Coverage Rqmts 2013)	\$899,652	\$850,000	8/12/2013	3rd Party	Insurance coverage during 1/1/13 - 8/31/13
00032	RFRCR 27 & 50 (Pearl Highland Sta Mods to G/W and Kaloi Channel Station Mod Concept)	\$95,033	\$72,381	8/12/2013	Design	Directs DB to shorten Hammerhead and do analysis for 100 and 500 flow.
00033	RFRCR 16 (HDOT Master Agreement Requirements)	\$4,900,000	\$4,900,000	9/3/2013	3rd Party	HDOT Joint use and occupancy agreement.
00034	RFRCR 58 (Planned Constr. Partial Suspension)	\$1,306,228	\$1,195,094	8/12/2013	Delay	Traditional Cultural Properties Construction Partial Suspension 3/19/12 - 7/13/12.
00035	RFCC 55 (Aesthetic Column Design Conflict)	\$149,021	\$120,812	9/3/2013	Design	Directs DB contractor to avoid placing conduits on aesthetically treated columns.
00036	RFRCR 38 (Ho'opili Station Relocation)	\$812,190	\$490,615	8/12/2013	Design	Hoopili Station Relocation Design
00037	RFCC 46, 47, & 107 and RFCR 61 (AT&T Ductline Location at 594+90, W36 at DR Horton/Farrington Hwy, Rev. to SP-4.02 Lane Closure Req., and Ala Ike Street Modifications)	\$5,360	(\$24,815)	10/9/2013	HART Initiative	Descope
00038	Insurance Coverage Rqmts Q4 2013	\$1,600,000	\$1,600,000	11/1/2013	HART Initiative	Insurance coverage 4th QTR starting 9/1/13
00039	RFRCR 60 (Delay of NTP 2, 3, & 4 - CMC Impacts)	\$3,489,395	\$2,850,000	10/28/2013	Delay	CMC Impacts
00040	RFCC 81 (Precast Yard Alternative Site)	\$17,144,121	\$12,400,638	4/14/2014	HART Initiative	Lease
00041	RFRCR 67, 68 (Revised Track Alignment & Profile; Construction Safety & Security Plan - Rev. 2)	\$46,808	\$46,808	4/15/2014	Design	HART Directing Modify West Yard Lead, Delete Access rd, modify vertical curve, delete design for temp 30 mph, Design for 50 mph, Modify east yard lead.
00042	RFCC 66, 88 & 93 (SIC Utility Relocation at N/S Road; Additional Non-Potable Water Line; Additional Water Line Relocation at Kualakai Pkwy)	\$1,712,873	\$798,049	4/15/2014	3rd Party	Kualakai Parkway additional non-potable and potable waterlines.
00043	VOIDED (Retraction of CCO 00003-Rev. SP4.21, 03/13/14) - see 3. Pending - VOIDED	\$0	\$0		Void	
00044	RFRCR 34 (Delay of NTP 2, 3 & 4 -DB Impacts)	\$34,288,919	\$20,855,423	6/27/2014	Delay	Project quality Management, Safety Plan Admin, Coord w/local agencies, Security, Communications, Project signing, Public Info Program, Project Management, Lump sum change order 44 June 2014, Lump sum change order 44 June 2014.
00045	RFRCR 10 (Standard Specification Revision 2.0)	\$9,938,900	\$2,650,000	9/25/2014	Design	Implementation of contract spec sec 36 63 30 rev 2 dated Oct 2011 for drilled concrete shaft foundations.
00046	Insurance Coverage Rqmts 2014	\$3,400,000	\$3,400,000	9/25/2014	HART Initiative	Insurance coverage 2014
00047	RFRCR 74 (Station Loads & Config. Mods)	\$5,536,215	\$4,400,000	10/23/2014	Design	Design changes in aerial station loads and configuration.
00048	RFRCR 34 (Escalation Due to Schedule Impacts)	\$39,105,744	\$15,000,000	12/5/2014	Delay	Delay in NTP 2, 3 & 4
00049	RFRCR 82 (Hazmat Assessment for LCC Portables)	\$10,090	\$9,174	4/1/2015	HART Initiative	University of Hawaii
00050	RFRCR 34 (Escalation Due to Schedule Impacts - Ameron)	\$63,357,195	\$464,413	12/19/2014	Delay	Delay in NTP 2, 3 & 4
00051	RFRCR 34 (Escalation Due to Schedule Impacts - Honolulu Painting)	\$63,357,195	\$21,476	12/19/2014	Delay	Delay in NTP 2, 3 & 4

WOFH Change Orders

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
00052	RFCR 34 (Escalation Due to Schedule Impacts - HPD)	\$63,357,195	\$156,123	12/19/2014	Delay	Delay in NTP 2, 3 & 4
00053	RFCR 34 (Escalation Due to Schedule Impacts - Tensar)	\$63,357,195	\$71,663	12/19/2014	Delay	Delay in NTP 2, 3 & 4
00054	RFCR 34 (Escalation Due to Schedule Impacts - Road Builders)	\$63,357,195	\$716,655	12/19/2014	Delay	Delay in NTP 2, 3 & 4
00055	RFCR 34 (Escalation Due to Schedule Impacts - Schwager Davis)	\$63,357,195	\$767,177	12/19/2014	Delay	Delay in NTP 2, 3 & 4
00056	RFCR 34 (Escalation Due to Schedule Impacts - T Bailey)	\$63,357,195	\$102,675	12/19/2014	Delay	Delay in NTP 2, 3 & 4
00057	RFCR 34 (Escalation Due to Schedule Impacts - PAC Electric)	\$63,357,195	\$777,883	12/19/2014	Delay	Delay in NTP 2, 3 & 4
00058	Kaloi Drainage Channel Geotech	\$2,055,947	\$987,501	12/16/2014	Design	Additional borings and tests for 100 - 500 year flow.
00059	Design Actuals at LCC, Ped Vibration, & Waipahu Station Guideway	\$2,194,410	\$301,052	12/16/2014	Design	Rev Waipahu Station Guideway, Ped vibration criteria, revision to LCC station due to station requirements.
00060	Waiawa Scour Design Actuals	\$307,288	\$288,494	12/16/2014	Design	Revise hydraulic model and grading plans at Waiawa stream not identified on original scope of work.
00061	Kaloi Scour Design Analysis	\$663,209	\$636,571	12/16/2014	Design	Design analysis for 100 - 500 year flow.
00062	Design Actuals at UHWO Station, West Loch Station Design Changes	\$66,624	\$64,212	12/16/2014	Design	Station load and configuration changes.
00063	Procurement & Delivery of Modular Bldgs to LCC	\$1,919,021	\$1,919,021	1/14/2015	HART Initiative	UH - LCC
00064	RFCC 00098 (Change from PC Segmental to CIP)	\$0	\$0	4/27/2015		No cost
00065	Relocate LCC Portables & Parking Lot / Revisions to LCC Station Access Structure	\$896,569	\$490,979	7/31/2015	HART Initiative	UH - LCC
00066	Revise Offset Left Turn Lane at Kahualii	\$995,190	\$755,983	7/31/2015	3rd Party	
00067	Elimination of Fiber Optic Relocation / Revised West Yard Lead	(\$46,669)	\$124,505	7/31/2015	3rd Party	Differing site conditions
00068	RFCR 00071 - Delay of NTP 2,3 & 4 - CMC Escalation	\$8,071,403	\$6,228,445	8/27/2015	Delay	Delay in NTP 2, 3 & 4
00069	RFCC 00010 Utility Relocates at Waipahu Depot Rd	\$1,676,922	\$200,000	11/16/2015	HART Initiative	Differing site conditions
00070	Equipment Escalation	\$768,374	\$768,374	12/18/2015	Delay	Delay in NTP 2, 3 & 4
00071	VOIDED	\$0	\$0		Void	
00072	VOIDED	\$0	\$0		Void	
00073	Escalation Due to Schedule Impacts Part 2 [RFCR 00072, Issue 00283, Issue 00385]	\$10,795,285	\$11,750,000	1/28/2016	Delay	Delay in NTP 2, 3 & 4
00074	[see RFCC 00114; Issue 00387] VOIDED	\$0	\$0		Void	
00075	Track Alignment at Spans 8-22 [RFCC00151; Issue 00386]	\$0	\$0	3/11/2016	Design	
00076	Additional Demo of Existing Structures [RFCR00064; Issue 00164]	\$347,834	\$245,000	3/11/2016	HART Initiative	Hazardous material abatement during demolition
00077	Extend Pre-cast yard lease to March 2016 [RFCC00135; Issue 00354]	\$518,835	\$518,835	2/12/2016	HART Initiative	Precast Yard Lease
00078	Left turn lane Farrington Hwy WB (RFCR 00087; Issue 00383)	\$145,304	\$125,000	4/14/2016	3rd Party	
00079	Horizontal Clearance at Conflict 3-665-E1 [RFCR 00086; Issue 00376]	\$5,402	\$5,402	3/2/2016	3rd Party	Differing site conditions
00080	Unknown Utility 2" Gas Line Sta 640+40 (639-E1 Gas Line) [RFCC00119; Issue 00326]	\$16,368	\$16,368	3/1/2016	Design	Differing site conditions
00081	Utility Varying from RFP -AT&T Ductbank at 705-M1 [RFCC00123; Issue 00335]	\$6,308	\$6,308	3/1/2016	Design	Differing site conditions
00082	Hazardous Mat Encountered Transite Pipe at STA 616+61 [RFCC00118; Issue 00327]	\$4,872	\$4,872	3/1/2016	HART Initiative	Hazardous material abatement during demolition
00083	Guy Wire Conflicts 3-669-M1, 3-671-M1, 3-667-M1 [RFCC 0121; Issue 00324]	\$44,119	\$44,119	3/1/2016	Design	Differing site conditions
00084	Notice of Utility Impact and Claim 602-T1 (Shaft 171/173) (RFCC 00125; Issue 00345)	\$6,200	\$6,200	3/18/2016	Design	Differing site conditions
00085	LCC Campus Construction Impacts (RFCC00149; Issue 00176)	\$2,214,613	\$2,214,613	3/28/2016	Design	LCC Station access structure changes.
00086	LCC Station Access Construction Impacts (RFCC00149; Issue 00176)	\$1,447,123	\$1,447,123	3/31/2016	Design	LCC portable bldgs and parking lots.
00087	Hat Mat Cutter Bldg TMK 9-4-048-047 [RFCC 00130; Issue 00368]	\$42,027	\$42,027	3/1/2016	HART Initiative	Hazardous material abatement during demolition
00088	DSC Debris at Shaft 258 [RFCC 00133; Issue 00370]	\$31,792	\$31,792	3/4/2016	Design	Differing site conditions
00089	Impacts Street Light Betterments - 650-E1 [RFCC 00134; Issue 00371]	\$22,975	\$22,975	3/4/2016	3rd Party	Mob/demob drill rig so it can work under HECO lines.
00090	Unknown Utility - Irrigation Lines at WHS (RFCC00136; Issue 00367)	\$2,874	\$2,874	3/18/2016	Design	Differing site conditions
00091	AIS Provisional Sum Reconciliation [Issue 00319]	(\$3,023,600)	(\$3,023,600)	5/6/2016	Delay	

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
00092	E. Kapolei / W. Oahu Vert. Clearance Prov. [RFCR 00028; ISSUE 00135]	\$714,712	\$512,328	3/23/2016	Design	Raise vertical clearance to 17.5 ft.
00093	Delete HECO Transformer Pads @ Five Stations [RFCR 00084; Issue 00318]	(\$6,215)	(\$6,215)	3/23/2016	Design	Descope
00094	HDOT Traffic Signals [RFCC00111; Issue 00175]	\$10,630,730	\$8,440,000	5/6/2016	3rd Party	HDOT work not in the original scope.
00095	Emergency Walkway - Guideway Areas [RFCR00037; Issue 00045]	\$709,287	\$587,110	3/21/2016	Design	
00096	Unforeseen 24-inch SW Drain Line [RFCC 00029; Issue 00063]	\$430,955	\$300,154	3/23/2016	Design	Differing site conditions
00097	Additional Drainage Requirements [Issue 00140; RFCC 00084]	\$306,825	\$275,000	3/23/2016	Design	Incorporate updated standards.
00098	Pre-Cast Yard Extension for 5 Months 2016 [Issue 00401; RFCC00135]	\$518,836	\$518,836	4/25/2016	HART Initiative	Precast Yard Lease
00099	Deletion of Station Platform Girders [RFCR 00080; Issue 00301]	(\$451,846)	(\$451,846)	5/5/2016	Design	
00100	HazMat Encountered Transite Pipe STA 704+00 [RFCC00126; Issue 00363]	\$48,296	\$48,296	5/5/2016	HART Initiative	Hazardous material abatement during demolition
00101	RTD Standard & Directive Dwgs. Rev. 1 [RFCR0024; Issue 00086]	\$51,231	\$47,745	7/6/2016	Design	
00102	Hazardous Materials Cutter Property [RFCR00044; Issue 00164]	\$187,620	\$182,299	5/19/2016	HART Initiative	Hazardous material abatement during demolition
00103	Hoopili Station Relocation [RFCR00066; Issue 00155]	\$1,038,062	\$832,414	6/8/2016	Design	Station load and configuration changes.
00104	Contaminated Material at Median Res [RFCC 00152; Issue 00394]	\$1,528,251	\$1,875,000	6/22/2016	HART Initiative	
00105	Deference of Emergency Guideway Lighting - Guideways [RFCR 00036; Issue 00046]	(\$2,327,373)	(\$2,492,713)	9/6/2016	Design	Descoping
00106	HDOT Traffic Signals Time Extension to 11/16/2016	\$0	\$0	9/12/2016	3rd Party	Unilateral extending completion date to 11/16/16
00107	Elimination of West Loch Rdway scope	(\$571,304)	(\$595,000)	9/20/2016	Design	Descoping
00108	Elimination of WTC Roadway scope	(\$423,436)	(\$443,000)	9/20/2016	Design	Descoping
00109	Ho'opili Station Load Construction Change	\$1,067,746	\$430,000	9/19/2016	Design	Station load and configuration changes.
00110	HDOT Scope Adjustments	\$770,488	\$560,793	9/28/2016	3rd Party	
00111	Contaminated Material Sta 663+18	\$83,723	\$82,586	9/28/2016	HART Initiative	Hazardous material abatement during demolition
00112	HNTB Extended Management	\$7,690,977	\$4,517,160	11/22/2016	Design	HNTB Design Management 8/25/12 - 3/31/15.
00113	Contaminated Material - Banana Patch	\$60,043	\$26,000	10/7/2016	HART Initiative	Hazardous material abatement during demolition
00114	Unknown Utility under MSE Wall 251	\$256,874	\$251,000	10/7/2016	Design	Differing site conditions
00115	Hazardous Material at Shate 179	\$6,635	\$6,635	10/7/2016	HART Initiative	Hazardous material abatement during demolition
00116	Temp Bracing of Pole 68A	\$89,587	\$85,000	10/7/2016	Design	Differing site conditions
00117	Elimination of Insulated Joints at Guideway	(\$32,817)	(\$32,817)	10/21/2016	Design	Descoping
00118	Rail Rescue Carts	\$407,466	\$365,000	10/21/2016	Design	HART Directed to add in rescue carts
00119	Fix Subgrade at LCC Motorcycle Lot	\$87,784	\$87,784	10/27/2016	Design	
00120	Fuel/Water Mix in Navy Fuel Line 1	\$60,856	\$59,968	11/2/2016	HART Initiative	Hazardous material abatement during demolition
00121	HTI Line under MSE Wall 251	\$239,000	\$238,000	11/2/2016	Design	Differing site conditions
00122	Util Vary from RFP-8in WL @ Mokuola	\$458,329	\$490,000	11/2/2016	Design	Differing site conditions
00123	Haz Mat. Ground Water at Shaft 205	\$116,635	\$113,481	11/2/2016	HART Initiative	Hazardous material abatement during demolition
00124	LCC Transite Pipe (Asbestos) at Utility	\$7,272	\$6,912	11/15/2016	HART Initiative	Hazardous material abatement during demolition
00125	Fuel/Water Mix at Shaft 206	\$6,563	\$6,042	11/15/2016	HART Initiative	Hazardous material abatement during demolition
00126	Additional Fiber Optic UP238	\$1,033,451	\$541,911	11/15/2016	3rd Party	Differing site condition
00127	Track Alignment at Spans 248-250	\$0	\$0	11/15/2016	Design	
00128	HECO Issue Utility Impact and Claim 595-M1	\$53,870	\$49,328	11/21/2016	3rd Party	Differing site condition
00129	Asbestos Pipe @ Elec Conflict 4-690-T2	\$33,602	\$31,492	11/16/2016	HART Initiative	Hazardous material abatement during demolition
00130	Elimination of Ho'opili Roadway Scope	(\$155,082)	(\$155,082)	11/21/2016	Design	Descoping
00131	Silica Fume	\$0	\$0	12/5/2016	HART Initiative	No cost
00132	LCC Station Construction & Delay	\$4,000,000	\$4,000,000	11/28/2016	Design	Delay to LCC work caused by sequencing of station
00133	HDOT Traffic Signals Out of Scope	\$11,165,000	\$2,725,000	12/8/2016	3rd Party	
00134	Fuel Water Mix in US Navy Fuel Line	\$70,689	\$64,061	12/6/2016	HART Initiative	Remove Hazardous Material
00135	Adjust Sound Walls at East Kapolei Station	\$15,688	\$12,459	12/6/2016	Design	
00136	Final NTP and AIS Delay Cost Escalation	\$3,278,000	\$3,278,000	12/16/2016	Delay	
00137	Unknown Utility Overhead Fiber Optic	\$723,525	\$685,334	12/16/2016	Design	Differing site conditions
00138	Street Light Betterments 649-M2 Temporary Relocation (5/15/15)	\$160,392	\$84,392	12/16/2016	3rd Party	
00139	Scope adjustments at Waipahu High School	\$195,191	\$153,828	2/9/2017	3rd Party	
00140	Variance from Trench Restoration Detail	(\$443,277)	(\$443,277)	1/4/2017	Design	
00141	Drilled Shaft Mobilization	\$60,862	\$48,572	12/29/2017	3rd Party	
00142	Asbestos Pipe @ Utility Conflict 3-673	\$10,002	\$8,524	1/3/2017	Design	Differing Site Condition
00143	Deletion of Site Restoration Work at Pier 253	(\$72,436)	(\$72,436)	1/6/2017	HART Initiative	

WOFH Change Orders

CCO	Description	Original Amount	Executed Amount	Date Executed	Source	Remarks
00144	Utility Impact - Shaft 220-225	\$167,840	\$146,420	3/7/2017	3rd Party	Costs associated with out-of-sequence work and related inefficiencies caused by utility conflicts 659-E1, 663-E1, and 665-M1.
00145	MSE Wall 252 Ductbank	\$320,000	\$91,000	3/30/2017	HART Initiative	Deconstruct and reconstruct MSE Wall 252 to allow installation of a ductback by On-Call contractor and for the modification of a transition slab.
00146	System Site Adjustments	\$384,779	(\$765,000)	3/21/2017	HART Initiative	Changes due to HART initiated system site adjustments.
00147	Drawings for WOFH System Sites	\$0	\$0	7/10/2017	HART Initiative	Change certain IFB drawings from "Mandatory" to "Reference".
00148	Addition of LPR Terminal Servers	\$40,334	\$38,550	3/8/2017	3rd Party	Design of terminal servers for License Plate Recognition (LPR) cameras.
00149	Street Light Improvement - Lighting Upgrade	\$272,928	\$173,687	2/10/2017	3rd Party	Street lighting design calculations and installation of new street lighting along Farrington Highway to meet current standards with the guideway in place.
00150	Waiawa No-Rise Grading Design	\$102,388	\$101,825	3/14/2017	Design	Design work pursuant to HART direction related to the final grading contours near Waiawa Stream.
00151	Station Loading Construction Changes	\$6,302,971	\$6,189,964	3/27/2017	HART Initiative	Construction impacts due to loading changes at five (5) aerial stations.
00152	Truss Stoppages at Stations	\$744,830	\$744,200	5/18/2017	Delay	Costs associated with truss work on span 49 due to a delay in the issuance of the IFC drawings for the UH West Oahu Station Substructure near piers 47-49.
00153	BWS Booster Station Valve Cluster Modifications	(\$252,129)	(\$252,309)	3/27/2017	3rd Party	BWS decommissioned a booster station, thereby removing work from a previously executed change order.
00154	Waiawa No-Rise Grading Construction Impacts	\$557,001	\$539,430	5/10/2017	Design	Construction impacts due to grading contours near Waiawa Stream for the Pearl Highlands Station and Parking Structure.
00155	Utility Impact Shaft 217	\$58,685	\$58,684	4/28/2017	3rd Party	Costs for the use of a derrick truck, and to install and remove a temporary ADA-compliant curb ramp. The truck was used to temporarily move and support a guide wire in conflict.
00156	Redesign Piers 1-54	\$305,174	\$282,500	6/21/2017	HART Initiative	Redesign work to perform a supplemental scour analysis to include a 100-year flood and survive the 500-year check flood at Kaloi Channel.
00157	Precast Yard Property Tax (Jan-Jun 2016)	\$154,642	\$147,948	7/31/2017	HART Initiative	Payment of property tax for the precast yard for the period January - June 2016.
TOTAL		\$868,993,309	\$198,143,624			

West Oahu Stations

Contract CT-HRT-1500503
West Oahu Station Group Construction (WOSGC)
As of August 16, 2017

Original Contract Amount	\$56,088,470	Percent
HART Initiative	\$285,000	0.51%
Interface	\$0	0.00%
3rd Party	\$119,036	0.21%
Design	\$2,075,198	3.70%
ROW	\$0	0.00%
Delay	\$0	0.00%
Total Change Orders	\$2,479,234	4.42%

CCO	Description	Original Amount	Executed Amount	Date Executed	Secondary Source	Remarks
00001	IFC Documents - Rev 1, 2, 3, 4 - Unilateral	\$1,992,065	\$1,992,065	12/16/2016	DPP Comments, HDOT Comments, HART Initiative, Interface	IFC Rev 1 - DPP and HDOT signatory comments and CSC design Interface; Design corrections IFC Rev 2 - HOP City Fiber Initiative and CSC design Interface; IFC Rev 3 - City Fiber Initiative; CSC design Interface; Fire Detection and Alarm System IFC Rev 4 - HOP and UHWO CSC design Interface
00002	PT Anchor Blockout Reinforcement	\$83,133	\$83,133	2/3/2017		Compensation to the Contractor to perform work to reinforce the area between Post Tension anchor blockouts
00003	Increase FCN Allowance	\$285,000	\$285,000	6/6/2017		A management tool to expeditiously address compensable, time critical, minor field changes.
00004	HECO 46Kv Relocations UHWO (Unilateral)	\$119,036	\$119,036	6/9/2017		New requirements for HECO and BWS regarding clearances between the 46Kv conduits, fiber optic conduit, waterlines and the pedestrian bridge foundation column were not achievable as shown on the drawings.
	TOTAL	\$2,479,234	\$2,479,234			

Open/Pending Construction Change Orders
as of 8/16/17

Title	title	Initial Proposed Cost	ROM
WOFH	Ala Ike Security Gate Descope		\$ -
	Conduit at WYL	\$ 2,912.00	\$ 2,912.06
	CPC 1.30 20" WL STA EB 554+40		\$ 628,375.00
	Delay to Development of MOT Traffic		\$ 179,778.00
	Desclope Median Hydro-Mulching 130-2	\$ (124,106.00)	\$ (78,961.00)
	DIS-OIC Ltr, Med Req- Unforeseen 650		\$ -
	Hazardous Material at Median Restor		\$ (812,504.43)
	HNTB HECO Review Delays	\$ 319,294.00	\$ -
	Interface - Hammerheads		\$ 567,808.00
	Interface with HART Station Design		\$ -
	ITS Design	\$ 532,744.00	\$ 532,744.00
	LCC Time and Schedule Impact		\$ -
	Leoku Desclope Lane Striping	\$ (29,327.00)	\$ (29,327.00)
	MSE Wall 252 Ductbanck TRO		\$ 872,368.00
	Revision to SP4.8.f Key Personnel		\$ -
	Shim Height		\$ (1,320,556.00)
	Substantial Completion Extension		\$ -
	Track Prof Algnmt-Span 161 162 BCS		\$ -
	Transite Pipe in Ductbank at Ala Ik	\$ 6,003.00	\$ -
	Unforeseen OTWC Utility AT Sta. 650		\$ -
KHG	Utility Impacts Shafts 220-225		\$ -
	5 Year Warranty for Rail Shim Adjus		\$ -
	Asbest Wrapped Fuel L F10 by SS #12		\$ 19,213.00
	Camera Reloc for BCS Permit		\$ 37,358.00
	Civil Re-Seq to Mitigate 3rd Party		\$ -
	Civil Roadway Deletion		\$ -
	Col & Truss Work Imp from Kohomua		\$ 251,167.00
	Delete traffic loops, add striping		\$ -
	Ductbank for HECO Conflict 12-943-E		\$ 325,000.00
	H1 Eastbnd closure impact--DIS.LG,CE		\$ 17,162.00
	Hazardous Soils - Widening and SS24		\$ -
	HECO Conflicts 943 and 957 Impacts		\$ 914,804.09
	HTI - Joint Use Poles in Dry Pkg 10		\$ 448,308.00
	HTI Additional Ductbank at Sta. 870		\$ -
	HTI Pole 16 Relocation and Removal		\$ -
	HECO Utility Conflict Reconciliation		\$ (577,493.00)
	MOT 3a Mitigation Efforts		\$ -
	New DTS FOC Line along Salt Lake		\$ 132,414.00
	OTWC Utility Scope Change		\$ -
	Pearlridge Station Falsework Ineff		\$ 161,751.00
	Revision to SP 4.8h Key Personnel		\$ -
	Revision to SP 6.0 Paymt; Price Adj		\$ -

Open/Pending Construction Change Orders
as of 8/16/17

	Shim Issue		\$	(696,033.00)
	Temporary Variable Message Sign		\$	27,160.00
	Unkn Concr Cradle around Existing		\$	-
	Unknown DB at 1-771-E1 Exc STA 772+		\$	-
	Unknown DB at ITS Exc. STA 907+95		\$	-
	Unknown DTS Ductbank at EMH 340-1		\$	-
	Unknown DTS Ductbank at STA 909+10		\$	38,600.00
	Unknown Gas Service Line at GL H		\$	6,752.00
	Unknown Metal Pipe at Pier 287		\$	-
	Unknown Waterline in ITS & SL Exc.		\$	-
	Widen Concrete Sidewalks to 6 feet		\$	29,222.00
WOSG	Impact Due to RFI 194 - Manholes	\$	19,120.00	\$ 11,184.00
	Adj Concrete Reinforcement RFI00338	\$	1,588.00	\$ 1,588.00
	Credit for De-Scope 4x4 Steel Plate			\$ (13,500.00)
	HECO 46kV Relocation UHWO RFI00395	\$	271,418.00	\$ 143,119.00
	Ho'opili Wastewater Holding Tank			\$ (45,000.00)
	Ho'Opili Overhead Electrical	\$	175,901.00	\$ 97,027.00
	IFC Rev 1 - HP East Kapolei	\$	233,663.00	\$ 43,355.00
	IFC Rev 1 - HP Hoopili			\$ 257,493.00
	IFC Rev 1 - HP UH West Oahu	\$	475,123.00	\$ 82,102.00
	IFC Rev 1 - Low Priority EKAP	\$	(5,863.00)	\$ 5,639.00
	IFC Rev 1 - Med Priority EKAP			\$ 177,841.00
	IFC Rev 1 - Med Priority Hoopili	\$	51,610.00	\$ 12,292.00
	IFC Rev 1 - Med Priority UHWO	\$	408,915.00	\$ 132,905.00
	IFC Rev 2 Ho'opili Station	\$	219,532.00	\$ 62,420.00
	IFC Rev 3 Grnd/UGrnd and Fire Alarm	\$	684,962.00	\$ 401,342.00
	IFC Rev 3 Other Design Changes	\$	341,812.00	\$ 58,262.00
	IFC Rev 4 Ho'opili and UHWO Updates	\$	(33,603.00)	\$ (6,340.00)
	Impact Due to RFI 00188 – Pig Tails	\$	3,347.00	\$ 1,586.00
	PT Anchor Blockout Reinforcement			\$ 76,316.00
	RFI 94 Insulation for Cold Water	\$	(64,444.00)	\$ (65,000.00)
	Termination of 12" Waterline at EKP			\$ -
	VRF Uninstall	\$	(358,912.00)	\$ (870,000.00)
FHSG	ASI00004 Faregate Changes			\$ 80,000.00
	ASI09 Side Canopy Conduits Issue 67			\$ 35,000.00
	De-Scope of Cold Water Insulation			\$ (99,228.00)
	De-Scope VRF System			\$ (1,165,714.00)
	LCC - IFB to IFC to Rev 2 Changes			\$ -
	NOPC - VRC CCO 00006	\$	197,200.00	\$ 15,000.00
	NOPC TPSS CCO 4	\$	1,125,998.00	\$ 214,362.00
	Street Lighting Trenching (Credit)			\$ (6,659.00)
	University of Hawaii, Right of Entry			\$ -
	WL - IFB to IFC to Rev 2 Changes			\$ -
KHSG	Artwork Lighting & Finishes Change			\$ (20,533.00)

Open/Pending Construction Change Orders
as of 8/16/17

	Cold Water Pipe Insulation Deletion		\$	(83,573.92)
	Delayed Issuance of NTP		\$	-
	Increase Field Change Notice Allowance		\$	575,000.00
	CW Fare Gate Module Changes		\$	22,702.00
	CW Side Platform Canopy Conduits		\$	41,288.00
	Irrigation, Fence & Service Post		\$	272,217.00
	PHL Add Uninterrupted Power Supply		\$	115,673.00
	PHL Farrington Bridge Utilities Relo		\$	72,877.00
	PHL Stockpile Removal Credit		\$	(184,652.00)
	PHL Waiawa Stream Changes		\$	116,000.00
	PHS Removal of Surplus Fill Mat'l		\$	378,344.42
	TAB for HVAC Deletion		\$	(15,123.55)
H2R2 Ramp	Added Guardrail on H2R2	\$	86,671.00	\$ 43,649.00
	Extend Temp Concrete Barriers on H2			\$ 32,965.00
ASU	By-Pass for NAVFAC Butterfly Valves	\$	6,573.00	\$ -
	Conflict at JW1047 Station 0+00	\$	7,922.20	\$ 7,922.20
	Impacts Due to Noise Variance Delay	\$	1,006,347.83	\$ 1,006,347.83
	JSS1040 SMH 10 Unforeseen Condition	\$	248,957.88	\$ 248,957.88
Core Systems	Additional FDAS Work			\$ -
	Delay Costs BPS Rev. J			\$ -
	Extra O&M Work - Mobilization			\$ 30,000.00
	FDAS at MOW & SS#08 TPSS Fence Cost			\$ 31,000.00
	FDAS for East Side Stations			\$ (1,075,000.00)
	HVAC for TCCR on West Side	\$	6,444,923.00	\$ 5,500,000.00
	Insulated Joints at Passenger Stations	\$	331,305.00	\$ 165,000.00
	MSF Shop TPSS EPB Relay			\$ 20,000.00
	MSF TC Issue & Access Stairs TPSSs			\$ 29,000.00
	MSF Yrd Facilities Material Increa			\$ -
	SS08 reloc generator+addtl gen cost			\$ 49,000.00
	Station Delay Mitigation 2 Phase TC			\$ -
	Temporary Stairs - Guideway Access			\$ 106,000.00
	Traction Power Backup Generators			\$ 3,500,000.00
	Traction Power Backup Generator Pkg			\$ 13,000,000.00
	TVM and Fare Gate Interfaces			\$ 171,000.00

Construction Contracts Denied RFCCs
as of 8/16/17

ATTACHMENT 3c

Contract No.	Name	RFCC	No.	Title	ROM
CT-HRT-1200106	Core System	RFCC	00001	Trainlined Passenger Vehicle	\$ -
		RFCC	00006	Modification of EDRH Functionality	\$ -
CT-HRT-10H0137	WOFH	RFCC	00024	Unforeseen OTWC Utility AT Sta. 650	\$ -
		RFCC	00058	20" WL Farrington Hwy STA EB 554+40	\$ -
		RFCC	00122	Rock in 737-E1	\$ -
CT-HRT-10H0449	MSF	RFCC	00020	Payment for new Utility Services	\$ -
		RFCC	00016	WHS Light Pole Conflict with RW#14	\$ 69,259.00
		RFCC	00019	MOW and OSB SOG Thickness Change	\$ 230,493.00
		RFCC	00014	Road Designation Changes	\$ 41,092.00
		RFCC	00028	Claim for CO23 (RFCR 33)	\$ 650,000.00
		RFCC	00039	Added Comm Rooms OSB, MOW & TWF	\$ 215,144.00
CT-HRT-11H0195	KHG	RFCC	00045	Claim for CO #40: RFCR 40	\$ 400,000.00
		RFCC	00022	H1 Eastbound closure impacts	\$ -
		RFCC	00066	Unkn Rdwy Sec at Traffic Sig Exc	\$ -
		RFCC	00117	Temporary Variable Message Sign	\$ -
		RFCC	00033	HDOT VMS Relocation	\$ -
		RFCC	00118	HPOL Hazardous Materials ST-15	\$ -
		RFCC	00034	Pier 422L Interface Conflict	\$ -
		RFCC	00122	HDOT Additional Scope-Waimalu Strea	\$ -
		RFCC	00123	Hazardous Material Excavation Spoil	\$ -
		RFCC	00124	Hazardous Materials in Median Soils	\$ -
		RFCC	00129	De-scope of Remaining Roadway Widen	\$ -
		RFCC	00053	Unstable HT Ductbank @ Confl 9-881	\$ -
		RFCC	00025	DTS Design Impacts	\$ -
		RFCC	00038	Switch Machine Design Change	\$ -
		RFCC	00048	DSC Concrete Structure @ Gas Line I	\$ -
		RFCC	00057	Horizontal Clearance to Vertical	\$ -
		RFCC	00042	DSC Concrete Island TS DB (798+40)	\$ -
		RFCC	00046	Additional HDOT Requirements	\$ -
		RFCC	00055	Unknown Utility-HECO HH STA 932+30	\$ -
		RFCC	00013	Suspected contaminated material@406	\$ -
		RFCC	00044	DSC Concrete Slab in 5-824-E1	\$ -
		RFCC	00041	DSC Obstruction at SL DB (783+90)	\$ -
		RFCC	00094	Unknown Asbestos Ductbank at GL H	\$ -
		RFCC	00076	Unknown TS DB @ TS DB Exc STA857+10	\$ -
		RFCC	00078	Unknown HTI & OTWC Service Feeds	\$ -
		RFCC	00039	DSC Obstruct in 4-798-T1 (798+10)	\$ -
		RFCC	00082	Unkn Abandoned 42in DL @ 6-832-E2	\$ -
		RFCC	00136	CCTV Camera at BCS	\$ -
		RFCC	00095	Unknown DB in 8-879-E1 STA 879+25	\$ -
		RFCC	00135	Waimano Home Road Traffic Signal I	\$ -
		RFCC	00097	Unkn Util in Ph 11 Makai Shoulder	\$ -

Construction Contracts Denied RFCCs
as of 8/16/17

Contract No.	Name	RFCC	No.	Title	ROM
CT-HRT-1400323 ASU		RFCC	00086	Unknwn Utility -Bx Culvrt 12-942-E1	\$ -
		RFCC	00104	Escalation due to Schedule Impacts	\$ -
		RFCC	00125	DSC Rock	\$ -
		RFCC	00107	Unkn Gas Manhole at Rdwy Wide Ph 11	\$ -
		RFCC	00089	Unknown 6in Sewer at VMH 331-2	\$ 22,946.00
		RFCC	00110	HPOL-EHMP Hazardous Materials	\$ -
		RFCC	00052	Abandoned Telephone Pole in Conflic	\$ -
		RFCC	00098	Unkn HECO Jacket and Concr Slab	\$ -
		RFCC	00088	3rd Truss	\$ -
		RFCC	00018	CCTV Systems Conversion to IP	\$ -
		RFCC	00115	HDOH Noise Permit Amendments	\$ -
		RFCC	00112	Contamin Stockpile at West Oahu Agg	\$ -
		RFCC	00002	By-Pass for NAVFAC Butterfly Valves	\$ 6,573.00
		RFCC	00044	Waterline JW1022 Changes	\$ 9,491.00
		RFCC	00034	JSS1040 SMH 10 Unforeseen Condition	\$ 248,957.88
		RFCC	00038	JNG1096 Connections	\$ 7,658.00
		RFCC	00047	Delete Street Light Cables	\$ -
		RFCC	00033	Conflict at JW1047 Station 0+00	\$ 7,922.20
		RFCC	00042	2 In Conn. - JIRR1166 Sta. 0+65	\$ -
		RFCC	00036	JSD1074 Connection Change	\$ 17,395.00
		RFCC	00040	JNG1040 Conflicts 13+80, 17+23 & 17	\$ -
		RFCC	00032	Nimitz Parapet Street Lighting	\$ 21,985.00
		RFCC	00041	Irrigation Line JIRR1063 Changes	\$ 19,325.00
		RFCC	00043	2Inch Connection on JIRR1075	\$ 9,935.00
		RFCC	00037	JSS1040 Groundwater Impacts	\$ 56,706.00
		RFCC	00045	Drain Line JSD1059 Deletion	\$ -
		RFCC	00048	Exposure of Existing Asbestos Pipe	\$ -
		RFCC	00049	Removal of Unauthorized Soil	\$ -
		RFCC	00001	JSS1040 Unforeseen Concrete Jacket	\$ -
		RFCC	00003	Bedding for NAVFAC Manholes	\$ -
		RFCC	00004	Impacts Due to Noise Variance Delay	\$ 212,797.00
		RFCC	00039	JSS1040 7+92, 8+24 & 12+47 Conflict	\$ -
		RFCC	00011	Noise Variance Changes	\$ 500,000.00
		RFCC	00035	Petroleum in Navy Sewer	\$ 23,252.84
		RFCC	00013	Duct Line 810N and 811N1 Changes	\$ 309,930.00
		RFCC	00024	Replacement of DOT A Valve B4-10	\$ 59,654.00
	CT-HRT-1500503 WOSG	RFCC	00017	Water Line JW1012 Extension	\$ -
Issue		00024	Method Shaft Obstruction	\$ 10,926.00	
Issue		00027	RFI 189 Surge Protection	\$ 28,684.00	
Issue		00066	RFI 218 HECO concrete mix	\$ 64,161.00	
Issue		00076	RFI 184 Change to re-bar spacing	\$ 19,037.00	
	Issue	00080	RFI 397 Track Welding Intersections	\$ 42,930.00	

Construction Contracts Denied RFCCs
as of 8/16/17

Contract No.	Name	RFCC	No.	Title	ROM
CT-HRT-1500236	FHSG	Issue	00089	Hollow Core Plank Install	\$ 6,746.00
		Issue	00025	DSC mass balance	\$ 151,685.00
		Issue	00026	Additional demo at West Loch	\$ -
		Issue	00036	West Loch access delay	\$ -
		Issue	00061	MOT delay at Don Quixote	\$ -
CT-HRT-1600152	KHSG	Issue	00071	Waterstop at escalator pit	\$ -
		Issue	00024	TMP for MOT Plan 102	\$ -
		Issue	00031	Delay of PHL & PRL Structural Steel	\$ -
		Issue	00039	PHL DSC at Drill Shaft	\$ -
		Issue	00063	PHL Hat Channel Size Change	\$ 1,553.00
		Issue	00081	Interest Penalty	\$ 73,454.00
		Issue	00047	PHL Soil Characterization Impact	\$ 74,087.00
		Issue	00043	PHL Streambed Material	\$ 152,984.00
SC-HRT-1500309	H2R2 Ramp	Issue	00050	PHL DSC Drilled Shaft P13	\$ 441,686.00
		Issue	00021	Retaining Wall Modifications	\$ -

Total \$ 4,208,448.92

RAIL TRANSIT SYSTEM UPDATE

- Major contracts at the present percentage of completion:
 - West Oahu/Farrington Highway Guideway (99.3%)
 - Kamehameha Highway Guideway (96.3%)
 - Maintenance and Storage Facility (100%)
 - Core Systems (42.4%)
 - Airport Section Guideway and Stations Group (7.2%)
- Over \$4.41 billion either completed or under contract as of June 30, 2017, which includes 15.9 of the 20.1 miles of guideway and 13 of the 21 stations.
- Core Systems Contractor – Ansaldo Honolulu Joint Venture has completed the base design development and is well into manufacturing and testing of all other subsystems.
 - Train #1 (four-car consist) was delivered in March 2016
 - The first two cars of Train #2 was delivered in May 2017

August 14, 2017 Legislative Informational Briefing

VALUE ENGINEERING AND LESSONS LEARNED

- Improvements made to overall project costs and schedule
 - Proactively taking steps to evaluate all consultant scopes, performances, qualifications, and technical competencies, as well as systematically evaluate soft costs in all program areas.
 - Implemented a Contract Change Committee for all contract changes over \$500,000 that provides management review of changes from a programmatic perspective.
 - ✓ All change orders greater than \$1,000,000 are subject to review by the HART Board's Finance Committee and approval of the HART Board of Directors.

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COMMITMENT TO COMPLETE PROJECT TO FORECASTED BUDGET AND SCHEDULE

- Dependent on State and City decision regarding funding
- HART supports funding action to deliver the total Project
- HART is committed to deliver the Project to the forecasted budget and schedule

August 14, 2017 Legislative Informational Briefing

FEDERAL TRANSIT ADMINISTRATION

- Intent on partnering with HART to make the Honolulu Rail project successful
- Has invested 8 years in a Project that was projected to be completed in 2020
- Still supporting the Project, but looking to protect their investment
- Will take the necessary actions to demonstrate responsible oversight
- Will look for justifications/references for all assumptions and projections
- Projection references include governmental and industry trends
- Will stress (plus or minus 10%) all rates to include escalation, General Excise Tax, Transient Accommodations Tax
- Will be mindful of scrutiny of their oversight responsibilities
- Will be cognizant of an FTA Administrator under the new Administration

August 14, 2017 Legislative Informational Briefing

AUDITS AND PEER REVIEWS

- Ongoing implementation of audit and peer review recommendations with a focus on management and technical competency of the organization.
 - APTA Peer Review (January 2017) included Technical Management Capacity and Capability, Contract Administration, Change Order Process and Claims Management and other Observations and Recommendations
 - DOT OIG Review of FTA's Evaluation of Projects' Financial Risks and Approving Grantee Financial Plans and Reports, and Oversight of Grantees' Mitigation of Financial Risks (May 2017)
 - PMOC Risk Refresh (June 2016) included Management Capacity and Capability Review, Project Scope and Project Delivery Review, Project Schedule Review, Schedule Risk Analysis, Project Cost Estimate and Cost Risk Analysis
 - City Auditor Audit of HART (April 2016)- Performance audit to determine the adequacy of HART's processes to ensure that the rail project is constructed and completed economically, effectively and efficiently

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ONGOING AND FUTURE AUDITS

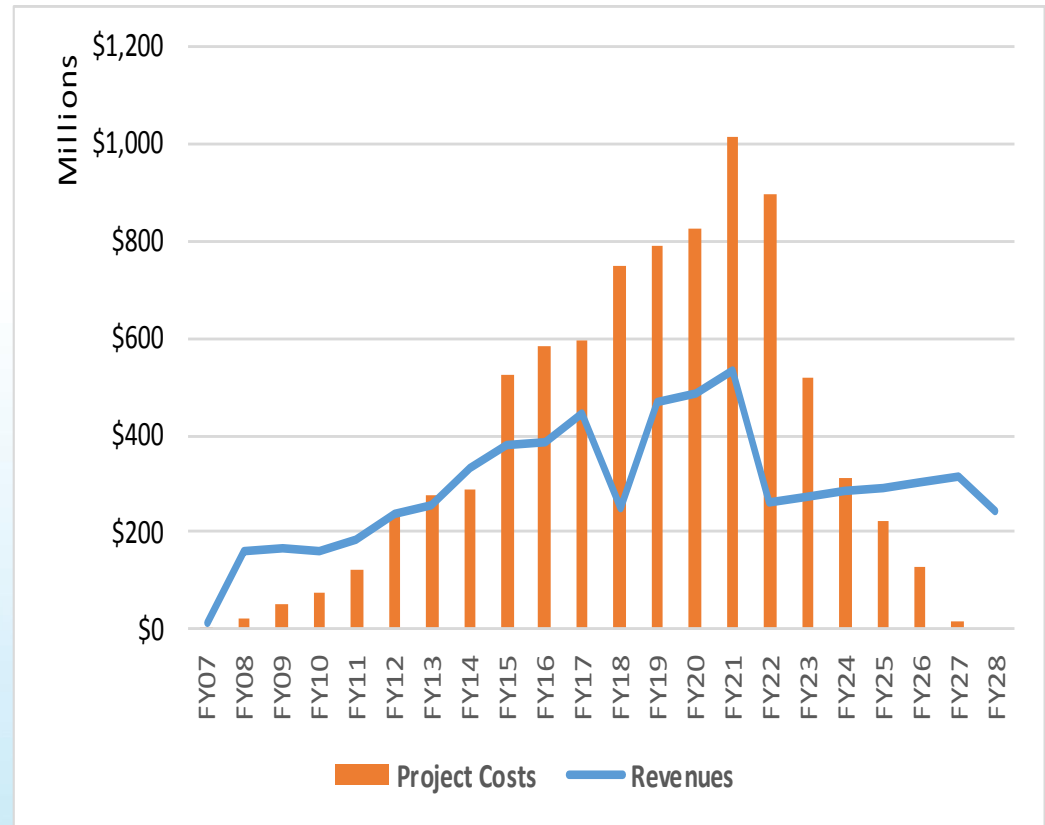
- Currently undergoing Procurement Systems Review by the FTA
 - includes the last two years of contracts, FY17 budget, FY16 revenues and expenses and all procurement policies and procedures
- FTA Triennial Review in the Spring of 2018
 - focuses on 17 Areas including Financial Management and Capacity, Technical Capacity, Procurement, Legal, Planning/Program of Projects and Security
- Financial Audit Yearly by an Independent Financial Firm
- Yearly FTA Review under the Improper Payments Elimination and Recovery Act of 2010
- HART Monthly Reports, FTA's PMOC Monthly Meetings and FTA's PMOC Monthly Report All Provide Monthly Updates of the Project's Scope, Cost, Schedule, Risks and Financial Status to FTA and Other Parties

August 14, 2017 Legislative Informational Briefing

Revenues & Expenses

Excluding Finance Charges by Fiscal Year

- Project cost based on the current schedule as of June 30, 2017 for the City Center Guideway and Stations contract is \$8.165 billion.
- Revenues are primarily from GET and Federal Grant. Grant proceeds totaling \$806 million was drawn down from October 2009 to July 2017.
- Grant draw downs for the remaining \$744 million are pending approval of an update financial plan. Consequently, grant draw downs are not included in the FY 2018 revenue forecast.

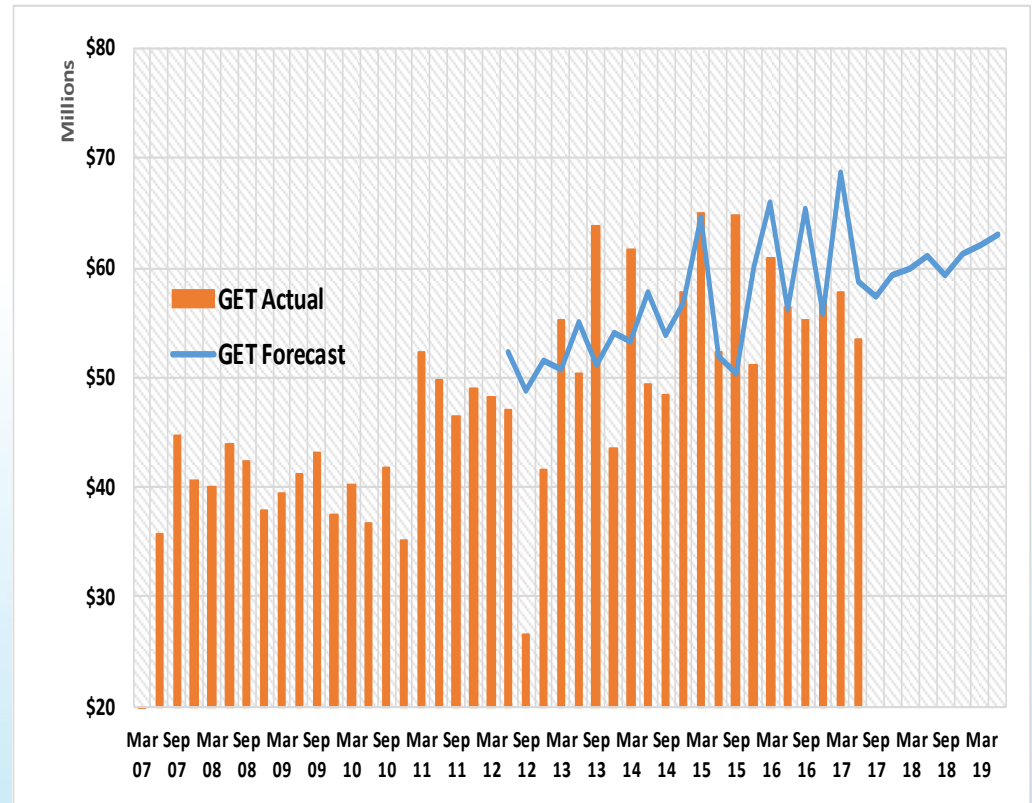


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GET Surcharge Revenue

Forecast vs. Actual Beginning March 2007

- FFGA Financial Plan (June 2012) growth rate at 5.04% based on 30 year GET growth rate. Forecast starts in June 2012
- Growth rate revised in April 2015 to 4.75%
- Growth rate revised to 4.0% in October 2015
- Growth rate revised to 4.3% in March 2016
- Effective June 2017, forecasted growth rates are based on the most recent Council on Revenue estimate for Statewide GET with growth rates ranging from 3.2% to 3.9%



August 14, 2017 Legislative Informational Briefing

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U.S. Department
of Transportation
**Federal Transit
Administration**


REGION IX
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Hawaii, Nevada, Guam
American Samoa,
Northern Mariana Islands

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JAN 18 2011

Mr. Wayne Y. Yoshioka
Director
Department of Transportation Services
City and County of Honolulu
650 South King Street, 3rd Floor
Honolulu, Hawaii 96813

Subject: Environmental Record of Decision
for the Honolulu High-Capacity
Transit Corridor Project


Dear Mr. Yoshioka:

The Federal Transit Administration (FTA) has completed its review of the public and interagency comments on the Final Environmental Impact Statement (EIS) for the Honolulu High-Capacity Transit Corridor Project. FTA has issued the enclosed environmental Record of Decision (ROD) for the Project.

As stated in the ROD, the Project must incorporate all the mitigations of adverse effects presented in the Final EIS, the Section 106 Programmatic Agreement, and the ROD. These mitigation actions include, but are not limited to, all commitments to further consultation on specific issues. If the City and County of Honolulu or its successor agency contemplates any change to the Project, you must notify FTA immediately and refrain from taking any action related to the proposed change until FTA has determined what, if any, additional environmental analysis is necessary, and that analysis has been completed and approved by FTA.

The City and County of Honolulu must immediately notify FTA of any proposed change to the Project that would differ in any way from what the Final EIS states. For example, if the City and County of Honolulu wishes to make a change to the mitigation measures in the Final EIS, the Section 106 Agreement, or the ROD, or a change to the Project that would cause new or changed environmental or community impacts not presented in the Final EIS, then you must notify FTA in writing of the desire to make a change. Any such change will be reviewed in accordance with FTA environmental procedures (23 C.F.R. 771.130) on supplemental documentation.

The FTA will determine the appropriate level of environmental review for this or any other proposed change (i.e., a written re-evaluation of the Final EIS, an environmental assessment of the change, or a supplemental environmental impact statement), and the NEPA process for this supplemental environmental review will conclude with a separate NEPA determination, or, if necessary, with an amendment to this ROD.

Upon FTA's approval of the Real Estate Acquisition Management Plan (RAMP), the City and County of Honolulu is authorized to take the following Project actions without prejudice to FTA's future financial assistance for these actions:

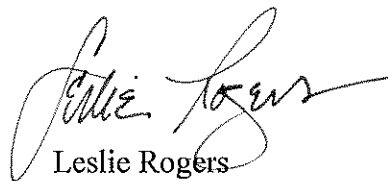
- the acquisition of any real property or real projecty rights identified in the Final EIS or ROD as needed for the Project;
- the relocation of persons and businesses on that property;
- the relocation of the Banana Patch community, if it so desires, in accordance with the ROD;
- the relocation of utilities affected by the Project; and
- the acquisition of rail vehicles for the Project.

This pre-award authorization is not a real or implied commitment by FTA to provide any funding for the Project or any element of the Project. However, if FTA were to provide grant funding for the Project, the cost of the actions listed above, performed after RAMP approval, would be eligible expenses. No other Project action has pre-award authorization at this time. To maintain the Project's eligibility for FTA assistance, all real property acquisitions, and the relocation of persons and businesses thereon, must be conducted in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act and its implementing regulation (49 CFR part 24) and any other applicable Federal law or regulation. The acquisition of vehicles must also be in accordance with FTA Buy America requirements to maintain eligibility for reimbursement of vehicle acquisition costs

Please post this ROD and its attachments prominently on your Project website at <http://www.honolulutransit.org/> without delay. This posting will allow FTA to publish the limitation-on-claims notice in the *Federal Register* that will start the 180-day clock.

We look forward to continuing to work with you to bring this important Project to fruition. Should you have any questions on the ROD, please contact Ted Matley at (415) 744-2590.

Sincerely,

A handwritten signature in black ink, appearing to read "Leslie Rogers", with a stylized flourish extending from the end.

Leslie Rogers
Regional Administrator

**Record of Decision
on the
Honolulu High Capacity Transit Corridor Project
in
Metropolitan Honolulu, Hawaii
by the
Federal Transit Administration**

Decision

The Federal Transit Administration (FTA) has determined that the requirements of the National Environmental Policy Act of 1969 (NEPA) and related Federal environmental statutes, regulations, and executive orders have been satisfied for the Honolulu High-Capacity Transit Corridor Project (the Project) located in metropolitan Honolulu, Hawai'i.

This environmental Record of Decision (ROD) applies to the fixed guideway transit alternative from downtown Honolulu to the University of Hawai'i - West O'ahu via the Airport, which was described and evaluated as the preferred alternative in the *Honolulu High-Capacity Transit Corridor Project Final Environmental Impact Statement/Section 4(f) Evaluation*, dated June 2010 (the Final EIS). The Project sponsor, the City and County of Honolulu Department of Transportation Services (the City), seeks financial assistance from FTA for the Project. If FTA provides financial assistance for the final design or construction of the Project, FTA will require that the City and County of Honolulu, and any successor agency to the City and County of Honolulu sponsoring or managing the Project, design and build it as presented in the Final EIS and this ROD. Any proposed change by the City or its successor must be evaluated in accordance with 23 CFR § 771.130 and must be approved by FTA in writing before the agency requesting the change can proceed with the change.

Background

The Project is a 20-mile grade-separated fixed guideway rail system that begins at the University of Hawai'i - West O'ahu near the future Kroc Center and proceeds east via Farrington Highway and Kamehameha Highway adjacent to Pearl Harbor to Aolele Street serving the Airport, to Dillingham Boulevard, to Nimitz Highway, to Halekauwila Street, and ending at Ala Moana Center. The entire system will operate in an exclusive right-of-way and will be grade-separated except in a location near Leewood Community College. The Project will include 21 transit stations, a vehicle maintenance storage facility near Leewood Community College, park-and-ride lots at some stations, traction power substations, and the acquisition of rail vehicles and maintenance equipment.

As the Project sponsor and potential recipient of FTA financial assistance for the Project, the City served as a co-lead agency with FTA in conducting the environmental review process. The U.S. Army Garrison – Hawai'i, the U.S. Naval Base – Pearl Harbor, the Federal Aviation Administration, and the Federal Highway Administration served as

NEPA cooperating agencies. Each of these Federal agencies may have a Federal action associated with the Project. The State of Hawai'i Department of Transportation also served as a cooperating agency.

Planning for the Project

The purpose of the Project is to improve transit in the congested east-west transportation corridor confined by the mountains to the north and the sea to the south, a fairly linear urban configuration where the population and employment levels warrant a high capacity rapid transit system. Improved transit in this east-west corridor has been studied in detail numerous times by the City and the federal government since the early 1960s. More recent planning studies leading to this Project include the 2030 O'ahu Regional Transportation Plan and the 2005-2006 Alternatives Analysis.

In 2004 and 2005, the O'ahu Metropolitan Planning Organization identified the need for a fixed guideway transit system in its *O'ahu Regional Transportation Plan 2030* (ORTP 2030). Development of the ORTP 2030 was a public process and system-planning effort that identified and prioritized the east-west H-1 travel corridor as having the greatest need for improved transit service. A range of transportation scenarios for O'ahu were evaluated, including fixed guideway transit in various corridors and alternatives that did not include a fixed guideway. The ORTP 2030 envisions that the fixed guideway rail system will become the backbone of the transit system—connecting major employment and residential centers to each other and to Downtown Honolulu (Downtown).

In 2005, the State Legislature recognized the need and public support for a high-capacity transit system on O'ahu and passed Act 247, Session Laws of Hawai'i 2005, *Relating to County Surcharge on State Tax*. Act 247 authorized the City to levy a general excise and use tax (GET) surcharge to construct and operate a mass transit system serving O'ahu. The City Council subsequently adopted Ordinance 05-027 to levy a tax surcharge to fund public transportation. With dedicated, secure local funding established for the first time, the City began the Alternatives Analysis process to evaluate high-capacity transit alternatives in the study corridor.

The *Honolulu High-Capacity Transit Corridor Project Alternatives Analysis Report* (City and County of Honolulu Department of Transportation Services [DTS], 2006b) completed in November 2006 documented the evaluation of three build alternatives that would provide transit service in the study corridor between Kapolei and UH Mānoa. In accordance with FTA guidance, the Alternatives Analysis evaluated and screened a range of transit modes and general alignment alternatives in terms of their cost, benefits, and impacts.

After review of the Alternatives Analysis and consideration of comments received from the public, the City Council identified a Fixed Guideway Transit System Alternative as the locally preferred alternative on December 22, 2006 in Ordinance 07-001. FTA and the City proceeded with the NEPA review of this proposed action.

FTA published the Notice of Intent to prepare an EIS for this Project in the *Federal Register* on March 15, 2007, and the EIS scoping process was concluded in April 2007.

On November 4, 2008, the voters of O‘ahu passed a charter amendment declaring that the City should establish a steel-wheel on steel-rail transit system. The Notice of Availability of the Draft EIS was published in the *Federal Register* on November 21, 2008 with the extended public comment period ending on February 6, 2009. The City Council passed Resolution 08-261 on January 28, 2009, which resolved that the Airport Alternative best meets the City’s financial and transportation objectives for the project. The Airport Alternative was evaluated in the Final EIS as the NEPA preferred alternative.

FTA approved distribution of the Final EIS on June 14, 2010, and a Notice of Availability of the Final EIS was published by the U.S. Environmental Protection Agency (EPA) on June 25, 2010 in the *Federal Register*. FTA extended the public review period for the Final EIS to August 26, 2010.

Alternatives Considered

FTA and the City considered a broad range of alternatives in various studies prior to the initiation of the NEPA process and continuing through the Draft and Final EIS.

Alternatives Analysis Process

During 2005 and 2006, the City conducted an Alternatives Analysis that considered a variety of highway, bus, and fixed guideway options. Both modal technology and alignment options were combined to create a number of alternatives for consideration. The Alternatives Analysis evaluated and screened these alternatives in terms of their cost, benefits, and impacts and their ability to meet the Project’s purpose and need. The alternatives were identified through previous transit studies, field reviews of the study corridor, analysis of current population and employment data for the study corridor, a literature review of technology modes, work completed for the ORTP 2030, and public and agency comments received.

Transit Technologies Considered: As documented in the *Final Technology Options Memo (DTS 2000)*, a variety of alternative transit technologies were considered during the alternatives analysis and EIS processes. Certain technologies that were eliminated from further consideration and the primary reason for elimination are:

- *Personal rapid transit* was eliminated based on lack of technical maturity and low cruise speeds.
- *Commuter rail* was eliminated based on poor operating performance and because the study corridor needs short station spacing, especially in the urban core, spacing that commuter rail cannot provide.
- *Waterborne ferry service* was eliminated because it could not meet line capacity requirements nor did it have the ability to service many of the key activity centers in the corridor.

- *Rubber-tired guided* vehicles were eliminated due to its being a propriety technology (lack of supplier competition) and technical immaturity.
- *Diesel Multiple Unit (DMU)* was eliminated due to its moderate technical maturity and lack of supplier competition.
- *Magnetic levitation* was eliminated due to its being a proprietary technology unproven in the U.S.
- *Monorail* was eliminated due to proprietary technology.

Alternative Alignments Considered: The following alternatives were considered but eliminated from further consideration for the reasons described below:

- *Tunnel Crossing* – The tunnel crossing beneath Pearl Harbor was rejected because it would not improve connectivity within the study corridor.
- *At-grade Light-rail Transit and At-Grade Alternatives in Downtown* – The process considered 15 combinations of tunnel, at-grade, or elevated alignments between Iwilei and Ward Avenue and five different alignments through Downtown. Some of the technical considerations associated with an at-grade versus elevated alignment through Downtown included: (1) System Capacity, Speed, and Reliability - The short, 200-foot (or less) blocks in Downtown would permanently limit an at-grade system to two-car trains to prevent stopped trains from blocking vehicular traffic on cross-streets; (2) Mixed-Traffic Conflicts - An at-grade system would have prevented effective coordination of traffic signals in the delicately balanced signal network in Downtown. An at-grade system would have required removal of two or more existing traffic lanes on affected streets. This effect would have exacerbated congestion. An at-grade light rail system with continuous tracks in-street would have created major impediments to turning movements; (3) Construction Impacts - An at-grade rail system would have increased the utility conflicts and impacts to sensitive cultural resources; (4) Purpose and Need - An at-grade system would not have met the Project's Purpose and Need because it would not have satisfied the mobility and reliability needs of the Project.
- *Various Fixed Guideway Options* – A total of 75 fixed guideway alignment options were considered and screened to a smaller number to be evaluated in more detail. The corridor was divided into eight geographic sections and between 4 and 16 alignment options were evaluated for each of these sections. Within each section, the alignments retained for further evaluation were those that demonstrated the best performance related to mobility and accessibility, smart growth and economic development, constructability and cost, community and environmental quality, and consistency with adopted plans.
- *Transportation System Management Alternative (TSM)* – This alternative was developed to evaluate how well a combination of relatively low-cost transit improvements could meet the study area's transit needs. Bus service was

optimized by increasing bus service but without building a new fixed guideway for transit.

- *Managed Lane Alternative* – This alternative would have provided a two-lane elevated toll facility between Waipahu and Downtown, with variable pricing strategies for single-occupant vehicles to maintain free-flow speeds for transit and high-occupancy vehicles. This alternative would not have supported forecasted population and employment growth in plans previously adopted by the City pursuant to the *Hawai'i State Planning Act* (HRS Chapter 226). This alternative would have provided very little transit benefit at a high cost. The cost-per-hour of transit-user benefits for the alternative would have been two to three times higher than that for the Fixed Guideway Alternative and would not have substantially improved service or access to transit for transit-dependent communities. In sum, the Managed Lane Alternative failed to meet the Project's Purpose and Need as it would not have improved corridor mobility or travel reliability.

EIS Process

During the scoping of the EIS, the results of the planning Alternatives Analysis was presented for public and agency comment. The EIS incorporated by reference the Alternatives Analysis and its results. Building on the Alternatives Analysis, four alternatives including the proposed action (i.e., the locally preferred alternative) were carried forward and were further evaluated in the Draft EIS. They included the No Build Alternative and three build alternatives as described below.

- *No Build Alternative* – This alternative was evaluated to provide a comparison of what the future conditions would be if none of the Build Alternatives were implemented. Due to increasing traffic congestion and slower travel times, transit service levels and passenger capacity under the No Build would remain about the same as they are today.
- *Airport Alternative* – The NEPA preferred alternative, referred to in the Final EIS as the Project or Airport Alternative, was one of three build alternatives evaluated in the Draft EIS. The Airport Alternative will carry the most passengers and provide the greatest transit-user benefits. It will provide access to employment centers at Pearl Harbor Naval Base and Honolulu International Airport and will have substantially greater ridership to those areas than the Salt Lake Alternative. The Airport Alternative will have slightly lower potential for encountering archaeological resources but will affect more historic resources than the Salt Lake Alternative.
- *Salt Lake Alternative* – This alternative would have included the construction and operation of a grade-separated elevated fixed guideway transit system with the same system characteristics described for the Project. At the west end, the guideway would have followed the same alignment as described for the Project. However, in the vicinity of Aloha Stadium, the guideway would have left Kamehameha Highway immediately west of Aloha Stadium, crossed the Aloha Stadium main parking lot, and continued east along Salt Lake Boulevard. It would have followed Pūkōloa Street through Māpunapuna before crossing and following

Moanalua Stream to cross over the H-1 Freeway and continued to the Middle Street Transit Center. From this point, the guideway would have followed the same alignment as described for the Project to Ala Moana Center.

- *Airport & Salt Lake Alternative* – This alternative would have been identical to the Salt Lake Alternative, with an additional segment that would have followed Kamehameha Highway and Aolele Street from Aloha Stadium to Middle Street. This alternative would have followed the alignments described for both the Salt Lake Alternative and the Airport Alternative. The Aloha Stadium Station on Kamehameha Highway would have been relocated north to provide an Arizona Memorial Station instead of a second Aloha Stadium Station. At the Middle Street Transit Center Station, each line would have had a separate platform with a concourse providing a pedestrian connection between them to allow passengers to transfer. This alternative would have resulted in the greatest impact because the most resources would have been affected.

The Final EIS identified the Airport Alternative as the Preferred Alternative which is the subject of this ROD. This selection was based on consideration of the benefits of each alternative studied in the Draft EIS, public and agency comments received on the Draft EIS, and City Council action under Resolution 08-261 identifying the Airport Alternative as the Project. The Final EIS included additional information and analyses, as well as minor revisions to the Project that were made to address comments received from agencies and the public on the Draft EIS.

Description of the Project

The Project as described in the Final EIS is the subject of this ROD.

It consists of the 20-mile elevated guideway with 21 stations and supporting facilities. Supporting facilities include: a vehicle maintenance and storage facility (MSF), transit centers, park-and-ride lots, traction power stations approximately every mile, a parking structure, and an access ramp from the H-2 Freeway to the Pearl Highlands park-and-ride. The MSF will be located near Leeward Community College. This site was selected over an alternate site at Ho'opili due to its central location on the rail line, the guideway being at-grade at this location, its better access to the mainline, and its being the least costly option since there is no need for access tracks. By comparison, the Ho'opili site would have been further away from the guideway, been more costly to design and construct approximately one mile of elevated access tracks to connect the site to the guideway, and required rezoning of State agricultural land. For these reasons, the MSF site near Leeward Community College was selected.

From Wai'anae to Koko Head (west to east), the guideway will follow North-South Road and other future roadways to Farrington Highway. The guideway will follow Farrington Highway east on an elevated structure and continue along Kamehameha Highway to the vicinity of Aloha Stadium. The guideway will continue past Aloha Stadium along Kamehameha Highway north to Nimitz Highway and turn north onto Aolele Street. It will then follow Aolele Street, Ualena Street, and Waiwai Loop east to reconnect to Nimitz Highway near Moanalua Stream and continue to the Middle Street Transit Center.

East of Middle Street, the guideway will follow Dillingham Boulevard to the vicinity of Ka'aahi Street and then turn east to connect to Nimitz Highway near Iwilei Road. The guideway will follow Nimitz Highway east to Halekauwila Street, and then proceed along Halekauwila Street past Ward Avenue, where it will transition to Queen Street. The guideway will cross from Waimanu Street to Kona Street in the vicinity of Pensacola Street. The guideway will run above Kona Street to Ala Moana Center.

Construction staging will occur on sites that will be permanently used by the Project and whose environmental disturbance was evaluated in the Final EIS for that reason. Pre-casting of concrete sections of the guideway and other concrete elements will occur at a commercial site identified in the letter from the City included in Attachment D.

Basis for Decision

FTA has determined that the Project meets the Purpose and Needs of the proposed action as discussed below.

Improves Corridor Mobility – The Project will substantially improve corridor mobility in the most highly congested corridor in the City. Transit ridership will increase by approximately 56,200 trips per day or 25 percent by 2030, and transit users will save more than 20 million equivalent hours of travel time per year by 2030.

Improves Corridor Travel Reliability – Predictable travel time for transit riders will increase substantially as trips are moved from buses operating on streets in mixed traffic and congested freeways to the fixed guideway. Transit trips on the exclusive fixed guideway will not be subject to traffic delay.

Support for Transit Oriented Development -- The Project will support development and redevelopment around stations by enhancing access and supplying a daily influx of transit riders and potential customers for businesses. Although the construction of the Project does not directly cause development to occur, land use plans and policies will encourage new development to be located near transit stations to take advantage of the transportation infrastructure and increased accessibility afforded by the Project. With the Project, approximately 60,000 additional residents and 27,000 new jobs will be located within walking distance of stations in 2030.

Improves Transit Equity – The Project will provide service in the area of the City where the transit need is greatest. The Project will connect areas that have the highest transit dependency, which includes “communities of concern” designated by the City. Based on demographics within the study corridor, the demand and need for public transit on O‘ahu is greatest within the areas served by the Project.

Measures to Mitigate the Adverse Effects of the Project

Measures to mitigate the effects of the Project were considered during the Project’s development in coordination with the interested agencies. All reasonable means to avoid and minimize the adverse effects of the Project have been adopted. The mitigation

commitments are briefly described in Attachment A, *Mitigation Monitoring Program to Ensure Fulfillment of All Environmental and Related Commitments in the Final EIS and Section 106 Programmatic Agreement*, which also describes the monitoring and enforcement program. Most mitigation measures were detailed in the Final EIS, though a few were added in this ROD in response to comments received or final consultations. For mitigation described in the final EIS and referenced in this ROD, the detailed description of the mitigation measure provided in the Final EIS remains the commitment. Any change in such mitigation from the description in the Final EIS will require a review in accordance with 23 CFR § 771.130 and must be approved by FTA in writing.

Public Involvement and Outreach

Development of the Project has included public outreach using different venues and techniques for participation by the public and other agencies, as summarized below:

- Various printed informational materials were produced that included newsletters, fact sheets, brochures, media releases, public meeting announcements, and project handouts.
- Informational radio and video segments were produced and broadcast on commercial stations, public access and the Internet.
- A Project website (www.honolulutransit.org) was created to post project information and to receive public input.
- Electronic versions of the Draft EIS and Final EIS were uploaded to the Project website.
- An interactive DVD on the Draft EIS, a 28-minute video guide to the Draft EIS, and a computer animated fly-through of the Airport and Salt Lake Alternatives were sent to all recipients of the Draft EIS.
- A telephone information line (808-566-2299) was established.
- The City participated in radio programs and a monthly show on public access television.
- Islandwide community updates were held to share information and gather input on significant milestone decisions.
- The City attended neighborhood board meetings.
- The City participated in Speakers Bureaus, community events and coffee hours to provide Project information to community groups, agencies, and organizations.
- Feedback was solicited from various government and other agencies through direct contact with elected officials, neighborhood boards, the Transit Solutions Advisory Committee, stakeholders, and interested organizations.
- NEPA scoping meetings were held in March and April 2007 and an agency scoping meeting in March 2007. Comments were received via mail, website, and the telephone line and at the scoping meetings.
- The City participated in town hall meetings.
- Approximately 20 half-hour information shows about the Project have been produced and broadcast on local 'Ōlelo television.
- The City participated in approximately 800 community events such as the Hawai'ian Products Show, Annual Splendor of China event, Energy Expo, Job

Quest Job Fair, Seniors & Disabilities Workshop, Asia Pacific Clean Energy Expo, Hawai'i Lodging, Hospitality & Foodservice Expo, Dragon Boat Race, and Workforce Job Fair to present and discuss the Project.

- Station design workshops were held to solicit community input and ideas about station design elements and the interface between each station and the surrounding community.
- Public hearings on the Draft EIS were advertised in major local newspapers, on local radio and television, and in ethnic and cultural newspapers in several languages. The hearings and the document's availability were also announced through the Project's website, hotline, newsletters, and a postcard mailed to area residents, agencies and organizations on the Project's mailing list.
- A public information meeting was held by the City Council on July 14, 2010, after the first Notice of Availability of the Final EIS was published in the Federal Register. Both oral and written testimony was accepted from the public and submitted to FTA and the City for consideration.
- Consultation occurred with various consulting parties as required by Section 106 of the National Historic Preservation Act. Extensive effort was made to identify, contact and consult with groups entitled to be consulting parties relating to archaeological, cultural, and historic resources adversely affected by the Project. The City and FTA consulted with over 30 organizations and agencies, including a number of Native Hawai'ian organizations. Between July 28, 2009 and November 14, 2009, FTA and the City participated in a series of consultation meetings to identify to develop which the Section 106 Programmatic Agreement (Appendix B). FTA and the City continued correspondence with these consulting parties over the next year, including a meeting on January 3, 2011, as the Programmatic Agreement was refined with the assistance of the Signatories and Invited Signatories.
- Agency coordination occurred throughout the planning and environmental processes, as described in Section 8.4.2 of the Final EIS. Cooperating agencies were offered the opportunity to be briefed on the Project and given an opportunity to comment on preliminary copies of both the Draft EIS and Final EIS.

Determinations and Findings

Section 106 of the National Historic Preservation Act

FTA determined that the Project would have an adverse effect on historic properties. The Section 106 Programmatic Agreement is included as Attachment B of this ROD.

Air Quality Conformity

The entire State of Hawai'i is designated by EPA as in attainment of the health standards for the transportation-related air pollutants: carbon monoxide (CO), ozone (O₃), and particulate matter (PM₁₀ and PM_{2.5}). Therefore, the EPA requirements for conformity with air quality plans do not apply to this Project.

Section 4(f) Findings

The Project will result in the direct use of 11 Section 4(f) historic properties, use with *de minimis* impacts on two historic properties; use with *de minimis* impacts on three park and recreational properties; and temporary occupancy of two recreational properties. Chapter 5 of the Final EIS evaluates these issues and resources.

Regarding the use of Afuso House, Higa Four-Plex, Teixeira House, Lava Rock Curbs, Kalama Canal Bridge, Six Quonset Huts, True Kamani Trees, O'ahu Railway & Land Company Terminal Building, O'ahu Railway & Land Company Office/Document Storage Building, Chinatown Historic District, Dillingham Transportation Building, HECO Downtown Plant and Leslie A. Hicks Building, FTA has determined that: (1) there is no feasible and prudent avoidance alternative, as defined in 23 C.F.R. § 774.17, to the use of land from these properties; and (2) the Project includes all possible planning, as defined in 23 C.F.R. § 774.17, to minimize harm to the property resulting from such use. The basis for these findings is discussed in Sections 5.4 and 5.5 of the Final EIS.

Regarding *de minimis* impacts to Boulevard Saimin, Oahu Railway & Land Company basalt paving blocks, O'ahu Railway & Land Company former filling station, FTA has received written concurrence from the SHPO and the ACHP in a finding of "no adverse effect" in accordance with 36 C.F.R. part 800, as indicated by their signing of the Section 106 Agreement in Attachment B. FTA hereby determines that the Project will have a *de minimis* impact on these historic properties.

Regarding *de minimis* impacts to Aloha Stadium, Ke'ehi Lagoon Beach Park, and Pacific War Memorial Site, FTA informed the officials with jurisdiction of its intent to make a *de minimis* impact finding for the use of these parks and recreational resources. Following an opportunity for public review and comment, no comments were received from the public and one comment was received from the Department of Accounting and General Services re-affirming that they had no objection to the *de minimis* impact finding for Aloha Stadium. Comment also was received from the City's Department of Parks and Recreation in regard to preparation of an agreement for the use of Ke'ehi Lagoon Beach Park and the Pacific War Memorial site properties. As such, the officials with jurisdiction over the Section 4(f) resource concurred, in writing, that the Project will not adversely affect the activities, features, or attributes that make these properties eligible for Section 4(f) protection. (Appendix F in Final EIS, Agency Correspondence and Coordination). FTA hereby determines that the Project will not adversely affect the features, attributes, or activities qualifying these properties for protection under Section 4(f); therefore, the Project will have a *de minimis* impact on these properties.

Regarding temporary occupancy of Pearl Harbor Bike Path and Future Middle Loch Park, FTA hereby determines that, pursuant to 23 C.F.R. § 774.13(d), these temporary occupancies of land are so minimal as to not constitute a use within the meaning of Section 4(f). The conditions for satisfying a temporary occupancy and the basis for this determination are discussed in Section 5.7 of the Final EIS.

In Section 5.8, FTA evaluated two feasible and prudent alternatives (Airport alignment and Salt Lake Alternative alignment) to determine which one resulted in the least overall harm in light of Section 4(f)'s preservation purpose. In this evaluation, FTA found that there were very few differences between the Airport Alternative and the Salt Lake Alternative alignments in terms of use of Section 4(f) properties except in the center portion of the project corridor. In this portion of the corridor, where the two alternative alignments diverge, the Salt Lake Alternative would have had a direct use at Aloha Stadium and a possible direct use at Radford Road High school. The Airport Alternative would not result in a direct use to properties within this same corridor and therefore, would have the least overall harm in light of Section 4(f)'s preservation purpose.

Endangered Species Act

Ko'olua'ula (*Abutilon menziesii*), an endemic plant species, was not observed during the field surveys; however, the Project is known to be in close proximity to extant plant clusters and within approximately 200 feet of the northern edge of an established contingency reserve. Ko'olua'ula is an endangered Hawai'ian hibiscus that grows in dryland forests. In October 2010, the U.S. Fish and Wildlife Service (USFWS) concurred in the FTA determination that the Project is not likely to adversely affect any threatened or endangered species, in accordance with Section 7 of the Endangered Species Act, as amended (7 U.S.C. § 136; 16 U.S.C. §§ 1531 et seq.). The City will implement the minimization measures described in FTA's letter to USFWS, dated September 15, 2010 (Attachment D). These commitments also are included in Attachment A, the Mitigation Monitoring Program.

Section 404 of the Clean Water Act and Section 10 of the Rivers and Harbors Act

Coordination with federal, state and local agencies was conducted in compliance with Section 404 of the Clean Water Act (CWA) and Section 10 of the Rivers and Harbors Act as described in Section 4.14.1 of the Final EIS. The Project will permanently encroach upon approximately 0.08 acre of waters of the U.S. These impacts are from placing piers in Waiawa Springs, Moanalua Stream, Kapalama Canal Stream, and Nu'uau Stream and Waiawa Springs. Permanent mitigation features are proposed at Waiawa Stream, within the Pearl Highlands Station area and are included in Attachment A, the Mitigation Monitoring Program.

Executive Order 11988: Floodplain Management

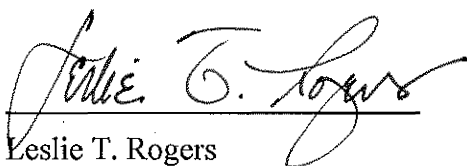
The guideway will cross several floodplains but will not cause significant floodplain encroachment as defined by U.S. Department of Transportation Order 5650.2, *Floodplain Management and Protection*, which implements Executive Order 11988. Any changes caused by the Project will be mitigated through design to comply with current flood zone regulations. With mitigation, which is included in Attachment A (Mitigation Monitoring Program), the Project will not raise base flood elevations.

Executive Order 12898: Environmental Justice

The Pearl Highlands Station will displace the Banana Patch community which is made up of people of Asian descent who depend on a simple agrarian lifestyle in their present location. FTA has now concluded, in accordance with Executive Order 12898, *Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations*, that this community would be subject to disproportionately high and adverse human health or environmental effects as a result of the Project, unless mitigation actions beyond those required by the *Uniform Relocation Assistance and Real Property Acquisition Policies Act* are incorporated into the Project. To the extent that the community so desires, it will be relocated as a community to a location where its unique lifestyle can be maintained. This mitigation commitment is included in Attachment A (Mitigation Monitoring Program) to ensure that it is carried out. With this mitigation, the disproportionate adverse impact on this community is eliminated.

Environmental Finding required by Federal Transit Law [49 U.S.C. 5324(b)]

The environmental record for the Project consists of the Draft and Final EISs and this ROD, which includes the mitigation monitoring program (Attachment A) and the Section 106 Programmatic Agreement (Attachment B). This environmental record for the Project includes: the environmental impacts of the Project; the adverse environmental effects that cannot be avoided; alternatives to the Project; and irreversible and irretrievable impacts on the environment. FTA has reviewed the public and agency comments on the Draft and Final EISs and the transcripts of the hearings submitted under 49 U.S.C. § 5323(b). Attachment C of this ROD responds to public and agency comments on the Final EIS. FTA finds that an adequate opportunity to present views was given to all parties having a significant economic, social, or environmental interest in the project. FTA finds that the preservation and enhancement of the environment and the interest of the community in which the Project is located were considered. FTA finds that, with the execution of the mitigation monitoring program in Attachment A, all reasonable steps are being taken to minimize the adverse environmental effects of the Project, and where adverse environmental effects remain, no feasible and prudent alternative to such effects exists.



Leslie T. Rogers
Regional Administrator
Federal Transit Administration, Region IX

JAN 18 2011

Date

Attachments:

Attachment A: Mitigation Monitoring Program

Attachment B: Section 106 Programmatic Agreement

Attachment C: Comments on the Final EIS and Responses

Attachment D: Relevant Correspondence, including:

FTA letter to USFWS regarding Endangered Species Act Section 7

Letter from the City regarding Site for Pre-casting Concrete

**Amended Record of Decision
on the
Honolulu High Capacity Transit Corridor Project
in
Metropolitan Honolulu, Hawai‘i
by the
Federal Transit Administration**

This Amended Record of Decision (ROD) amends the ROD previously issued in January 2011 (January 2011 ROD). The ROD has been supplemented in the section below titled “Supplemental EIS/Section 4(f) Evaluation” pertaining to the supplemental environmental review conducted in compliance with the Judgment and Partial Injunction of the District Court for the District of Hawai‘i, dated December 27, 2012, in *HonoluluTraffic.com, et al. v. Federal Transit Administration, et al.*, Civ. No. 11-00307 AWT. Except for the findings and decisions referenced in the section below titled “Supplemental EIS/Section 4(f) Evaluation”, the findings and determinations made in the January 2011 ROD are unaltered.

The environmental record for the Project consists of the Draft and Final EIS, Draft and Final Supplemental EIS/Section 4(f) Evaluation and this Amended ROD, which includes the mitigation monitoring program (Attachment A) and the Section 106 Programmatic Agreement (Attachment B). Attachment C responds to public and agency comments on the Final EIS. Attachment D includes relevant correspondence.

Decision

The Federal Transit Administration (FTA) has determined that the requirements of the National Environmental Policy Act of 1969 (NEPA) and related Federal environmental statutes, regulations, and executive orders have been satisfied for the Honolulu High-Capacity Transit Corridor Project (the Project) located in metropolitan Honolulu, Hawai‘i.

This environmental Record of Decision (ROD) applies to the fixed guideway transit alternative from downtown Honolulu to the University of Hawai‘i – West O‘ahu via the Airport, which was described and evaluated as the preferred alternative in the *Honolulu High-Capacity Transit Corridor Project Final Environmental Impact Statement/Section 4(f) Evaluation*, dated June 2010 (the Final EIS). The Project sponsor, the City and County of Honolulu Department of Transportation Services (the City), seeks financial assistance from the FTA for the Project. If FTA provides financial assistance for the final design or construction of the Project, FTA will require that the City and County of Honolulu, and any successor agency to the City and County of Honolulu sponsoring or managing the Project, design and build it as presented in the Final EIS and this ROD. Any proposed change by the City or its successor must be evaluated in accordance with 22 CFR § 771.130 and must be approved by the FTA in writing before the agency requesting the change can proceed with the change.

Background

The Project is a 20-mile grade-separated fixed guideway rail system that begins at the University of Hawai‘i – West O‘ahu near the future Kroc Center and proceeds east via Farrington Highway and Kamehameha Highway adjacent to Pearl Harbor to Aolele Street serving the Airport, to Dillingham Boulevard, to Nimitz Highway, to Halekauwila Street, and ending at Ala Moana Center. The entire system will operate in an exclusive right-of-way and will be grade-separated except in a location near Leeward Community College. The Project will include 21 transit stations, a vehicle maintenance storage facility near Leeward Community College, park-and-ride lots at some stations, traction power substations, and the acquisition of rail vehicles and maintenance equipment.

As the Project sponsor and potential recipient of FTA financial assistance for the Project, the City served as a co-lead agency with FTA in conducting the environmental review process. The U.S. Army Garrison – Hawai‘i, the U.S. Naval Base – Pearl Harbor, the Federal Aviation Administration, and the Federal Highway Administration served as NEPA cooperating agencies. Each of these Federal agencies may have a Federal action associated with the Project. The State of Hawai‘i Department of Transportation also served as a cooperating agency.

Planning for the Project

The purpose of the Project is to improve transit in the congested east-west transportation corridor confined by the mountains to the north and the sea to the south, a fairly linear urban configuration where the population and employment levels warrant a high capacity rapid transit system. Improved transit in this east-west corridor has been studied in detail numerous times by the City and the federal government since the early 1960s. More recent planning studies leading to this Project include the 2030 O‘ahu Regional Transportation Plan and the 2005-2006 Alternatives Analysis.

In 2004 and 2005, the O‘ahu Metropolitan Planning Organization identified the need for a fixed guideway transit system in its *O‘ahu Regional Transportation Plan 2010* (ORTP 2030). Development of the ORTP 2030 was a public process and system-planning effort that identified and prioritized the east-west H-1 travel corridor as having the greatest need for improved transit service. A range of transportation scenarios for O‘ahu were evaluated, including fixed guideway transit in various corridors and alternatives that did not include a fixed guideway. The ORTP 2030 envisions that the fixed guideway rail system will become the backbone of the transit system – connecting the major employment and residential centers to each other and Downtown Honolulu (Downtown).

In 2005, the State Legislature recognized the need and public support for the high-capacity transit system on O‘ahu and passed Act 247, Session Laws and Hawai‘i 2005, *Relating to County Surcharge on State Tax*. Act 247 authorized the City to levy a general excise and use tax (GET) surcharge to conduct and operate a mass transit system serving O‘ahu. The City Council subsequently adopted Ordinance 05-027 to levy a tax surcharge to fund public transportation. With dedicated, secure local funding established for the first time, the City began the Alternatives Analysis process to evaluate high-capacity transit alternatives in the study corridor.

The *Honolulu High-Capacity Transit Corridor Project Alternatives Analysis Report* (City and County of Honolulu Department of Transportation Services [DTS], 2006b) completed in November 2006 documented the evaluation of three build alternatives that would provide transit service in the study corridor between Kapolei and UH Mānoa. In accordance with FTA guidance, the Alternatives Analysis evaluated and screened a range of transit modes and general alignment alternatives in terms of their cost, benefits, and impacts.

After the review of the Alternatives Analysis and consideration of comments received from the public, the City Council identified a Fixed Guideway Transit System Alternative as the locally preferred alternatives on December 22, 2006 in Ordinance 07-001. FTA and the City proceeded with the NEPA review of this proposed action.

FTA published the Notice of Intent to prepare an EIS for this Project in the *Federal Register* on March 15, 2007, and the EIS scoping process was concluded in April 2007.

On November 4, 2008, the voters of O‘ahu passed a charter amendment declaring that the City should establish a steel-wheel on steel-rail transit system. The Notice of Availability of the Draft EIS was published in the *Federal Register* on November 21, 2008 with the extended public comment period ending on February 6, 2009. The City Council passed resolution 08-261 on January 28, 2009, which resolved that the Airport Alternative best meets the City’s financial and transportation objectives for the project. The Airport Alternative was evaluated in the Final EIS as the NEPA preferred alternative.

FTA approved distribution of the Final EIS on June 14, 2010, and a Notice of Availability of the Final EIS was published by the U.S. Environmental Protection Agency (EPA) on June 25, 2010 in the *Federal Register*. FTA extended the public review period for the Final EIS to August 26, 2010.

Alternatives Considered

FTA and the City considered a broad range of alternatives in various studies prior to the initiation of the NEPA process and continuing through the Draft and Final EIS.

Alternatives Analysis Process

During 2005 and 2006, the City conducted an Alternatives Analysis that considered a variety of highway, bus, and fixed guideway options. Both modal technology and alignment options were combined to create a number of alternatives for consideration. The Alternatives Analysis evaluated and screened these alternatives in terms of their cost, benefit, and impacts and their ability to meet the Project’s purpose and need. The alternatives were identified through previous transit studies, field reviews of the study corridor, analysis of current population and employment data for the study corridor, a literature review of technology modes, work completed for the ORTP 2030, and public and agency comments received.

Transit Technologies Considered: As documented in the *Final Technology Options Memo* (DTS 2000), a variety of alternative transit technologies were considered during the alternatives

analysis and EIS processes. Certain technologies that were eliminated from further consideration and the primary reason for elimination are:

- *Personal rapid transit* was eliminated based on lack of technical maturity and low cruise speeds.
- *Commuter rail* was eliminated based on poor operating performance and because the study corridor needs short station spacing, especially in the urban core, spacing that commuter rail cannot provide.
- *Waterborne ferry service* was eliminated because it could not meet line capacity requirements nor did it have the ability to service many of the key activity centers in the corridor.
- *Rubber-tired guided* vehicles were eliminated due to its being a propriety technology (lack of supplier competition) and technical immaturity.
- *Diesel Multiple Unit (DMU)* was eliminated due to its moderate technical maturity and lack of supplier competition.
- *Magnetic levitation* was eliminated due to its being a proprietary technology unproven in the U.S.
- *Monorail* was eliminated due to proprietary technology.

Alternative Alignments Considered: The following alternatives were considered but eliminated from further consideration for the reasons described below:

- *Tunnel Crossing* – The tunnel crossing beneath Pearl Harbor was rejected because it would not improve connectivity within the study corridor.
- *At-grade Light-rail Transit and At-Grade Alternatives in Downtown* – The process considered 15 combinations of tunnel, at-grade, or elevated alignments between Iwilei and Ward Avenue and five different alignments through Downtown. Some of the technical considerations associated with an at-grade versus elevated alignment through Downtown included: (1) System Capacity, Speed, and Reliability – The short, 200-foot (or less) blocks in Downtown would permanently limit an at-grade system to two-car trains to prevent stopped trains from blocking vehicular traffic on cross-streets; (2) Mixed-Traffic Conflicts – An at-grade system would have prevented effective coordination of traffic signals in the delicately balanced signal network in Downtown. An at-grade light rail system with continuous tracks in-street would have created major impediments to turning movements; (3) Construction Impacts – An at-grade rail system would have increased utility conflicts and impacts to sensitive cultural resources; (4) Purpose and Need – An at-grade system would not have met the Project's Purpose and Need because it would not have satisfied the mobility and reliability needs of the Project.

- *Various Fixed Guideway Options* – A total of 75 fixed guideway alignment options were considered and screened to a smaller number to be evaluated in more detail. The corridor was divided into eight geographic sections and between 4 and 16 alignment options were evaluated for each of these sections. Within each section, the alignments retained for further evaluation were those that demonstrated the best performance related to mobility and accessibility, smart growth and economic development, constructability and cost, community and environmental quality, and consistency with adopted plans.
- *Transportation System Management Alternative (TSM)* – This alternative was developed to evaluate how well a combination of relatively low-cost transit improvements could meet the study area’s transit needs. Bus service was optimized by increasing bus service but without building a new fixed guideway for transit.
- *Managed Lane Alternative* – This alternative would have provided a two-lane elevated toll facility between Waipahu and Downtown, with variable pricing strategies for single-occupant vehicles to maintain free-flow speeds for transit and high-occupancy vehicles. This alternative would not have supported forecasted population and employment growth in plans previously adopted by the City pursuant to the *Hawai‘i State Planning Act* (HRS Chapter 226). This alternative would have provided very little transit benefit at a high-cost. The cost-per-hour of transit-user benefits for the alternative would have been two to three times higher than that for the Fixed Guideway Alternative and would have substantially improved service or access to transit for transit-dependent communities. In sum, the Managed Lane Alternative failed to meet the Project’s Purpose and Need as it would not have improved corridor mobility or travel reliability.

EIS Process

During the scoping of the EIS, the results of the planning Alternatives Analysis was presented for public and agency comment. The EIS incorporated by reference the Alternatives Analysis and its results. Building on the Alternative Analysis, four alternatives including the proposed action (i.e., the locally preferred alternative) were carried forward and were further evaluated in the Draft EIS. They included the No-Build Alternative and three build alternatives as described below:

- *No Build Alternative* – This alternative was evaluated to provide a comparison of what the future conditions would be if none of the Build Alternatives were implemented. Due to increasing traffic congestion and slower travel times, transit service levels and passenger capacity under the No Build would remain about the same as they are today.
- *Airport Alternative* – The NEPA preferred alternative, referred to in the Final EIS as the Project or the Airport Alternative, was one of three build alternatives evaluated in the Draft EIS. The Airport Alternative will carry the most passengers and provide the greatest transit-user benefits. It will provide access to employment centers at Pearl Harbor Naval Base and Honolulu International Airport and will have substantially greater ridership to those areas than the Salt Lake Alternative. The Airport Alternative will have

slightly lower potential for encountering archaeological resources but will affect more historic resources than the Salt Lake Alternative.

- *Salt Lake Alternative* – This alternative would have included the construction and operation of a grade-separated elevated fixed guideway transit system with the same characteristics described for the Project. At the west end, the guideway would have followed the same alignment as described for the Project. However, in the vicinity of Aloha Stadium, the guideway would have left Kamehameha Highway immediately west of Aloha Stadium, crossed the Aloha Stadium main parking lot, and continued east along Salt Lake Boulevard. It would have followed Pūkōloa Street through Māpunapuna before crossing and following Moanalua Stream to cross over the H-1 Freeway and continued to the Middle Street Transit Center. From this point, the guideway would have followed the same alignment as described for the Project to Ala Moana Center.
- *Airport & Salt Lake Alternative* – This alternative would have been identical to the Salt Lake Alternative, with an additional segment that would have followed Kamehameha Highway and Aolele Street from Aloha Stadium to Middle Street. This alternative would have followed the same alignments described for both the Salt Lake Alternative and the Airport Alternative. The Aloha Stadium Station on Kamehameha Highway would have been relocated north to provide an Arizona Memorial Station instead of a second Aloha Stadium Station. At the Middle Street Transit Center Station, each line would have had a separate platform with a concourse providing a pedestrian connection between them to allow passengers to transfer. This alternative would have resulted in greatest impact because the most resources would have been affected.

The Final EIS identified the Airport Alternative as the Preferred Alternative which is the subject of this ROD. This selection was based on consideration of the benefits of each alternative studied in the Draft EIS, public and agency comments received on the Draft EIS, and the City Council action under Resolution 08-261 identifying the Airport Alternative as the Project. The Final EIS included additional information and analyses, as well as minor revisions to the Project that were made to address comments received from agencies and the public on the Draft EIS.

Description of the Project

The Project as described in the Final EIS is the subject of this ROD.

It consists of the 20-mile elevated guideway with 21 stations and supporting facilities. Supporting facilities include: a vehicle maintenance and storage facility (MSF), transit centers, park-and-ride lots, traction power stations approximately every mile, a parking structure, and an access ramp from the H-2 Freeway to the Pearl Highlands park-and-ride. The MSF will be located near Leeward Community College. This site was selected over an alternate site at Ho‘opili due to its central location on the rail line, the guideway being at-grade at this location, its better access to the mainline, and its being the least costly option since there is no need for access tracks. By comparison, the Ho‘opili site would have been further away from the guideway, been more costly to design and construct approximately one mile of elevated access

tracks to connect the site to the guideway, and required zoning of State agricultural land. For these reasons, the MSF site near Leeward Community College was selected.

From Wai‘anae to Koko Head (west to east), the guideway will follow North-South Road and other future roadways to Farrington Highway. The guideway will follow Farrington Highway east on an elevated structure and continue along Kamehameha Highway to the vicinity of Aloha Stadium. The guideway will continue past Aloha Stadium along Kamehameha Highway north to Nimitz Highway and turn north onto Aolele Street. It will then follow Aolele Street, Ualena Street, and Waiwai Loop east to reconnect to Nimitz Highway near Moanalua Stream and continue to the Middle Street Transit Center.

East of Middle Street, the guideway will follow Dillingham Boulevard to the vicinity of Ka‘aahi Street and then turn east to connect to Nimitz Highway near Iwilei Road. The guideway will follow Nimitz Highway east to Halekauwila Street, and then proceed along Halekauwila Street past Ward Avenue, where it will transition to Queen Street. The guideway will cross from Waimanu Street to Kona Street in the vicinity of Pensacola Street. The guideway will run above Kona Street to Ala Mona Center.

Construction staging will occur on sites that will be permanently used by the Project and whose environmental disturbance was evaluated in the Final EIS for that reason. Pre-casting of concrete sections of the guideway and other concrete elements will occur at a commercial site identified in the letter from the City included in Attachment D.

Basis for Decision

FTA has determined that the Project meets the Purpose and Needs of the proposed action as discussed below.

Improves Corridor Mobility – The Project will substantially improve corridor mobility in the most highly congested corridor in the City. Transit ridership will increase by approximately 56,200 trips per day or 25 percent by 2030, and transit users will save more than 20 million equivalent hours of travel time per year by 2030.

Improves Corridor Travel Reliability – Predictable travel time for transit riders will increase substantially as trips were moved from buses operating on streets in mixed traffic and congested freeways to the fixed guideway. Transit trips on the exclusive fixed guideway will not be subject to traffic delay.

Support for Transit Oriented Development – The Project will support development and redevelopment around stations by enhancing access and supplying a daily influx of transit riders and potential customers for businesses. Although the construction of the Project does not directly cause development to occur, land use plans and policies will encourage new development to be located near transit stations to take advantage of the transportation infrastructure and increased accessibility afforded by the Project. With the Project, approximately 60,000 additional residents and 27,000 new jobs will be located within walking distance of stations in 2030.

Improves Transit Equity – The Project will provide service in the area of the City where the transit need is greatest. The Project will connect areas that have the highest transit dependency, which includes “communities of concern” designated by the City. Based on demographics within the study corridor, the demand and need for public transit on O‘ahu is greatest within the areas served by the Project.

Measures to Mitigate the Adverse Effects of the Project

Measures to mitigate the effects of the Project were considered during the Project’s development in coordination with the interested agencies. All reasonable means to avoid and minimize the adverse effects of the Project have been adopted. The mitigation commitments are briefly described in Attachment A, *Mitigation Monitoring Program to Ensure Fulfillment of All Environmental and Related Commitments in the Final EIS and Section 106 Programmatic Agreement*, which also describes the monitoring and enforcement program. Most mitigation measures were detailed in the Final EIS, though a few were added in this ROD in response to comments received or final consultations. For mitigation described in the Final EIS and mentioned in this ROD, the detailed description of the mitigation measure provided in the Final EIS will require a review in accordance with 23 CFR § 771.130 and must be approved by FTA in writing.

Public Involvement and Outreach

Development of the Project has included public outreach using different venues and techniques for participation by the public and other agencies, as summarized below:

- Various printed informational materials were produced that included newsletters, fact sheets, brochures, media releases, public meeting announcements, and project handouts.
- Informational radio and video segments were produced and broadcast on commercial stations, public access, and the Internet.
- A Project website (www.honolulutransit.org) was created to post project information and to receive public input.
- Electronic versions of the Draft EIS and Final EIS were uploaded to the Project website.
- An interactive DVD on the Draft EIS, a 28-minute video guide to the Draft EIS, and a computer animated fly-through of the Airport and Salt Lake Alternatives were sent to all recipients of the Draft EIS.
- A telephone information line (808-566-2299) was established.
- The City participated in radio programs and a monthly show on public access television.
- Islandwide community updates were held to share information and gather input on significant milestone decisions.
- The City attended neighborhood board meetings.
- The City participated in Speakers Bureaus, community events and coffee hours to provide Project information to community groups, agencies, and organizations.
- Feedback was solicited from various government and other agencies through direct contact with elected officials, neighborhood boards, the Transit Solutions Advisory Committee, stakeholders, and interested organizations.

- NEPA scoping meetings were held in March and April 2007 and an agency scoping meeting in March 2007. Comments were received via mail, website, and the telephone line and at scoping meetings.
- The City participated in town hall meetings.
- Approximately 20 half-hour information shows about the Project have been produced and broadcast on local 'Ōlelo television.
- The City participated in approximately 800 community events such as the Hawaiian Products Show, Annual Splendor of China event, Energy Expo, Job Quest Job Fair, Seniors & Disabilities Workshop, Asia Pacific Clean Energy Expo, Hawai'i Lodging, Hospitality & Foodservice Expo, Dragon Boat Race, and Workforce Job Fair to present and discuss the Project.
- Station design workshops were held to solicit community input and ideas about station design elements and the interface between each station and the surrounding community.
- Public hearings on the Draft EIS were advertised in major local newspapers, on local radio and television, and in ethnic and cultural newspapers in several languages. The hearings and the document's availability were also announced through the Project's website, hotline, newsletters, and a postcard mailed to area residents, agencies and organizations on the Project's mailing list.
- A public information meeting was held by the City Council on July 14, 2010, after the first Notice of Availability of the Final EIS was published in the Federal Register. Both oral and written testimony was accepted from the public and submitted to FTA and the City for consideration.
- Consultation occurred with various consulting parties as required by Section 106 of the National Historic Preservation Act. Extensive effort was made to identify, contact and consult with groups entitled to be consulting parties relating to archaeological, cultural, and historic resources adversely affected by the Project. The City and FTA consulted with over 30 organizations and agencies, including a number of Native Hawaiian organizations. Between July 28, 2009 and November 14, 2009, FTA and the City participated in a series of consulting meetings to develop the Section 106 Programmatic Agreement (Appendix B). FTA and the City continued correspondence with these consulting parties over the next year, including a meeting on January 3, 2011, as the Programmatic Agreement was refined with the assistance of the Signatories and Invited Signatories.
- Agency coordination occurred throughout the planning and environmental processes, as described in Section 8.4.2 of the Final EIS. Cooperating agencies were offered the opportunity to be briefed on the Project and given an opportunity to comment on preliminary copies of both the Draft EIS and Final EIS.

Determinations and Findings

Section 106 of the National Historic Preservation Act

FTA determined that the Project would have an adverse effect on historic properties. The Section 106 Programmatic Agreement is included as Attachment B of this ROD.

Air Quality Conformity

The entire State of Hawai'i is designated by EPA as in attainment of the health standards for the transportation-related air pollutants: carbon monoxide (CO), ozone (O₃), and particulate matter (PM and PM₁₀ and PM_{2.5}). Therefore, the EPA requirements for conformity with air quality plans do not apply to this Project.

Section 4(f) Findings

The Project will result in the direct use of 11 Section 4(f) historic properties, use with *de minimis* impacts on two historic properties; use with *de minimis* impacts on three park and recreational properties; and temporary occupancy of two recreational properties. Chapter 5 of the Final EIS evaluates these issues and resources.

Regarding the use of Afuso House, Higa Four-Plex, Teixeira House, Lava Rock Curbs, Kalama Canal Bridge, Six Quonset Huts, True Kamani Trees, O'ahu Railway & Land Company Terminal Building, O'ahu Railway & Land Company Office/Document Storage Building, Chinatown Historic District, Dillingham Transportation Building, HECO Downtown Plant and Leslie A. Hicks Building, FTA has determined that: (1) there is no feasible and prudent avoidance alternative, as defined in 23 C.F.R. § 774.17, to the use of lands from these properties; and (2) the Project includes all possible planning, as defined in 23 C.F.R. § 774.17, to minimize harm to the property resulting from such use. The basis for these findings is discussed in Section 5.4 and 5.5 of the Final EIS.

Regarding *de minimis* impacts to Boulevard Saimin, O'ahu Railway & Land Company basalt paving blocks, O'ahu Railway & Land Company former filing station, FTA has received written concurrence from the SHPO and the ACHP in a finding of "no adverse effect" in accordance with 36 C.F.R. part 800, as indicated by their signing of the Section 106 Agreement in Appendix B. FTA hereby determines that the Project will have a *de minimis* impact on these historic properties.

Regarding *de minimis* impacts to Aloha Stadium, Ke'ehi Lagoon Beach Park, and Pacific War Memorial Site, FTA informed the officials with jurisdiction of its intent to make a *de minimis* impact finding for the use of these parks and recreational resources. Following an opportunity for public review and comment, no comments were received from the public and one comment was received from the Department of Accounting and General Services re-affirming that they had no objection to the *de minimis* impact finding for Aloha Stadium. Comment also was received from City's Department of Parks and Recreation in regard to preparation of an agreement for the use of Ke'ehi Lagoon Beach Park and the Pacific War Memorial site properties. As such, the officials with jurisdiction over the Section 4(f) resources concurred, in writing, that the Project will not adversely affect the activities, features, or attributes that make these properties eligible for Section 4(f) protection. (Appendix F in the Final EIS, Agency Correspondence and Coordination). FTA hereby determines that the Project will not adversely affect the features, attributes, or activities qualifying these properties for protection under Section 4(f); therefore, the Project will have a *de minimis* impact on these properties.

Regarding temporary occupancy of Pearl Harbor Bike Path and Future Middle Loch Park, FTA hereby determines that, pursuant to 23 C.F.R. § 774.13(d), these temporary occupancies of land are so minimal as to not constitute a use within the meaning of Section 4(f). The conditions for satisfying a temporary occupancy and the basis for this determination are discussed in Section 5.7 of the Final EIS.

In Section 5.8, FTA evaluated two feasible and prudent alternatives (Airport alignment and Salt Lake Alternative alignment) to determine which one resulted in the least overall harm in light of Section 4(f)'s preservation purpose. In this evaluation, FTA found that there were few differences between the Airport Alternative and the Salt Lake Alternative alignments in terms of use of Section 4(f) properties except in the center portion of the project corridor. In this portion of the corridor, where the two alternative alignments diverge, the Salt Lake Alternative would have had a direct use of Aloha Stadium and a possible direct use at Radford High School. The Airport Alternative would not result in a direct use to properties within this same corridor and therefore, would have the least overall harm in light of Section 4(f)'s preservation purposes.

Endangered Species Act

Ko'olo'ula (*Abutilon menziesii*), an endemic plant species, was not observed during the field surveys; however, the Project is known to be in close proximity to extant plant clusters and within approximately 200 feet of the northern edge of an established contingency reserve. Ko'olo'ula is an endangered Hawaiian hibiscus that grows in dryland forests. In October 2010, the U.S. Fish and Wildlife Service (USFWS) concurred in the FTA determination that the Project is not likely to adversely affect any threatened or endangered species, in accordance with Section 7 of the Endangered Species Act, as amended (7 U.S.C. § 136; 16 U.S.C. § 1531 et seq.). The City will implement the minimization measures described in FTA's letter to USFWS, dated September 15, 2010 (Attachment D). These commitments also are included in Attachment A, the Mitigation Monitoring Program.

Section 404 of the Clean Water Act and Section 10 of the Rivers and Harbors Act

Coordination with federal, state and local agencies was conducted in compliance with Section 404 of the Clean Water Act (CWA) and Section 10 of the Rivers and Harbors Act as described in Section 4.14.1 of the Final EIS. The Project will permanently encroach upon approximately 0.08 acre of waters of the U.S. These impacts are from placing piers in Waiawa Springs, Moanalua Stream, Kapalama Canal Stream, and Nu'uānu Stream and Waiawa Streams. Permanent mitigation features are proposed at Waiawa Stream, within the Pearl Highlands Station area and are included in Attachment A, the Mitigation Monitoring Program.

Executive Order 11988: Floodplain Management

The guideway will cross several floodplains but will not cause significant floodplain encroachment as defined by U.S. Department of Transportation Order 5650.2, *Floodplain Management and Protection*, which implements Executive Order 11988. Any changes caused by the Project will be mitigated through design to comply with current flood zone regulations.

With mitigation, which is included in Attachment A (Mitigation Monitoring Program), the Project will not raise base flood elevations.

Executive Order 12898: Environmental Justice

The Pearl Highlands Station will displace the Banana Patch community which is made up of people of Asian descent who depend on a simple agrarian lifestyle in their present location. FTA has now concluded, in accordance with Executive Order 12898, *Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations*, that this community would be subject to disproportionately high and adverse human health or environmental effects as a result of the Project, unless mitigation actions beyond those required by the *Uniform Relocation Assistance and Real Property Acquisition Policies Act* are incorporated into the Project. To the extent that the community so desires, it will be relocated as a community to a location where its unique lifestyle can be maintained. This mitigation commitment is included in Attachment A (Mitigation Monitoring Program) to ensure that it is carried out. With this mitigation, the disproportionate adverse impact on this community is eliminated.

Supplemental EIS/Section 4(f) Evaluation

The Judgment and Partial Injunction of the United States District Court for the District of Hawai‘i (Court) in *HonoluluTraffic.com, et al. v. Federal Transit Administration, et al.*, Civ. No. 11-00307 AWT, filed December 27, 2012, remanded the matter to the FTA, and required the FTA and the City to undertake an additional Section 4(f) analysis as described in the Court’s Order on Cross-Motions for Summary Judgment (Summary Judgment Order) dated November 1, 2012. The Court’s Summary Judgment Order granted the Motions for Summary Judgment of the FTA and the City with regard to the Plaintiffs’ claims under the NEPA and the National Historic Preservation Act, as well as under Section 4(f) of the Department of Transportation Act (Section 4(f)), with the exception of three Section 4(f) claims. In the Summary Judgment Order, the Court concluded that the FTA and the City were required to conduct additional analyses (1) regarding whether the Beretania Street Tunnel Alternative was a feasible and prudent alternative under Section 4(f), (2) regarding whether the Project would “constructively use” Mother Waldron Neighborhood Park under Section 4(f), and (3) to identify traditional cultural properties (TCP) and, for any TCPs identified as eligible for inclusion on the National Register of Historic Places (NRHP), complete a Section 4(f) analysis. The Summary Judgment Order required the FTA and the City to supplement the FEIS and ROD to reflect the additional analysis regarding the feasibility and prudence of the Beretania Street Tunnel Alternative. (Summary Judgment Order, page 27.) The Summary Judgment Order also stated that the Final EIS “must also be supplemented to the extent that [the analysis of the constructive use of Mother Waldron Neighborhood Park] affects the analysis or conclusions.” (Summary Judgment Order, page 21.)

The Final Supplemental EIS/Section 4(f) Evaluation was prepared in accordance with the Judgment and Partial Injunction and the Summary Judgment Order. In addition, FTA conducted a “least overall harm” analysis as required by 23 CFR § 774.3(c), in any instance where FTA finds that there is no feasible and prudent avoidance alternative to the use of Section 4(f) properties. The Draft Supplemental EIS/Section 4(f) Evaluation was issued for public review and comment on May 31, 2013, and notice of availability appeared in the Federal Register on June 7, 2013. A public hearing on the Draft Supplemental EIS/Section 4(f) Evaluation was held on July 9, 2013, in Honolulu, Hawai‘i. The comment period for the Draft Supplemental EIS/Section 4(f) Evaluation ended on July 22, 2013. The Final Supplemental EIS/Section 4(f) Evaluation includes all comments received on the Draft Supplemental EIS/Section 4(f) Evaluation and responses to each comment. The Final Supplemental EIS/Section 4(f) Evaluation was issued concurrently with this Amended ROD per Pub. L. 112-141, 126 Stat. 405, Section 1319(b).

FTA finds that the Beretania Street Tunnel Alternative is not a feasible and prudent avoidance alternative. The Beretania Street Tunnel Alternative is not an avoidance alternative because it results in a use of Section 4(f) properties. The Beretania Street Tunnel Alternative is feasible to construct as a matter of engineering, but it is not prudent because of its extraordinary cost, and other factors such as environmental and long-term construction impacts. The impacts on parks and historic properties; settlement risks from tunnel construction; visual impacts; traffic and business access disruption during construction; and delayed benefits from this alternative contribute to the imprudence of the Beretania Street Tunnel Alternative. The overall extraordinary increase in the cost of the alternative alone makes the alternative imprudent.

Further, pursuant to 23 CFR § 774.3(c), FTA evaluated the Project and the Beretania Street Tunnel Alternative on the following seven factors to determine which of those alternatives causes the least overall harm: (1) ability to mitigate impacts; (2) relative severity of the remaining harm after mitigation; (3) relative significance of Section 4(f) properties; (4) views of the officials with jurisdiction over Section 4(f) properties; (5) degree to which purpose and need are met; (6) magnitude of adverse impacts, after mitigation, to non-Section 4(f) properties; and (7) cost. After evaluating those factors, FTA finds that the Project, when compared to the Beretania Street Tunnel Alternative, causes the least overall harm in light of the statute's preservation purpose.

Section 4(f) applies to Mother Waldron Neighborhood Park and Playground as both a public park and as a historic site. The Project will not result in a direct use or temporary occupancy of Mother Waldron Neighborhood Park and Playground. The guideway would introduce a new visual element into Mother Waldron Playground's setting. However, the introduction of that visual element does not substantially impair the historic attributes and features that cause the playground to be eligible for the NRHP. Moreover, the Project will not create proximity impacts so severe that the protected activities, features, or attributes that qualify Mother Waldron Neighborhood Park and Playground for protection under Section 4(f) are substantially impaired. As a result, there will be no constructive use of the Mother Waldron Neighborhood Park and Playground. The City and FTA consulted with the agency with jurisdiction and management responsibility regarding Mother Waldron Park (the City and County of Honolulu Department of Parks and Recreation) regarding the Section 4(f) evaluation of Mother Waldron Park. The Department of Parks and Recreation concurred in the FTA finding that the Project as planned will not constructively use Mother Waldron Park.

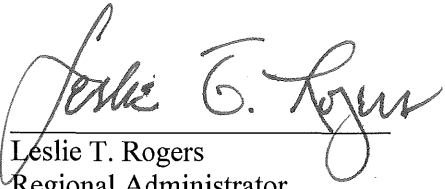
The SHPO, a division within the Hawaii Department of Land and Natural Resources (DLNR), and the ACHP were provided copies of the Draft Supplemental EIS/Section 4(f) Evaluation for review and comment on May 31, 2013. The SHPO previously concurred in the effect determination for the Mother Waldron Park in 2011. The SHPO and ACHP are parties to the Programmatic Agreement executed on January 18, 2011, regarding Project mitigation for Mother Waldron Park and other historic properties. The DLNR submitted a reply on the request for comments to the Draft Supplemental EIS/Section 4(f) Evaluation, but did not submit any comments on behalf of the SHPO. The SHPO and ACHP did not submit any comments on the Supplemental EIS/Section 4(f) Evaluation.

Under 23 C.F.R. § 774.3(a)(1), an evaluation of feasible and prudent avoidance alternatives is required if the alternative results in a use of a Section 4(f) property. Despite the conclusion of the Supplemental EIS/Section 4(f) Evaluation, and the concurrence of the Department of Parks and Recreation, that the Project will not constructively use Mother Waldron Park, the City and FTA evaluated whether there were any alternatives that would avoid the impacts to Mother Waldron Park. After that evaluation, the FTA determined that a shift of the alignment to Queen Street would not avoid impacts on other Section 4(f) properties. Other alternative alignments would have impacts on Mother Waldron Park similar to the impacts of the Project.

The Final Supplemental EIS/Section 4(f) references additional analyses conducted by the City and FTA regarding TCPs within the Project's area of potential effect (APE). The TCP analysis for Sections 1 through 3 of the Project is documented in: (1) Honolulu Rail Transit Project, Determination of Eligibility and Finding of Effect for Previously Unidentified Traditional Cultural Properties in Sections 1-3, May 25, 2012; (2) Study to Identify the Presence of Previously Unidentified Traditional Cultural Properties in Sections 1-3 for the Honolulu Rail Transit Project, Management Summary, SRI Foundation & Kumu Pono Associates LLC, April 20, 2012; and (3) He Mo 'olelo 'Aina – Traditions and Storied Places in the District 'Ewa and Moanalua (in the District of Kona), Island of O'ahu; A Traditional Cultural Properties Study – Technical Report, Kumu Pono Associates LLC, April 20, 2012. These reports were made available for review and comment by the public, including representatives of the Native Hawaiian community, ACHP and other consulting parties identified in the Programmatic Agreement. On June 6, 2012, FTA determined that there was one TCP within the APE of Sections 1-3 that was eligible for the NRHP (Huewaipī), but that the Project would have no adverse effect on that property. Another potential TCP (Kuki' iahu), co-located with the NRHP-eligible Sumida Watercress Farm, was identified through the TCP analysis, but FTA determined that Kuki' iahu lacked integrity. SHPO concurred with those determinations. See Attachment D for SHPO concurrence.

Kuki' iahu lacks integrity and, thus, is not NRHP-eligible. Accordingly, Kuki' iahu is not a Section 4(f) property. FTA and City conducted a Section 4(f) analysis of the NRHP-eligible TCP within the APE of Sections 1-4. See Section 4(f) Evaluation of Previously Unidentified Traditional Cultural Properties in the Honolulu Rail Transit Project (2013). Huewaipī includes the spring that feeds Waiau wetlands in Waimalu, and is currently used for subsistence farming and gardening. Historic maps indicate that the wetland site was also once a lo'i. The spring, wetland and lo'i make up one larger, single site. The Kamehameha Highway transects Huewaipī. At Huewaipī, the Project would construct piers within the median of that highway to support the guideway. There would be no acquisition of right of way and no station or ancillary buildings in or near the site. The site has been marked as a no work zone, and so no temporary staging will occur at the site. Thus, no land from Huewaipī will be permanently incorporated into a transportation facility and there will be no temporary occupancy of Huewaipī. Further, the Project will not constructively use Huewaipī because the Project will not create proximity impacts so severe that the activities, features or attributes that qualify Huewaipī for protection under Section 4(f) are substantially impaired. Based on that analysis, FTA finds that the Project will not use, as that term is defined in 23 C.F.R. § 774.17, Huewaipī. This finding is also consistent with Question 7D of the FHWA 2012 Section 4(f) Policy Paper.

The TCP analysis for Section 4 of the Project is documented in: (1) Determination of Eligibility and Finding of Effect for Previously Unidentified Traditional Cultural Properties in Section 4, Honolulu Rail Transit Project; (2) Study to Identify the Presence of Previously Unidentified Traditional Cultural Properties in Section 4 for the Honolulu Rail Transit Project, Management Summary, The SRI Foundation and Kumu Pono Associates LLC, April 24, 2013; and (3) He Mo 'olelo 'Aina – Traditions and Storied Places in the District of Kona – Honolulu Region (Lands of Kalihi to Waikiki), Island of O'ahu; A Traditional Cultural Properties Study – Technical Report, Kumu Pono Associates LLC Study No. 131, March 28, 2013. These reports were made available for review and comment by public, including representatives of the Native Hawaiian community, ACHP and other consulting parties identified in the Programmatic Agreement. On August 28, 2013, the FTA determined that there were no new TCPs within the APE for Section 4 that were eligible for the NRHP and, thus, the Project would have no adverse effect on any previously unidentified TCPs within the APE for Section 4 that are eligible for the NRHP. SHPO concurred with those determinations. See Attachment D for SHPO concurrence. Because there are no new NRHP-eligible TCPs within the APE for Section 4, there is no new Section 4(f) use of NRHP-eligible TCPs within the APE for Section 4.



Leslie T. Rogers
Regional Administrator
Federal Transit Administration, Region IX

1 SEP 30 2013

Date

Attachments:

- Attachment A: Mitigation Monitoring Program
- Attachment B: Section 106 Programmatic Agreement
- Attachment C: Comments on the Final EIS and Responses
- Attachment D: Relevant Correspondence

(\$ in millions)	Fiscal Years														
	Total	Actuals to 2016	(A) 2017	Est. 2018	Est. 2019	Est. 2020	Est. 2021	Est. 2022	Est. 2023	Est. 2024	Est. 2025	Est. 2026	Est. 2027	Est. 2028	Est. 2029
Beginning Cash Balance	\$298	\$298	\$95	\$22	\$23	\$30	\$25	\$23	\$22	\$23	\$25	\$22	(\$210)	(\$627)	(\$966)
Project Funding Sources:															
G.E.T. Surcharge	\$5,087	\$1,320	\$226	\$242	\$262	\$273	\$281	\$289	\$298	\$307	\$316	\$326	\$335	\$345	\$265
Federal Grant	1,550	569	209	28	219	235	290	-	-	-	-	-	-	-	-
TAT Education Reduction	(250)	-	-	(13)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(13)	-
Gross TAT Revenues	689	-	-	28	59	61	63	66	68	71	74	77	80	42	-
City TAT Transfer to Rail	484	-	-	22	44	44	44	44	44	44	44	44	44	66	-
City HART Admin Offset	220	-	-	11	22	22	22	22	22	22	22	22	22	11	-
All Other	7	6	1	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	\$7,786	\$1,895	\$436	\$319	\$580	\$609	\$675	\$396	\$407	\$419	\$431	\$444	\$456	\$452	\$265
Debt Proceeds															
TECP (net) Max \$350 m	\$2,919	\$0	\$130	\$383	\$307	\$350	\$350	\$350	\$347	\$353	\$93	\$257	\$0	-	-
Variable Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Rate Bonds	4,994	-	-	400	407	390	710	1,004	680	543	860	-	-	-	-
Less Issuance Costs	(1)	-	(1)	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Proceeds	\$7,912	\$0	\$129	\$782	\$714	\$740	\$1,060	\$1,354	\$1,027	\$896	\$953	\$257	\$0	\$0	\$0
Total Project Sources	\$15,698	\$1,895	\$565	\$1,102	\$1,294	\$1,350	\$1,735	\$1,750	\$1,435	\$1,315	\$1,384	\$701	\$456	\$452	\$265
Project Uses:															
Construction	\$6,122	\$1,362	\$494	\$521	\$574	\$665	\$893	\$788	\$384	\$204	\$144	\$91	\$3	-	-
Design	231	155	18	33	11	3	2	2	2	2	1	-	-	-	-
ROW / Utilities	729	172	33	127	133	105	74	35	35	15	-	-	-	-	-
Program-Wide	439	241	18	11	13	18	24	30	28	26	19	10	2	-	-
HART / City	281	88	23	27	27	24	23	21	17	13	10	3	6	-	-
Planning	89	79	2	4	2	0	0	0	-	-	-	-	-	-	-
Project Costs	\$7,891	\$2,098	\$587	\$723	\$761	\$815	\$1,018	\$876	\$466	\$259	\$174	\$104	\$10	\$0	\$0
Project Contingency	274		-	-	-	0	16	42	63	63	55	30	4	-	-
10% Capital Cost Contingen	548		-	72	76	82	103	92	53	32	23	13	1	-	-
Total Project Costs	\$8,713	\$2,098	\$587	\$795	\$837	\$897	\$1,137	\$1,010	\$582	\$354	\$253	\$147	\$16	\$0	\$0
Debt Service:															
Variable Principal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fixed Principal	5,014	-	-	27	58	93	164	279	377	475	653	680	708	736	766
CP Retirement	2,919	-	50	113	350	306	350	350	350	350	350	-	65	-	285
Subtotal Principal	\$7,934	\$0	\$50	\$140	\$408	\$399	\$514	\$629	\$727	\$825	\$1,003	\$680	\$773	\$736	\$1,051
Variable Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fixed Interest	918	-	-	22	36	54	82	108	120	129	129	102	74	45	15
CP Interest	67	-	1	3	5	6	4	4	5	5	2	5	11	9	9
Subtotal Interest	\$984	\$0	\$1	\$25	\$42	\$60	\$86	\$112	\$125	\$135	\$130	\$107	\$85	\$54	\$24
Establish Debt Reserve	\$140	\$0	\$0	\$140	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Release Debt Reserve	(140)	-	-	-	-	-	-	-	-	-	-	-	-	-	(140)
Debt Service Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	\$8,918	\$0	\$51	\$305	\$450	\$458	\$600	\$741	\$852	\$959	\$1,133	\$787	\$857	\$790	\$935
Total Project Uses	\$17,631	\$2,098	\$638	\$1,100	\$1,287	\$1,355	\$1,737	\$1,751	\$1,434	\$1,314	\$1,386	\$933	\$873	\$790	\$935
Net Current Change	(\$1,933)	(\$203)	(\$73)	\$1	\$7	(\$6)	(\$1)	(\$1)	\$1	\$1	(\$2)	(\$233)	(\$417)	(\$339)	(\$669)
Ending Cash Balance	-\$1,635	\$95	\$22	\$23	\$30	\$25	\$23	\$22	\$23	\$25	\$22	-\$210	-\$627	-\$966	-\$1,635

General Assumptions:

1. General excise tax (GET) share changed from 90/10 to 99/1.
2. GET growth rate is 3.0%
3. Fixed rate debt at 4% interest per annum.
4. Debt principal amortization from first month of issuance.
5. Debt matures at GET sunset.
6. Federal grant draw down totaling \$743 million suspended from August 2017 to June 2018. Draw down anticipated to resume in July 2018.
7. Total project cost at \$8,165 billion.

Assumptions specific to this Model:

1. General excise tax sunsets on December 31, 2028.
TAT begins 1/1/2018 and sunsets 12/31/2028
2. TAT revenues grow at 4% per year

(A) Actual through 4/30/2017; projected May-June 2018

5. Debt matures at GET sunset.



IN REPLY REFER TO:
CMS-AP00-02231

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Krishniah N. Murthy
INTERIM EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

August 21, 2017

Damien T.K. Kim
CHAIR

Terrence M. Lee
VICE CHAIR

John Henry Felix
Wes Frysztacki
Ford N. Fuchigami
Terri Fujii
Glenn M. Nohara
Ember Shinn
Kathy Sokugawa
Hoyt H. Zia

The Honorable Romy M. Cachola
State House of Representatives
Hawaii State Capitol
415 South Beretania Street, Room 435
Honolulu, Hawaii 96813

Dear Representative Cachola:

On August 14, 2017 at the Legislature's Informational Hearing, you asked if the State funds provided for the Honolulu Rail Transit Project ("Project") would be used for other than construction and Right-of-Way acquisitions for the Project. I replied that the State funds would not be used. You asked that I confirm that statement in writing, and I am doing so with this letter.

I confirm that no State funds provided for the Project will be used for other than construction and Right-of-Way acquisitions for the Project.

Very truly yours,




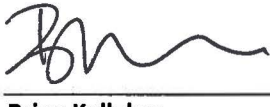
Krishniah N. Murthy
Interim Executive Director and CEO



HONOLULU AUTHORITY for RAPID TRANSPORTATION

CONTRACT CHANGE PROCEDURE

5.CA-11, REV. 3.0 – JUNE 8, 2017

 _____ Charles S. Carnaggio HART Project Director	7/12/17 Date	 _____ Nicole R. Chapman Responsible Manager	6/8/17 Date
 _____ Alberto B. Bonifacio HART Director of Quality Assurance and Quality Control	7/12/17 Date	 _____ Brian Kelleher Document Preparer	6/8/17 Date

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These Policies and Procedures may be revised upon request as directed to HART and as approved by the HART Director of Procurement, Contracts, and Construction Claims. The HART Director of Procurement, Contracts, and Construction Claims is the Owner of this Procedure and is responsible for its content and revisions.

CHANGE HISTORY		
Revision Level	Effective Date	Description of Change
0.0	07/24/14	Initial Issue
1.0	06/17/15	Modified Change Order Process
2.0	09/16/16	Updated to Reflect Current Process
3.0	06/08/17	Updated to Reflect Changes to Roles and Responsibilities and Introduce the Contract Change Committee

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1.0 PURPOSE:

This document sets forth the procedures for processing Contract Change Orders (CCO) in conformance with the Honolulu Authority for Rapid Transportation (HART) Project Management Plan. The Procedure covers requests for changes, change orders, claims, and dispute resolution.

2.0 SCOPE:

This Procedure applies to all HART Design-Build, Design-Bid-Build, Design-Furnish-Install-Maintain, and Design-Build-Operate-Maintain contracts.

3.0 DEFINITIONS:

Refer to HART Project Procedure 1.PP-03, "Standard Terms, Definitions, and Acronyms Procedure." For specific terms and abbreviations related to contract changes, refer to the following:

Contract Change Committee (CCC) – The HART management review committee designated to recommend merit for Change Orders. The Contract Change Committee is comprised of the Director of Procurement, Contracts, and Construction Claims, who serves as the Chairperson; the Director of Design and Construction; and the Director of Project Controls.

Contract Change Order (CCO) – An amendment or modification of the Contract signed by the Chief Procurement Officer, or designee, directing the Contractor to make changes with or without the consent of the Contractor (refer to Hawaii Revised Statutes [HRS] 103D-104).

Contractor Proposed Costs (CPC) – A detailed cost and schedule estimate from the Contractor for a specific Request for Change.

Cost Analysis – A detailed review and evaluation of the cost elements (labor, materials, equipment, and subcontractor) and profit contained in a Contractor Proposed Costs.

Negotiation Strategy Memo (NSM) – The document that establishes HART's initial negotiation position. It is based on a cost analysis and identifies pertinent issues to be negotiated, the cost objectives, and a profit objective.

Request for Change (RFC) – One of the first documents that is prepared during the change process and is used to solicit a cost proposal from the contractor, or if issued by the contractor to request an adjustment to contract price or time from HART. The Request for Change must identify clearly the provisions of the Contract that are being modified which could be Special Provisions, Technical Specifications, Contract

Drawings, etc. The Request for Change will contain a written summary description of the Change along with the revised Sections of the Contract and the Contract Drawings affected.

Time Impact Analysis (TIA) – A scheduling technique used to assess and quantify the effects of an unplanned event, namely a change which increases the work scope, but can be used in other ways. A Time Impact Analysis can also be used to evaluate potential impacts to the schedule for acceleration or delay.

4.0 RESPONSIBILITY:

Individual responsibilities for implementing this Procedure include the following:

4.1 Project Manager (PM):

The HART Project Manager is responsible for managing the scope, schedule, and budget for his/her assigned contracts. The Project Manager has authority to initiate CCOs but shall obtain merit determination approvals for the proposed Change per the delegation of authority outlined in this Procedure.

4.2 Resident Engineer (RE):

The Resident Engineer serves as the HART representative responsible for the day-to-day contract management. The RE is responsible for evaluating the RFC and making the initial recommendation on merit; if merit is recommended by the RE, the RE will be responsible for preparing the CCO documentation and initiating the CCO for merit determination. The RE manages the consultant staff responsible for managing the CCO process.

4.3 Construction Manager:

The (Area) Construction Manager will review and approve the NSM prior to submission of the NSM to the Director of Procurement, Contracts, and Construction Claims for approval.

4.4 Contract Manager (CM):

The HART Contract Manager will coordinate with the Project Manager regarding the proposed Change for compliance with HART policy and procedures and compliance with contract terms and conditions. The Contract Manager assists with the generation of the CCO documentation and monitors the CCO process.

4.5 Deputy Director of Procurement and Consultant Contracts; Deputy Director of Contract Administration; and Deputy Director of Construction Claims, Utility, and Third-party Contracts:

The Deputy Directors of the HART Procurement, Contracts, and Construction Claims Division will have authority to approve merit for proposed Changes and NSMs up to

\$500,000, as delegated by the Director of Procurement, Contracts, and Construction Claims.

4.6 Director of Procurement, Contracts, and Construction Claims:

The HART Director of Procurement, Contracts, and Construction Claims shall have authority to recommend merit of proposed Changes less than \$500,000 that will be issued to the Contractor. The Director of Procurement, Contracts, and Construction Claims may delegate this responsibility as outlined in this Procedure. The Director of Procurement, Contracts, and Construction Claims shall chair the Contract Change Committee.

4.7 Director of Design and Construction:

The HART Director Design and Construction is responsible for overseeing the engineering and construction technical aspects of the Project, including the configuration impact of the proposed Change with other design and construction contracts. The Director of Design and Construction is a member of the Contract Change Committee.

4.8 Director of Project Controls:

The Director of Project Controls is responsible for reviewing the project and programmatic cost and schedule impact of the proposed Change. All proposed Changes will require the review and concurrence of the Director of Project Controls' finding of merit. The Director of Project Controls is a member of the Contract Change Committee.

4.9 Contract Change Committee:

The Director of Procurement, Contracts, and Construction Claims has designated that the Contract Change Committee will have authority to recommend merit for proposed Changes of \$500,000 or greater. The Director of Procurement, Contracts, and Construction Claims may designate certain proposed Changes of less than \$500,000 to be presented to Contract Change Committee if the proposed Change is a discretionary change, may impact two or more other contracts, changes interim milestones or contract substantial completion date, or has other significant impact to the Project.

4.10 Officer-in-Charge:

The HART Officer-in-Charge will review all CCOs before the change order is presented to the HART Executive Director and Chief Executive Officer. The Officer-in-Charge is the individual who will hear and provide final decision on any claims/denied change orders appealed by the contractor.

4.11 City and County of Honolulu, Department of the Corporation Counsel (COR):

The City and County of Honolulu's Corporation Counsel is responsible for review and approval as to form and legality for all CCOs.

4.12 Chief Financial Officer:

The HART Chief Financial Officer, or his/her authorized designee, is responsible for certification as to the availability of funds for the CCO.

4.13 Executive Director and Chief Executive Officer (ED-CEO):

The HART Executive Director and Chief Executive Officer, who is also the Chief Procurement Officer, approves on behalf of HART all CCOs of \$1,000,000 or less without approval of the HART Board of Directors and CCOs greater than \$1,000,000 with approval of the HART Board of Directors, unless otherwise delegated in writing.

4.14 Board of Directors:

The HART Board of Directors review and approve all CCOs greater than \$1,000,000 (absolute value).

5.0 PROCEDURE:

A change is any alteration to the Contract Documents; the method or manner of performance of the Work; furnishing of equipment, materials, or services; site conditions or availability; or the Contract period of performance.

This section outlines the steps involved in managing, processing, tracking, and resolving changes to the contract. Exhibit 1 provides an overview of the CCO process.

Throughout the change process, every step will have required documentation and this documentation shall be entered in HART's Document Control system at each of the steps taken. All changes will be managed in accordance with Contract requirements and shall be processed in a timely manner to prevent contract schedule delays and cost growth.

The parceling of change orders is prohibited. For this procedure, parceling is defined as the intentional division of added or changed scope into smaller change orders to evade procurement requirements, delegated purchasing authority limits, or upper management or Board of Directors review. As an example, a change order should not be parceled to avoid the requirement for a change order over \$1,000,000 to have Board of Directors review and approval.

All changes, claims, and disputes will be subject to audit by HART and potentially by the Federal Transit Administration (FTA), the City, or other external auditors.

The following sections discuss in detail the processes to meet the intent of this Contract Change Procedure:

- Section 5.1, "Request for Change (RFC)"
- Section 5.2, "Contractor Notice of Potential Claim/Request for Change from Contractor (RFCC)"
- Section 5.3, "Contract Change Order (CCO)"
- Section 5.4, "Contract Claims and Disputes"

5.1 Request for Change (RFC):

HART may at any time make changes in the Work within the scope of the contract as may be found to be necessary or desirable. Except for Field Change Notices (as defined herein), before any RFC is issued to the Contractor, the PM/RE must receive approval for the change through an approved Finding of Merit/No Merit document from the Director of Procurement, Contracts, and Construction Claims; the Director of Design and Construction (which includes Core Systems review); and the Director of Project Controls. Approval of the RFC is also required from the HART Chief Safety and Security Officer; the HART Director of Operations and Maintenance; and the HART Director of Quality Assurance and Quality Control. Some of the individuals listed above will be reviewing the RFC for technical aspects and not for merit determination. All individuals that receive Changes for technical or merit determination must confirm review of the RFC and provide any comments they may have within the timeline for the CCO process. If confirmation is not received within the established timeline, the lack of response will be treated as "no comment."

5.1.1 Level of Authority for CCO Merit Determination and Approval of NSMs:

The Director of Procurement, Contracts, and Construction Claims delegates the authority to merit CCOs as follows:

- **Deputy Directors of the HART Procurement, Contracts, and Construction Claims Division:** Changes up to \$500,000.
- **Contract Change Committee:** Changes equal to or greater than \$500,000, that may impact two or more other contracts, or change interim milestones or substantial completion date, or have other significant impact to the Project.

The Director of Procurement, Contracts, and Construction Claims delegates the level of authority for the approval of NSMs as follows:

- **Deputy Directors of HART Procurement, Contracts, and Construction Claims Division:** Changes up to \$500,000.
- **Director of Procurement, Contracts, and Construction Claims:** Changes equal to or greater than \$500,000.

5.1.2 Contract Change Committee (CCC):

The Contract Change Committee will be comprised of the following HART staff as permanent members: the Director of Procurement, Contracts, and Construction Claims, who will be the Chairperson; the Director of Design and Construction; and the Director of Project Controls. An Administrator will be present at all CCC meetings to record proceedings. The CCC will recommend a finding of merit for approval by the Officer-in-Charge. All permanent members shall designate two alternative members to act on his/her behalf if the permanent member is unable to attend the CCC meeting. To the extent provided under HRS Section 92-2.5(a), Public Agency Meeting and Records, HART Board Members may attend the CCC meeting.

If there is no consensus or agreement by the members of the CCC for the merit of the Change, the Director of Procurement, Contracts, and Construction Claims will have the ultimate decision whether the Change should be recommended for approval.

The CCC will meet once a week or as directed by the Director of Procurement, Contracts, and Construction Claims. If there are no proposed Changes to be discussed at the scheduled meeting, then the Director of Procurement, Contracts, and Construction Claims may cancel the CCC meeting and advise the Administrator of this cancellation.

The Administrator will ensure an agenda is published at least 48 hours ahead of the CCC meeting and is distributed to all participants to ensure all participants are aware of the issues to be discussed. The Administrator will distribute a copy of the Finding of Merit for the proposed Change with the required attachments that will be covered at the CCC meeting to all permanent members for their review and comments at least three working days prior to the meeting. The Administrator will ensure there is a standard form attached to the Finding of Merit for the proposed Change package that will include boxes for approval, disapproval, or comments that the permanent members will be required to fill out and return to Administrator prior to the meeting. All outstanding comments should be resolved at the

CCC meeting. The Administrator will record action items that may be assigned to different individuals.

Should there be issues related to the proposed Change that cannot be resolved at the CCC meeting, then the Director of Procurement, Contracts, and Construction Claims may request the individual responsible for the Change to bring it back with the additional required information for further consideration to a future CCC meeting. The Administrator will distribute assigned action items no later than three working days after the CCC meets. The Administrator will return the Finding of Merit for proposed Change to the responsible individual to further process this Change as directed by the CCC.

The individual responsible for the proposed Change will ensure that the Administrator receives the Finding of Merit/No Merit for the proposed Change with the necessary attachments at least four working days before the CCC meets. The individual responsible for the Change will attend the meeting with any additional individuals to present the Change and address any comments or questions that the CCC members may have.

The individual responsible for the Change shall prepare a Finding of Merit and include in the proposed Change all Contract sections and drawings that are being modified and a clear reason why this Change is contractually justified and required to support the Project needs. The proposed Change must include a Rough Order of Magnitude (ROM) Cost. If an estimate exists for this proposed Change, then it should be included in the proposed Change documentation. This will provide the CCC members with HART's potential cost exposure when this Change is issued.

The Director of Procurement, Contracts, and Construction Claims has designated that only Changes of \$500,000 or greater be brought to the CCC for approval. For Changes of lesser amounts, the Director of Procurement, Contracts, and Construction Claims has delegated the Deputy Directors of the HART Procurement, Contracts, and Construction Claims Division to have approval authority for the merits of the Change without the Change being required to be brought to the CCC for approval.

5.1.3 Independent Cost Estimate and Schedule Analysis:

All changes to the contract require an Independent Cost Estimate (ICE). HART Project Procedure 4.PC-06, "Cost Estimating Procedure," provides guidance on preparing an ICE for a Change Order. Generally, all estimates must provide sufficient analysis including all detailed back-up information so that the estimate corresponds to the changed work. The RE and PM are responsible for making sure that both the Contractor and Estimator have the

same understanding of the change scope. To mitigate generating cost estimates based on differing scope, a scoping meeting shall be convened at the early stage of the preparation of the ICE and the Contractor's Proposed Cost (CPC). The PM shall have the Estimator attend the scoping meetings. A draft written scope of work should be prepared prior to the scoping meeting, and a final written scope of work should be drafted by the RE within 24 hours of the scoping meeting.

Changes to the contract may affect the critical path work activities and thereby delay milestone or contract Substantial Completion. HART Project Procedure 4.PC-04, "Project Scheduling Procedure," provides guidance on preparing a Time Impact Analysis (TIA). The Project Manager is responsible for taking actions necessary to minimize impact of changed work on the contract schedule. The Project Manager is responsible for requesting a TIA from the scheduler assigned to support the contract.

5.1.4 HART Request for Change:

For HART initiated changes, the Resident Engineer will prepare a draft RFC for review and approval in accordance with this Contract Change Procedure.

The Resident Engineer along with the Project Manager will prepare a contractual justification for Merit Determination ensuring that all Contract provisions and drawings that are being modified are listed in the Change. The Resident Engineer along with the Project Manager will include in the Change Justification why this Change is required to meet Project requirements. Included in the Change documentation shall be any potential for Cost Recovery for HART because of this Change.

Under limited circumstances, work can be directed to proceed immediately as further described in the section "Field Change Notice" below.

As part of the initiation of the Change, the Project Manager will obtain verification of budget and funding availability from HART's Project Controls Division and will prepare a CCO Contract Financial Impact (CFI) summary that will be included in the Change documentation.

5.1.5 Contractor's Proposed Cost (CPC):

The Contractor shall submit its CPC within the time specified in the contract unless otherwise modified in writing from HART. The CPC shall provide a detailed cost breakdown for material, equipment, and labor, including subcontractor cost breakdown. The CPC shall include a Contractor's TIA. The CPC must also include the Certification of Cost and Pricing Data. If the Contractor does not submit a CPC within the specified time period, the

Project Manager may issue a Unilateral Change Order in accordance with Contract requirements and as outlined in this Contract Change Procedure.

5.1.6 Cost and Time Analysis:

Upon receipt of a CPC, the RE, with the PM, will prepare a cost analysis. A cost analysis is conducted to evaluate the separate cost elements and fee in a Contractor cost proposal. The cost analysis will address the Contractor's estimated level of effort, materials and equipment to perform the work. The cost analysis will serve as the basis for the NSM.

Part of this cost analysis will be a comparison of the CPC with the ICE, to ensure they are both priced using a similar approach to perform the changed work.

All CPCs shall contain a TIA that is to be reviewed with HART's prepared TIA, to establish the schedule impacts for the Change. The only time a TIA will not be required is if the Contractor states in the CPC that no time extension is being requested. A TIA will be required if HART believes a time credit is due to HART.

All cost and time impacts shall be addressed in the NSM.

5.1.7 Negotiation Strategy Memo:

The Project Manager will prepare a NSM based on the Cost and Time Analysis. Approval of the NSM shall be in accordance with this Contract Change Procedure and before any negotiations take place with the Contractor.

The NSM will present a negotiation position side-by-side with CPC, ICE, and a HART target price.

Once the approval for the NSM is obtained, the Project Manager and his/her team—including a representative from the HART Procurement, Contracts, and Construction Claims Division—will conduct negotiations with the Contractor, staying within the NSM target value. If negotiations fail to conclude within the NSM target value, the Project Manager can revise the NSM, based on new information obtained during the negotiations, and obtain approval for the revised NSM from the appropriate authority set forth in this Contract Change Procedure. The negotiations cannot exceed the target allowed for in the NSM. The designated representative from the HART Procurement, Contracts, and Construction Claims Division will be present at all negotiations with the Contractor.

Once bilateral agreed-upon negotiations have concluded, the Project Manager will prepare a Summary of Negotiations (SON). The SON will be presented in the same format as the NSM and document each of the cost elements and how the final negotiated amount for each was determined.

If the parties cannot come to a bilateral agreement for the Cost or Time for the Change, the Project Manager may issue a Unilateral Change Order to the Contractor after obtaining approval for such action in accordance with this Contract Change Procedure.

Generally, Contract Price can be adjusted in one of more of the following ways before commencement of the changed work: (1) Agreement on a fixed price; (2) Unit Prices specified in the Contract; (3) Force Account basis; and (4) Unilateral Change Order. Refer to the Contract's General Conditions and Special Provisions for specific requirements.

Contract Time can be adjusted on either a compensable or non-compensable basis.

Once negotiations are concluded, the Project Manager will prepare the CCO and Change Order file following the requirements outlined in this Contract Change Procedure.

5.1.8 Unilateral Change Orders:

In the event the Change work must be performed immediately so as to mitigate delay to the project or program, a Unilateral Change Order can be issued to direct the Contractor to proceed. The Unilateral Change Order will be based on HART's ICE or, if less than \$50,000, issued on a Force Account basis with a not-to-exceed amount established. The Project Manager will obtain the appropriate approval, per the established authority level as set forth herein under Section 5.1 of this Contract Change Procedure, to issue a Unilateral Change Order.

Concurrent with the issuance of a Unilateral Change Order, the Project Manager will proceed and continue to negotiate a bilateral Change Order.

It is important to issue the Unilateral Change Order in a timely manner so the Contractor can perform the changed work without further impacts to the Project. As such, a Unilateral Change Order can be prepared and approvals obtained concurrently with bilateral Change Orders so that the Unilateral Change Order can be issued in a timely manner.

In the event the parties cannot reach a bi-lateral agreement, a Unilateral Change Order may be issued. If the Contractor disagrees with the terms of

the Unilateral Change Order, the Contractor must submit a claim in accordance with the Contract terms.

5.1.9 Field Change Notices (FCN):

If the Contract has an Allowance for Field Change Notices, FCNs may be issued by Project Manager/Resident Engineer to direct the Contractor to proceed with time critical work—provided, however, an allowance is included in the contract. FCNs cannot exceed \$50,000 in value.

If required, the Project Manager will issue written direction to proceed with a FCN. Payment will be on a Force Account basis in accordance with Contract Terms. The written direction will include a description of the change and reference specifications, drawings and sketches as appropriate. The direction will also include a reason code for the FCN need, for example Design, 3rd Party, etc. The value of a FCN will be equal to the estimated ROM cost to perform the work. A copy of the FCN will be submitted to the Contract Manager.

The FCN work will be paid under the contract FCN Allowance on a monthly basis as part of the Contractor's Pay Request. Force Account Records, signed by HART will be submitted by the Contractor on a daily basis. The Contractor will submit priced Force Account Records monthly in accordance with the Contract. The Project Manager will maintain a FCN log and track the value of each FCN issued the FCN Allowance value. If the Allowance value is depleted or insufficient to authorize FCN work, the Project Manager will initiate prepare a Finding of Merit to support an increase the Allowance value.

FCNs will be subject to audit by the CMs on a regular basis as scheduled by the CMs.

5.2 Contractor Notice of Potential Claim/Request for Change from Contractor (RFCC):

If the Contractor believes that HART direction causes a change, the Contractor is obligated to provide notice of its intent to treat the direction as a change requiring adjustment in Contract price. Refer to the contract provisions for notice requirements.

5.2.1 HART Review of Notice of Potential Claim/RFCC:

Within 14 days of receipt of written notice, the RE shall evaluate the written notice for merit, prepare the Finding of Merit/No Merit supporting or denying entitlement, and obtain approval from the appropriate authority per this Contract Change Procedure before responding to the Contractor. All responses to the Contractor shall be in accordance with contract requirements.

If the Change has Merit, the Project Manager will request from the Contractor a CPC and a Schedule TIA in conformance with contract requirements. Concurrently, the PM/RE will request an ICE from a HART estimator for the Change. The PM/RE will also request a TIA from a HART scheduler. The PM/RE will seek concurrence from the stakeholder HART Divisions as set forth in Section 5.1 above.

Complex Claims may require additional time for review to prepare a Finding of Merit. In those cases, the Project Manager shall request the Deputy Director of the HART Procurement, Contracts, and Construction Claims Division for a period greater than 14 days to respond to the Contractor, if the Contract provisions allow, from the receipt of the written notice from the Contractor.

5.2.2 Finding of Merit/No Merit:

The Resident Engineer with the concurrence of the Project Manager will evaluate the Change for Change for merit. The determination of merit will be documented in the Finding of Merit/No Merit which will at a minimum include the following:

- Title of change
- Description of change
- Original contract amount; changed amount; date of contract; original substantial completion date; contractual substantial completion date
- Statement as to whether the change is discretionary (the project can be completed without the change and still meet design criteria and performance requirements) or non-discretionary (the change must be executed to meet program objectives)
- Type of change (design clarification, unforeseen conditions, additional design work, HART-initiated change, change due to schedule, utilities, right-of-way, third-party)
- ROM Cost Estimate
- State that the potential Claim/RFC has Schedule implications if there is time associated with it
- Facts and References (contract specification and drawing numbers, list and include all related documentation (RFIs, Issues, etc.))
- Reason for change and determination or denial of merit

- Potential Cost Recovery for HART
- Recommendation

If merit is denied by the appropriate authority per this Contract Change Procedure, the Project Manager shall issue a letter to the Contractor denying merit to the RFC. The Contractor, upon receipt of the letter denying merit, may proceed to seek remedies in accordance with the contract provisions on disputes and remedies.

If merit is approved by the appropriate authority per this Contract Change Procedure (or referred to as the "internal administrative procedures for change"), the Project Manager will process the Change.

5.3 Contract Change Order (CCO):

After and internal administrative procedures for change and negotiations are completed, the PM/RE will prepare a summary of the change order describing what the change is; the basis for merit; a re-cap of the HART cost and time analyses; and a summary of the key elements from pre-negotiation position, highlight negotiations, and negotiated final dollar amount/time. The summary should also contain an accounting of the CCOs issued to-date, including the subject CCO, the remaining contract contingency as a result of the change, and an accounting of any granted contract time.

5.3.1 CCO Preparation:

The PM/RE is responsible for initiating a CCO. A CCO can be issued on either a bilateral or unilateral basis. The PM/RE will prepare the CCO using the CCO template furnished by the HART Procurement, Contracts, and Construction Claims Division.

All Change Orders shall be prepared showing all provisions of the Contract that are being modified with a clear explanation of the contractual justification and the Project necessity for the Change as well as mitigation measures taken to minimize Schedule delays and Project cost growth.

The PM/RE will prepare a CCO folder containing documents as set forth in the section "Required Contract Change Order Documentation" below.

5.3.2 CCO Approval:

The HART ED-CEO has the sole authority to sign all contracts on behalf of HART, unless expressly delegated in writing by the ED-CEO. All CCOs must be presented to the ED-CEO for approval after the internal administrative procedures for change are complete. The ED-CEO may approve and sign CCOs equal to \$1,000,000 or less without the HART Board of Directors

approval. All CCOs greater than \$1,000,000 require HART Board of Directors approval prior to the HART Chief Procurement Officer's approval.

If requested by the Project Manager, the assigned Contract Manager will coordinate signature approval on behalf of the Project Manager.

If the CCO requires approval by the Board of Directors, the Project Manager will coordinate with the assigned Contract Manager.

5.3.3 CCO Execution:

Upon full execution of the CCO, the Project Manager will transmit one fully executed original to the Contractor.

Within five days of CCO execution, the Contract Manager will scan and upload the CCO and the CCO document file into HART's Document Control system. Refer to HART Project Procedure 3.PM-01, "Contract Management System Procedure," for further details on the procedural use of CMS.

5.3.4 Required Contract Change Order Documentation:

CCO documentation must provide a complete, intact audit package, tracing the history of each change as a unique procurement. The following documentation must be included in each CCO folder:

- Tab 1: Executed copy of CCO, including CCO CFI summary, M4, and Board of Directors approval documents, if any
- Tab 2: Change Order Summary, Summary of Negotiations, and Negotiation Strategy Memo
- Tab 3: Cost and Schedule Analyses, and Contractor Certification of Cost
- Tab 4: Independent Cost Estimate, and Contractor Proposed Cost and Schedule Impact
- Tab 5: Finding of Merit/No Merit memorandum approvals, Request for Change documentation, and technical approvals
- Tab 6: Potential for any cost recovery, backup documentation, related correspondence, drawings, etc.

5.4 Contract Claims and Disputes:

A claim arising from the CCO process involves the contractor making a demand for additional money or time beyond that provided by a unilateral CCO or the denial of a Contractor's Request for Change.

When a Contractor submits a claim, it should mean that all other avenues for the Contractor to receive compensation have been exhausted, including the internal administrative procedures for change process.

The Contract contains notice requirements and establishes timelines for the Contractor to submit Claims.

5.4.1 Claims Process:

The Contractor must file a claim within the timelines established in the Contract. The Contract also establishes the required documentation to accompany the claim. Generally, required documentation includes: (1) a description of the disputed change in condition that requires additional compensation or time; (2) a detailed estimated amount of additional cost to HART or additional time required by the Contractor; (3) Contract provisions that support the claim; and (4) the date upon which the condition occurred or was observed.

The Project Manager will notify the Contract Manager within 24 hours after receiving a Claim and provide a draft response to the Claim. The Contract Manager will validate that the Contractor has provided all required documentations and has satisfied all claim notification requirements in a timely manner per Contract and submit it to the Deputy Director of Construction Claims, Utility, and Third-party Contracts. HART may request additional documentation from the Contractor. The Deputy Director of Construction Claims, Utility, and Third-party Contracts will review the draft response prepared by the PM and assist in finalizing the response letter to the Contractor for the Project Manager to transmit.

The Deputy Director of Construction Claims, Utility, and Third-party Contracts, along with the Project Manager, will re-review the RFC package for errors, misunderstandings between HART and the Contractor, or new information that has become available to support a counter disposition.

If it is determined by the Project Manager that the claim has merit, based on the discovery of new information, errors, or clarifications of position, the Project Manager should follow the RFC process as outlined in this Contract Change Procedure to obtain merit approval. If the conclusion is the claim has no merit, the Project Manager—with the concurrence of the Deputy Director of Construction Claims, Utility, and Third-party Contracts—shall communicate this denial to the Contractor. The Contractor can elevate the claim to a dispute.

5.4.2 Disputes Process:

Disputes are claims that continue to be pursued by the Contractor after all internal administrative procedures for change are exhausted and the change request or amount or time sought by the Contractor is denied by HART.

Subject to the specific terms of the contract and upon exhausting the internal administrative procedures for change, the Contractor may request for a decision by the HART Officer-in-Charge (OIC) on the dispute.

The Officer-in-Charge will review the case documentation presented and render a written decision. Decisions regarding termination must be approved by the HART Executive Director and Chief Executive Officer.

The Contractor may appeal the OIC's decision to an alternative dispute resolution forum set forth in the Contract. This forum can be, but is not limited to, non-binding mediation or a non-binding dispute resolution board.

If an agreement or resolution of the claim cannot be reached at an alternative dispute resolution forum, the Contractor may appeal the OIC's decision to the HART Chief Procurement Officer (CPO), who is also the HART Executive Director and Chief Executive Officer.

Upon receipt of the Contractor's appeal of the OIC's decision to the CPO, HART shall send a notification of the dispute to the FTA in accordance with FTA C.4220.1F, VII.4.a, page VII-5.

The HART CPO will have 90 days to issue a written decision for disputes \$50,000 and less. A written decision for disputes exceeding \$50,000 should be issued within 90 days, except where the CPO may notify the Contractor of the time within which a decision will be made.

The HART CPO's decisions are final and conclusive, unless the Contractor brings an action seeking judicial review in a circuit court within 6 months of the date of receipt of the HART CPO's decision.

6.0 REFERENCES:

	Section
HRS Section 92-2.5(a).....	5.1.2
HRS Section 103D-104	3.0
Procedure 1.PP-03, "Standard Terms, Definitions, and Acronyms Procedure"	3.0
Procedure 3.PM-01, "Contract Management System Procedure"	5.3.3

Procedure 4.PC-04, "Project Scheduling Procedure"	5.1.3
Procedure 4.PC-06, "Cost Estimating Procedure"	5.1.3
Project Management Plan (PMP)	1.0

7.0 **EXHIBITS:**

Exhibit 1 – Contract Change Order Process Flowchart

Exhibit 1 – Contract Change Order Process Flowchart (1 of 3)

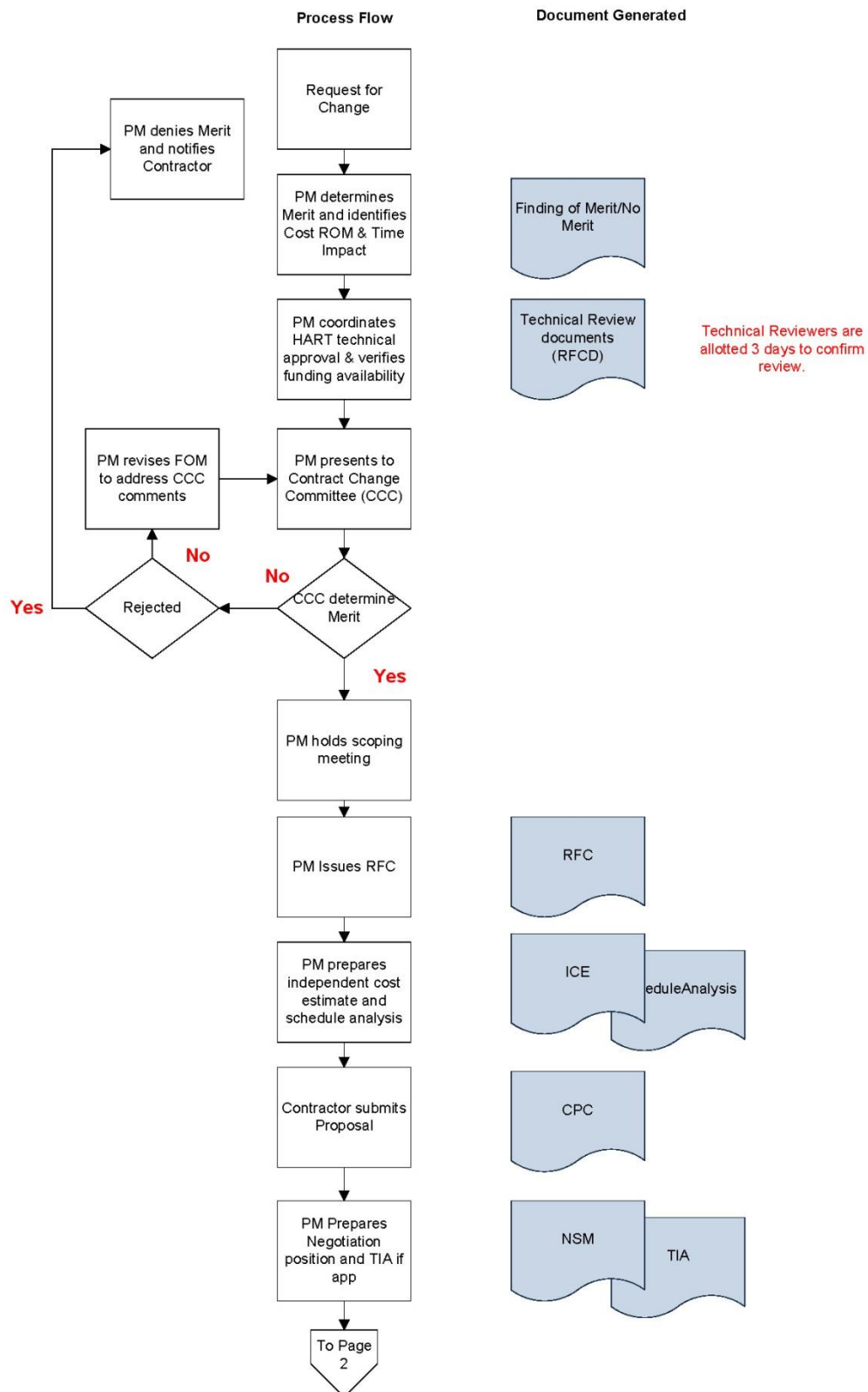


Exhibit 1 – Contract Change Order Process Flowchart (2 of 3)

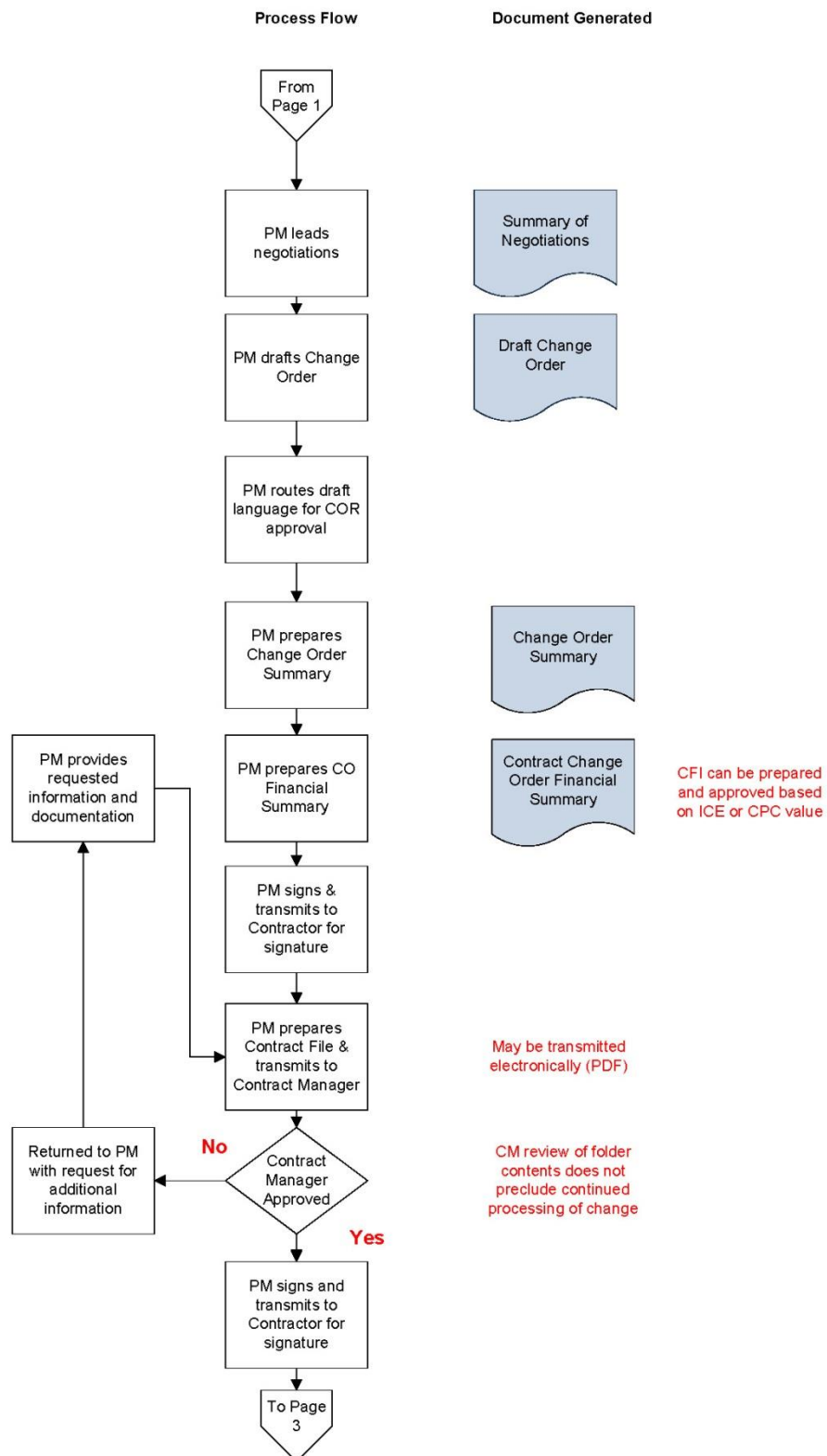
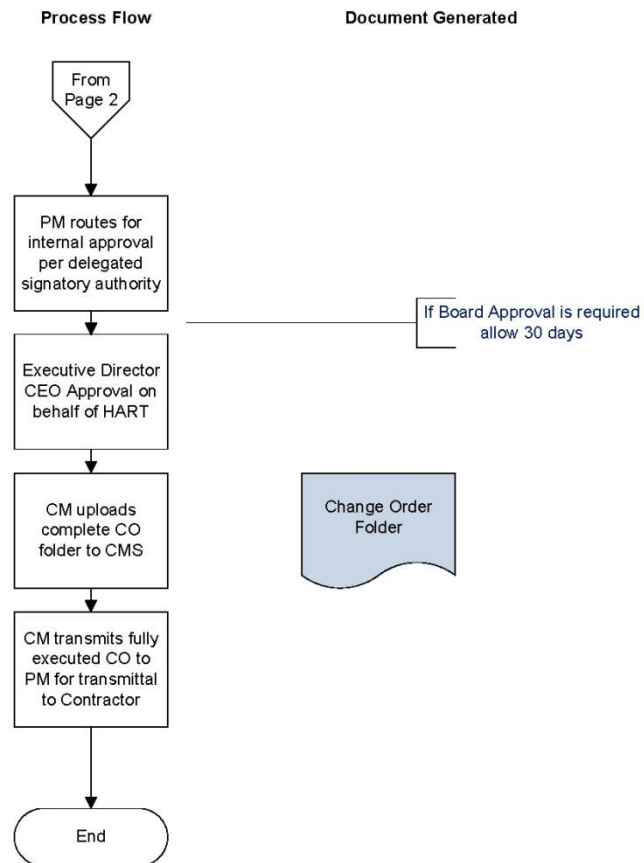
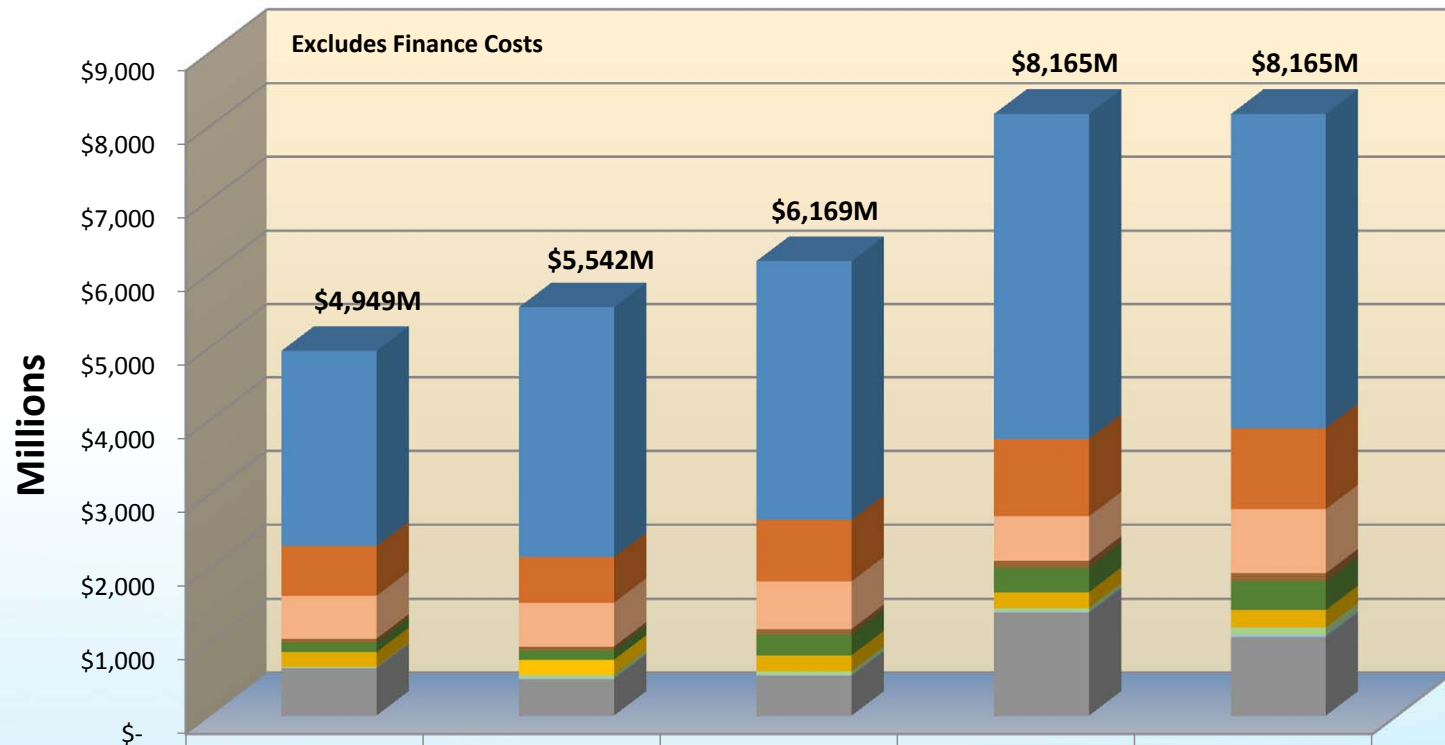


Exhibit 1 – Contract Change Order Process Flowchart (3 of 3)

Project Cost Evolution

ATTACHMENT 10



	FFGA: Dec-12	Nov-14	Oct-15	Sep-16	Jan-17
■ Design and Construction	\$2,654	\$3,393	\$3,519	\$4,418	\$4,273
■ Staff and Consultants	\$674	\$621	\$833	\$1,050	\$1,098
■ Core Systems (DBOM)	\$580	\$593	\$645	\$601	\$868
■ Core Systems Oversight	\$50	\$44	\$69	\$90	\$107
■ Utilities	\$133	\$133	\$286	\$333	\$391
■ Real Estate	\$197	\$203	\$213	\$213	\$236
■ Owner Controlled Insurance Program	\$10	\$48	\$55	\$55	\$99
■ Legal	\$8	\$8	\$9	\$11	\$28
■ Total Contingency	\$643	\$499	\$540	\$1,394	\$1,065

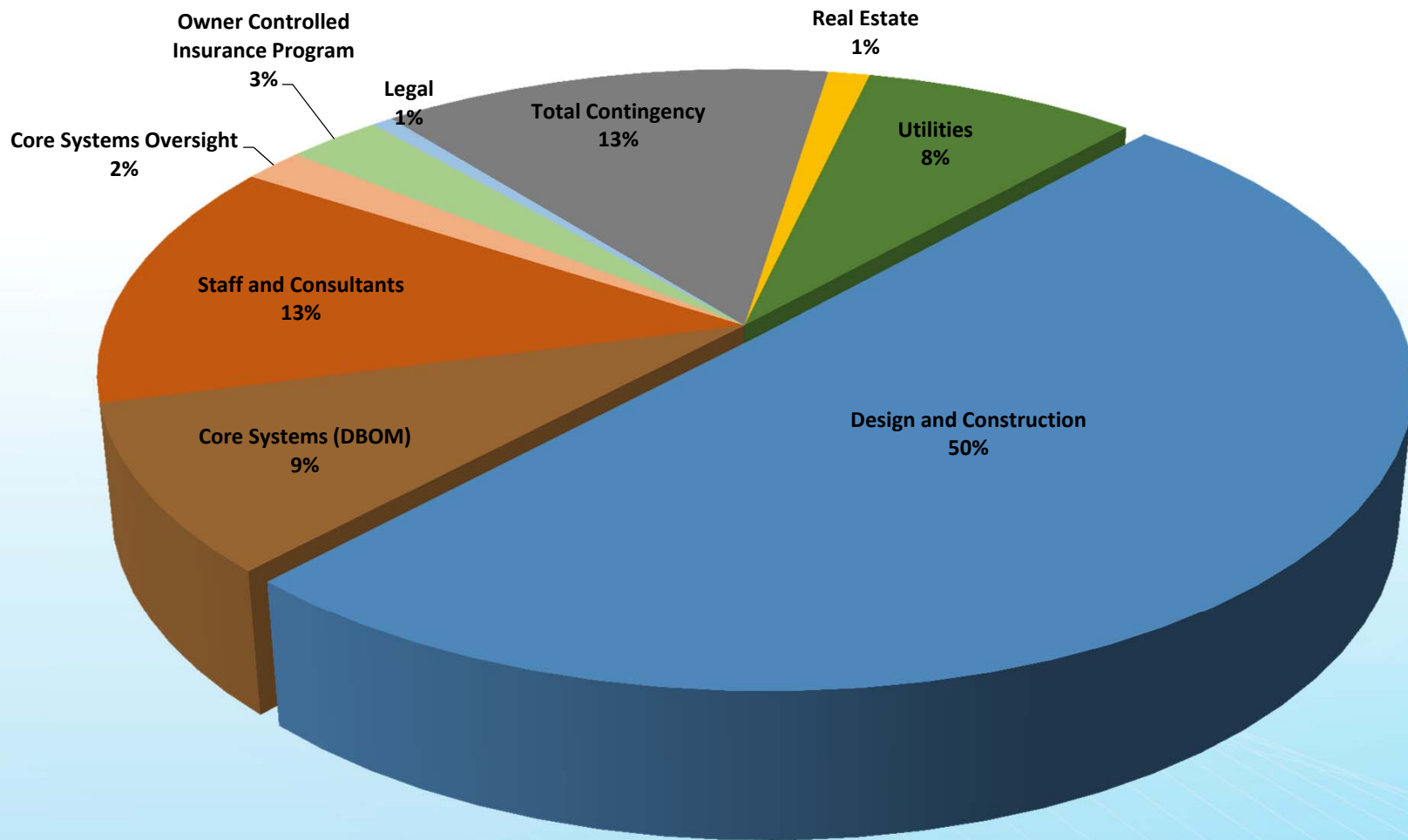
H O N O L U L U R A I L T R A N S I T P R O J E C T

WWW.HONOLULUTRANSIT.ORG

HART
HONOLULU AUTHORITY for RAPID TRANSPORTATION

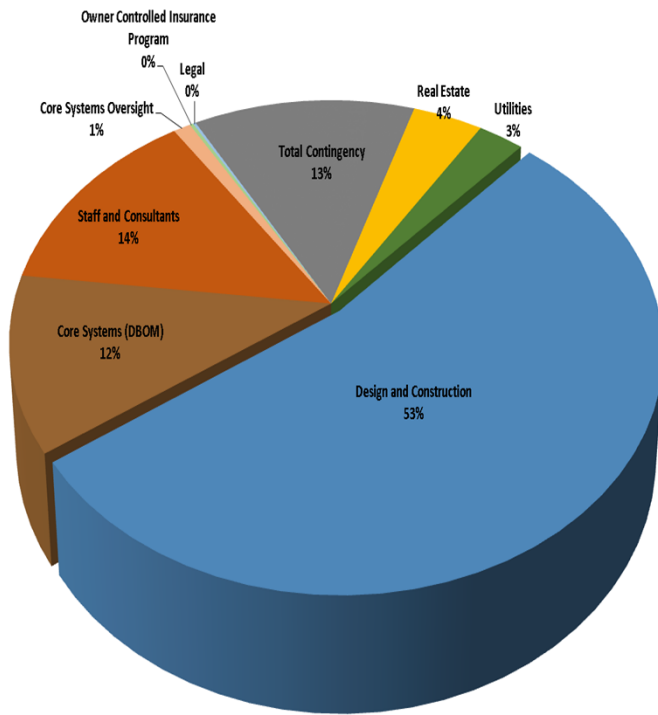
Cost Growth from 2012 to 2017

(\$3.2B increase by category)

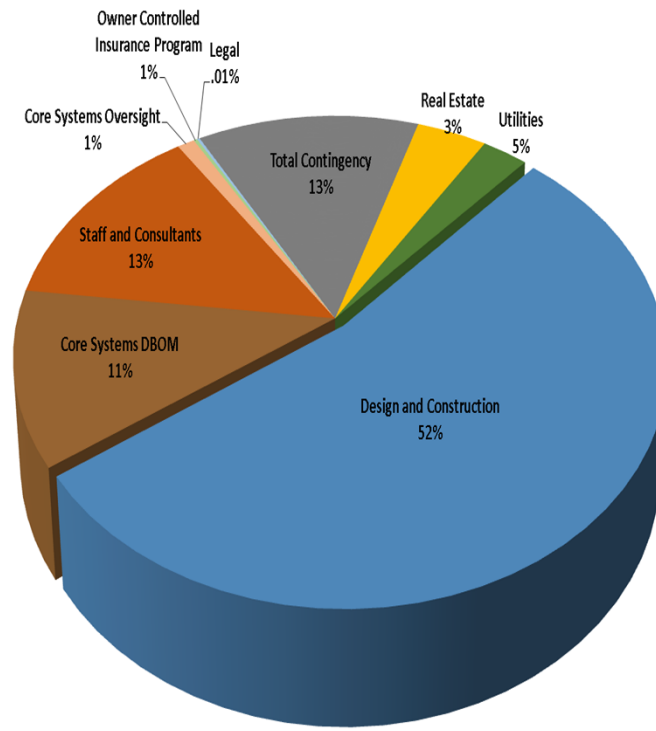


Total % of Project by Category

FFGA 2012



2017



Cost Impacts

- ❑ Early Award of WOFH, KHG, MSF and Vehicles/Core Systems Contracts Pre-HART
- ❑ Enhancements to Platform Safety Gates, Fare Collection Systems, Emergency Backup Generators, Public Highway Improvements, additional Escalators, Systemwide Stations Standardization (Modular)
- ❑ HECO Utility Relocations and High Voltage Clearance Conflicts
- ❑ Dillingham Underground Utilities
- ❑ Archaeological Inventory Survey and Federal Lawsuit Delays
- ❑ Increased Owner's Controlled Insurance Program
- ❑ Extended Level of Efforts for Staff and Consultants
- ❑ Robust Market Conditions
- ❑ Cost Escalation Shift in Revenue Service Date from 2019 to 2025

SENATE COMMITTEE ON WAYS AND MEANS

Hearing on SB 1 (Relating to Transportation Financing)

Monday, August 28, 2017
Auditorium, State Capitol

Chair Dela Cruz and members of the Committee, aloha. I am Ed Case, Senior Vice President and Chief Legal Officer of Outrigger Enterprises Group.

Outrigger is a 70 year old Hawaii born and raised hospitality company with almost 4,000 employees in 36 hotel and resort properties throughout Hawai'i and beyond. We are proud members of an almost 200,000 strong ohana who have built and work every day to maintain and strengthen Hawaii's economic foundation, tourism.

Outrigger joins our entire visitor industry ohana, along with all counties, county councils and mayors and many if not most fellow citizens, in **strongly opposing** the portions of this bill that would increase the transient accommodations tax.

Attached is a recent article on behalf of all of our Outrigger hosts along with my testimony at your recent informational briefing explaining why we are so opposed to this bill. Further:

1. This bill will hurt Hawaii tourism. It shocks us that some legislators would say there will be no harmful effect on Hawaii tourism from increasing the TAT yet again. It puzzles us that some legislators appear to have so little understanding of the competitive world in which we operate every day where each increased cost to Hawaii tourism is a gift to another destination hungry to attract our visitors. It amazes us that some legislators so casually assume that our successes to date will just automatically continue regardless of what they do.
2. This bill's financial plan will not work. Nowhere is this more evident than in the assumption of an annual TAT growth rate of 8% over the next thirteen years, which the plan claims is based on "an average of past 29 years' growth rate". But that growth occurred largely because the legislature repeatedly jacked up the TAT tax rate, not because the industry was growing on a constant TAT tax rate. Every credible forecast has TAT revenue growing at half or less than 8% annually. Aside from that, the attempt to justify the plan with this reason makes the entire plan suspect.
3. Raising the TAT will not save money over time. This bill's financial plan claims financing cost savings of some \$200 million from "front-loading" collections through a TAT increase. But the \$200 million is based on the faulty 8% annual growth assumption and will not come in. Further, raising the TAT will depress any growth in industry revenues and further depress TAT growth assumptions. If front loading is desired, it would be far better to leave the TAT rate alone, let the industry grow without crippling further cost increases, and allocate a portion of TAT revenues currently diverted to the general fund over the rail.

TESTIMONY IN OPPOSITION TO INCREASE IN TRANSIENT ACCOMMODATIONS TAX

August 28, 2017

Page 2

4. What does the FTA think? It is hard to imagine that the Federal Transit Administration would not have major questions if not concerns with this bill and its financial plan. It is puzzling that the FTA's views on the funding alternatives appear not to have been sought in advance.
5. A vote against this bill is not a vote against rail. A vote against this bill is a vote against one funding plan which will hurt Hawaii's most important industry and the hundreds of thousands of citizens that depend on it and will eventually catch up with rail and force us all to go through this all over again. The alternative of a GET surcharge extension is readily available and has broad support in the visitor industry, the counties and the general public. If this bill does not succeed, that alternative will be approved in short order and no legislator can be threatened with or accused of "killing rail" for choosing a better path.

Some legislators may believe that Hawaii's visitor industry has been too aggressive in opposing the proposed TAT increase. We ask you to understand that we believe passionately in Hawaii tourism, are dedicated to its continued success, and view this bill as a threat.

We believe strongly that raising the TAT is a major mistake for our visitor industry and Hawaii and that there is a far better alternative that will better achieve the goal without risking our industry and overall economy. We respectfully ask you to hold this bill.

TAT INCREASE HARMFUL AND UNFAIR TO HAWAII'S TOP INDUSTRY

By Bob Berges, Stephanie Nojima and Barbara Campbell

We speak for our almost 4,000 fellow employees of Outrigger Hotels Hawaii throughout Hawaii and beyond. We and our visitor industry's some 200,000-strong ohana and our many partners work hard every day to keep visitors visiting us and remain Hawaii's economic foundation.

We join our industry family in **opposing** any further increase to the transient accommodations (hotel room) tax for any reason including Oahu rail funding. We firmly believe that:

- (1) Any further increase will harm Hawaii tourism. Hawaii is already one of the world's most expensive destinations, and piling still more expense on visitors with many vacation choices will only drive them elsewhere.
- (2) Recent arrival and spending growth have pressed visitor budgets and have not increased profits. Industry costs in construction, goods, services and especially taxes and regulation have escalated as fast or faster than visitor revenue growth.
- (3) We have already been hit with possibly the largest tax increases in state history. In just the last five years, our TAT taxes have gone from \$324 million to \$508 million per year and our real property taxes from \$196 million to \$300 million per year, more than 10 percent each and every year.
- (4) Virtually none of that huge total \$526 million TAT increase has gone to the TAT's purposes of marketing Hawaii tourism, funding the Convention Center and aiding the counties with visitor impacts. Instead, we must pay far more for destination marketing and county taxes.
- (5) We and our visitors also pay the state general excise tax (GET) like everyone else except close to another \$1 billion a year.
- (6) The TAT is not just a tax on visitors who don't vote here. Visitors do vote: with their feet or one click online. And a tax on visitors is indirectly a tax on our 'ohana and partners.
- (7) There is no good reason to single out Hawaii tourism. Why not just as easily surcharge Hawaii bankers, realtors, farmers, healthcare or any other group for rail? Why is it fair to surcharge just us?
- (8) The TAT is not the stable and predictable funding source required by the federal government to further fund rail. It is volatile, swinging up or down with local, national and world events. Plus, the forecasts for continued TAT revenue growth used to justify rail funding are unrealistic and highly risky.
- (9) Further revenues from our industry can be derived by fully regulating and taxing the shadow alternative vacation unit industry proliferating throughout Hawaii through Airbnb and others. These units and companies do not play by the same rules as the legal industry, and, because they compete unfairly with us, depress our taxable revenues.
- (10) It is unfair to increase the TAT on our Neighbor Island industry to pay for Oahu rail.

We are as dismayed as anyone with Oahu rail's cost escalation and the massive revenue diversion from other needs. But if rail needs further funding, it should come exclusively from extending the current Oahu GET surcharge. The GET, because it is so broad-based, dependent on no one industry, shared by visitors and stable, is the fairest and least burdensome tax on all. That is why HART and all Hawaii counties support the GET surcharge extension.

We are equally disturbed that some state leaders appear to play Russian roulette with Hawaii's economic engine. They and we have been lucky so far but that means nothing for the future. We must keep risk down and avoid the avoidable, not struggle back from some cliff bottom. Hawaii tourism has had a good run for all and we are committed to keeping the run going.

(The authors are the Chair, Secretary and Treasurer of the Outrigger Hotels Hawaii Political Action Committee, the voice of Outrigger employees throughout Hawaii.)

THE SENATE
COMMITTEE ON WAYS AND MEANS

Monday, August 28, 2017, 1:00pm

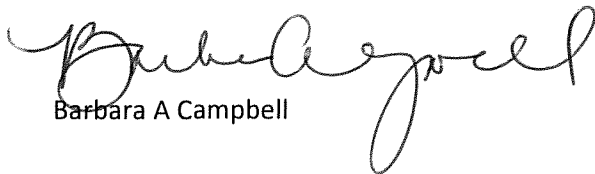
State Capitol Auditorium

Chairs and members of the Senate Ways and Means Committee, thank you for your service to the State of Hawaii. I am Barbara Campbell, Vice President of Outrigger Enterprises Group.

As a 20 year veteran of the visitor industry, I have seen firsthand the peaks and valleys of tourism and I strongly oppose any increase to the TAT. Our visitors already pay 9.25% in TAT and they pay GET on all of their purchases. Visitor arrivals and spending are cyclical and our 6 consecutive years of growth won't go on forever. Relying on TAT as a funding source for rail is not a sound business decision and a much better approach is to spread the funding over a broader base through GET, that way everyone is contributing to the success of our rail system. Increased taxation of our visitors has a tipping point and another 1% TAT simply makes Hawaii that much more expensive for travelers. It also sends a strong message that we "stick it to the visitors" when it comes to covering expenses for our State. We must remember that a downturn in tourism will affect jobs, spending in retail shops, restaurants and visitor attractions.

I strongly oppose any increase in the TAT as a solution for funding the Honolulu rapid transit project and respectfully request you vote 'no' to any increase in TAT.

Mahalo


Barbara A Campbell



August 25, 2017

Senator Donovan Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Senate Ways and Means Committee

Testimony in Opposition to SB4

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and members of the committee:

The Kohala Coast Resort Association (KCRA) is **opposed** to raising the Transient Accommodations Tax (TAT) to support the Honolulu Rail project. We believe that this project should be funded by continuing the GET surcharge on Oahu, as well as exploration of additional property taxes within the City and County of Honolulu. It will be the residents and visitors on Oahu, who have the potential to benefit from that project, not the neighbor islands.

We are concerned that TAT revenue is being spent more and more on general government operations. The transient accommodations tax was originally established for tourism marketing, the convention center, and to help defray the expense of county government services used by visitors. It has been steadily raised over the years despite industry objections. In addition, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending at the state level. Imposing yet another increase would not be in keeping with the enabling legislation and would add unnecessarily to our visitors' vacation expenses. We also have concerns about the proposed 13 year timeline for the increase, as we were told by government officials that raising the TAT to 8.25 percent in 2010 and 9.25 percent in 2011 would just be a temporary measure to address state budget shortfalls, when in fact those increases have become permanent. We believe this new increase would experience the same fate.

And while it does not directly fall under the purview of this committee, we would like to share that in addition to this proposed TAT increase, Hawaii County raised the property taxes on our island in 2017-18, with resorts experiencing a 6.5 percent increase, and residential investment properties receiving a 10.4 increase, while homeowners received no increase. Government entities at both the state and county levels cannot continue to levy additional taxes on the visitor industry, our primary economic driver, as those costs will be passed on to the visitors, who can choose to vacation elsewhere.

KCRA is a collection of master-planned resorts and hotels situated north of the airport which represents more than 3,500 hotel accommodations and an equal number of resort residential units. This is approximately 35 percent of the accommodations available on the Island of Hawai'i. KCRA member properties annually pay more than \$20 million in TAT, \$20 million in GET, and more than \$10 million in Hawaii County property taxes.

Sincerely,

A handwritten signature in black ink that reads "Stephanie P. Donoho". The signature is fluid and cursive, with the first name being the most prominent.

Stephanie Donoho
Administrative Director



W A I K I K I I M P R O V E M E N T A S S O C I A T I O N

August 28, 2017

Aloha Chair Dela Cruz, Vice Chair Agaran and members of the committee,

I serve as President of the Waikiki Improvement Association, a private, non-profit association of businesses, and community partners that is committed to the preservation and enhancement of Waikiki's physical, economic and cultural environment. I am writing to express our **strong opposition** to raising the Transient Accommodations Tax rate to fund the Honolulu rail project. WIA does not oppose additional rail funding but believe it should come from an extension of the current ½% surcharge to the General Excise Tax.

Our reasons include:

- It is the billions of dollars invested by the private sector in our visitor industry product and facilities that have led to Hawaii's recent success. This increase in the TAT plus the GET makes us second only by a small margin to San Francisco as the most expensive in the nation. The high rate of taxation will be a major deterrent to future investment in Hawaii's visitor industry.
- We fail to see the nexus of the TAT and rail funding. The TAT was established to fund tourism-related programs and services but it is being utilized more and more to finance non-tourism programs. Furthermore, rail was conceived to benefit the local population for the most part.
- The proposed increase comes at a time when O'ahu visitor numbers and spending have been flat to slightly down for the last two plus years.
- The hospitality industry is faced with ever-increasing costs for employee payroll and benefits (over 40 percent of expenses are for personnel costs alone), taxes, water and sewage, supplies and contracted services, and all the other expenses associated with a major enterprise. And year after year, hotel property owners must invest millions of dollars, in the face of rising construction costs, not only on general maintenance but in facility upgrades or major renovations to remain competitive. Furthermore, all this spending goes into the local economy, generating even more tax revenue.

WIA urges you to reject Senate Bill 4, and instead consider extending the current ½% surcharge to the General Excise Tax for Oahu, which was initially conceived and implemented to fund the rail system. The TAT is not only a much smaller funding source than the GET but much more volatile. **Looking at the total funding package from the visitor industry perspective the total will fall \$200 to \$300 million short of the desired amount because the projected 8% annual increase in gross TAT revenues simply will not happen.**

Mahalo,

Rick Egged
President Waikiki Improvement Association

HYATT CENTRIC™

WAIKIKI BEACH

08/25/2017

The Honorable Donovan Dela-Cruz
Hawai'i State Senate
415 S Beretania St
Honolulu, HI 96813

RE: 2017 Legislative Special Session

Dear Senator Dela-Cruz,

The Hyatt Centric Waikiki Beach a brand new 230 room hotel employs 82 employees from all over the island and their livelihood depends on the hospitality industry. If there are any increases to the TAT this could cause guests to choose alternative locations or accommodations such as AirBnB and therefore we — **oppose** using the transient accommodations tax as a funding source for the Honolulu rail transit project.

We recommend instead that rail funding come from extending the general excise tax surcharge. And if a tax increase is warranted, it should be from the GET and not the TAT.

The GET is a broad-based and stable revenue source: The general excise tax is a broad-based tax that is paid by residents and visitors alike, but its revenue largely benefits our local community. It is also a relatively stable source of revenue, as opposed to transient accommodations revenues that fluctuate with the health of the hospitality industry.

Rail will benefit residents: As envisioned, the rail system will serve the broadest ridership and reach our densest job centers. In this regard, we firmly believe the transit line must reach Ala Moana Center, its original terminus, and eventually be extended to serve the Manoa campus of the University of Hawai'i, to be at its most effective for residents. A station at the Daniel K. Inouye International Airport will be an important stop for the thousands of airport-area employees, not to mention the millions of tourists who visit Hawaii yearly and people traveling between the islands. We expect that many of our hospitality industry employees, particularly those who live on the west side, will use rail and the bus to commute into Waikiki and the surrounding areas. Transit-oriented development along the rail line should lead to more affordable workforce housing, revitalized neighborhoods and public education institutions. Given these long-term benefits for our residents, the general excise tax is the appropriate source of revenue to fund the rail system.

TAT revenue is being spent more and more on general government operations: As our association has pointed out repeatedly over the years, the transient accommodations tax—which was originally established for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily raised over the years despite our objections. However, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending. Imposing yet another increase would not be in keeping with the enabling legislation, while adding to our visitors' vacation expenses. And we remember all too vividly when we were told by government officials that raising the TAT to 9.25 percent would just be a “temporary” measure to address budget shortfalls; in fact, it turned out to be permanent.

Record visitor arrivals do not equate to record profitability: The tourism industry is midway through our sixth consecutive year of increased visitor arrivals, but this does not mean that this money is going into the pockets of hoteliers. Rather, the hospitality industry is faced with ever-increasing costs for employee payroll and benefits (over 40 percent of expenses are for personnel costs alone), taxes, electricity and gas, water and sewage, supplies and contracted services, and all the other expenses associated with a major enterprise. And year after year, hotel property owners must invest millions of dollars, in the face of rising construction costs, not only on general maintenance but in facility upgrades or major renovations to remain competitive. Furthermore, all this spending goes into the local economy, generating even more tax revenue.

It bears mention that real property taxes on hotels constitute a major operating expense that must be passed on to our guests. O'ahu's property tax revenues from the hotel-resort class have nearly doubled over the past five years to a current \$170 million. This year alone, property taxes for hotels and resorts in all four counties will reach a projected \$300 million, a rise of 50 percent over the past five years.

Contributions to the community and our quality of life: The hospitality industry has been a major contributor to the community throughout our history, generous in our support of many causes that enhance the quality of life for all residents. Among them, we organize the annual Charity Walk, which has raised more than \$32 million during its history, with all of this money devoted to local charitable organizations. We have raised \$2 million to address the homelessness situation statewide in the last few years and are poised to provide more funding to help nonprofits assist local government in this critical endeavor. We grant over \$50,000 a year in scholarships to public school seniors across the state, and support college students pursuing travel industry degrees. We have donated money for beach replenishment, public safety, the replacement of air-conditioning and other infrastructure needs at our public schools, contributed supplies for elementary schools, are leaders in the Aloha United Way annual campaign, and given back to our home in many other ways.

According to the Hawai'i Tourism Authority and Department of Business, Economic Development & Tourism, tourism accounts for 190,000 jobs in the islands, either directly or indirectly. Nearly 40,000 of those jobs are in the lodging sector. The Hawai'i Lodging & Tourism Association is adamant in opposing tax proposals that would adversely affect our residents, as well as the visitor industry, by raising the expense of accommodations, increasing the cost of a Hawaiian vacation, and making it even more difficult to compete against lower-priced national and international destinations.

Mahalo for your consideration.

Sincerely,









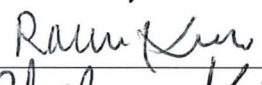
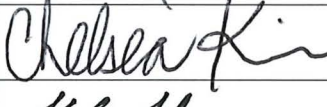






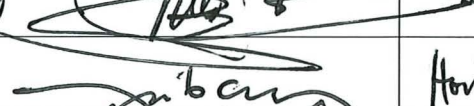
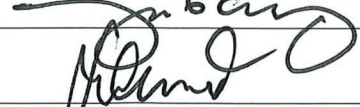
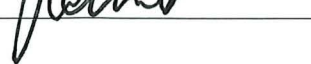


Charles Young
General Manager

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WAIKIKI BEACH

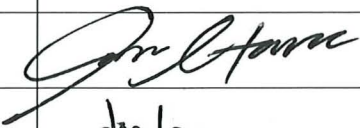


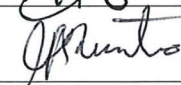














349 Seaside Drive, Honolulu HI 96815
808-237-1234

NAME (Legible)	SIGNATURE	Department/Title	Residential Area
Lauren Rawlin's		Sales/ DOSM	Kahala'u
Stacey Espejo		Accounting/ ^{Staff} accountant	Saint Louis heights
Eric Boparui		Operations Director	Kaimuki
Jeanette Callos		accounting/ ^{app} acct. clerk	Kalihi
Jamia Pegala		Food & Beverage	Kalihi
Brian K. Navales		ENGINEERING	HAWAII KAI
SONNY VILLANUEVA		ENGINEERING	WAIKIKI
Alex Watson		(FOM) Front Office	Wai Kiki
Rachel Klier		Front office	Waikiki
Chelsea Kim		Front office	Kalihi Valley
KYLIE YOUNG		FOOD & BEVERAGE	KAPAHULU/Kaimuki
Yoshi Ohata		Food & Beverage	Kalaheo
Shanarella Sacow		Food & Beverage	Waipahu
Ricky Yoneda		Food & Beverage	Kapolei
David Pangayan		Engineering	Ewa Beach
Harlene Barrientas		Housekeeping	Kalihi
ROLANDO ANTONIO		Housekeeping	Wai'anana
Jovelyn Ibay		Housekeeping	Ewa beach
Rosvelinda Queno		Housekeeping	Kalihi

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WAIKIKI BEACH

349 Seaside Drive, Honolulu HI 96815
808-237-1234

NAME (Legible)	SIGNATURE	Department/Title	Residential Area
Lady Anne Tapai		Housekeeping	Waipahu
Vann Lazo		Housekeeping	W KALIA
Ensiana Howard		Housekeeping	Kapiolani Blvd
Dennis Buenaventura		Housekeeping	Waipio
Diana rose Gutat		Housekeeping	ewa beach
ANN KENNER ABATAKU		Housekeeping	Kalihi
Podylene Duen		Housekeeping	Waipahu
Fong Ting Lau	Fong Ting Lau	Housekeeping	Honolulu
Mark Kevin Taguer		Housekeeping	Waipahu
Erya Brian		Housekeeping	Waialae
NERT JAVIER		Housekeeping	Kalihi
Nadya Jamesak		Food & Beverage	Honolulu
Emily Gandestrui		F&B	Waikiki
Robert Herodias		F&B	Dies
James Andres		F&B	Honolulu
Lauren Guerrero		Accounting	Honolulu
SALLY-ROSE SALCEDO		FRONT DESK	NUUANU
Pommel Espina		F&B. SVP.	Waikiki
CRISPIN ESPORRAS		F & B	MAKIA

349 Seaside Drive, Honolulu HI 96815
808-237-1234

[illegible]



August 27, 2017

Senate's Committee on Way and Means
Auditorium
State Capitol
415 South Beretania Street

Hearing: Monday, August 28, 2017 at 3:00 p.m.

RE: **SUPPORT** for Senate Bill 4 - RELATING TO GOVERNMENT

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran & Committee Members,

The LGBT Caucus of the Democratic Party of Hawai'i is submitting testimony in **SUPPORT** for Senate Bill 4 – RELATING TO GOVERNMENT. SB 4 authorizes a county that has adopted a surcharge on state tax to extend the surcharge to 12/31/2030. Authorizes a county to adopt a surcharge on state tax before 3/31/2018, under certain conditions. Decreases from 10% to 1% the surcharge gross proceeds retained by the State. Allows the director of finance to pay revenues derived from the county surcharge under certain conditions. Clarifies uses of surcharge revenues.

At our August meeting the LGBT Caucus voted to support the Special Session for Honolulu Rail project as well as the Honolulu Rail project. The major reason we are supporting the Honolulu Rail project is that we view this mass transit project as a social justice issue. It is not only for those that will be able to ride the rail and give our family members relief from some of the worst traffic in the country but as well as for those people and projects across the state that have benefited from the added tax base that the Honolulu Rail project has provided for the State.

The LGBT Caucus recognizes that the General Excise Tax (GET) is a regressive tax and that the State of Hawaii's tax system is in need of an overhauled so that the Aloha State does not have the most regressive tax system in the nation. We also recognize that given the short time frame there is for the Special Session over hauling of our tax system cannot be tackled now, anyone that suggests that it can is just looking to derail the Honolulu Rail project. The LGBT Caucus does look forward to having tax overhaul discussion and debate in the 2018 Legislative Session.

We hope you all will **SUPPORT** Senate Bill 4 to help ensure that the City & County of Honolulu has the needed funding for the Honolulu Rail project.

Mahalo nui loa,

LGBT Caucus of the Democratic Party of Hawai'i

Resolution 2017-02: Urging The Hawai'i State Legislature To Pass Legislation To Fund The Final Segment Of The Honolulu Rail Project

Whereas, The Democratic Party of Hawai'i passed a Resolution that supported the construction of the "environmentally sound modern steel rail rapid transit system" at the 2010 Democratic Party of Hawai'i State Convention and support for mass transit can be found in the ECONOMIC DEVELOPMENT/ REFORM as well as the TRANSPORTATION planks of our 2016 Democratic Party of Hawai'i Platform; therefore, be it

Whereas, That the State Central Committee of the Democratic Party of Hawai'i recognizes that the City & County of Honolulu only has enough funding to complete construction from East Kapolei to Middle Street and the federal Full Funding Grant Agreement, which provides \$1.55 Billion in Federal Tax-dollars for the construction, requires that the rail system to go from East Kapolei to Ala Moana; and be it

Whereas, That the State Central Committee of the Democratic Party of Hawai'i understands that if the City & County of Honolulu does not complete the Honolulu rail system as laid out in the federal Full Funding Grant Agreement the City & County of Honolulu may be required to refund the Federal Government the portion of the \$1.55 Billion they have already received and spent on the Honolulu rail project; and be it

Whereas, That the State Central Committee of the Democratic Party of Hawai'i recognizes that the Honolulu rail project will provide the residents of the Leeward coast, Ewa plain, and all along the rail route a reliable transit alternative to the traffic stricken H-1 freeway; and be it

Whereas, That the State Central Committee of the Democratic Party of Hawai'i understands that the Honolulu rail transit will provide economic opportunities along the rail route from the new businesses to the construction of transit oriented development, which will benefit everyone across the state from the General Excise Taxes the State will collect; and be it

Whereas, That the State Central Committee of the Democratic Party of Hawai'i recognizes that the Honolulu rail project will also help address the housing shortage that is facing the City and County of Honolulu because of the transit oriented development; therefore, be it

Resolved, That the State Central Committee of the Democratic Party of Hawai'i urges the Hawai'i state legislature to pass legislation for appropriate funding sources to complete the Middle Street to Ala Moana segment of the Honolulu Rapid Transit System during the 2017 Special Session; and finally be it

Ordered, That copies of this resolution be transmitted to the Governor of the State of Hawai'i, the Lt. Governor of the State of Hawai'i, and all members of the Hawai'i State Legislatures who are members of the Democratic Party of Hawai'i.

Passed by the State Central Committee of the Democratic Party of Hawai'i on August 19, 2017



Honolulu County Republican Party

August 27, 2017

Honolulu County Republican Party
725 Kapiolani St. C-105
Honolulu, HI 96813

Chairman
Senate Committee on Ways and Means
415 South Beretania Street, Room 431
Honolulu, Hawaii 96813

Dear Chair and Committee Members,

As Chairman of the Honolulu County Republican Party, I have witnessed the gross mismanagement of the Honolulu rail project and the continued political games by city lawmakers to finish this project at any cost. Our party has wisely adopted resolutions in opposition to this wasteful project and any tax hikes to fund it. Likewise, I **do not support** any increase in any tax that bails out the Mayor, City Council and HART for their gross mismanagement and perpetuates the continued fleecing of the hard-working families of Oahu.

This boondoggle has from the beginning been poorly planned, over politicized, badly administered and will yield little to no benefit for Oahu residents, while ensuring our children and grandchildren will forever be in debt with the unknown maintenance and operation costs. Transit experts around the country say the project makes no sense given our size and the fact that materials must be shipped to the island. They warn spending so much on rail could divert funding from other sources, including buses, which could limit schedules and lose riders.

Transportation is just one of many issues affecting Oahu residents which require serious solutions and action to tackle, and not the continued waste of taxpayer money. With the median price of a home in our county predicted by economists to reach one million dollars in the next five years and our cost of living being the worst in the Nation, it's clear that we need real leadership and real solutions to avert an economic disaster.

Approving SB4 will effectively transfer ownership of this failed project from the City of Honolulu to the State legislature. Your jobs are already complicated enough without taking on Mayor Caldwell's mismanaged rail to nowhere.

A handwritten signature in blue ink that reads "Brett Kulbis".

Brett Kulbis
Chairman
Honolulu County Republican Party

Testimony
OF THE KAPOLEI CHAMBER OF COMMERCE

August 27, 2017

Date: August 28, 2017

Time: 3:00 p.m.

Place: State Capitol, Auditorium

Subject: Support for SB4 Relating to Government



Working together for Kapolei

To: Chair Donavon M. Dela Cruz, Vice Chair Gilbert S.C. Agaran and members of the Ways and Means Committee

My name is Kiran Polk, and I am the Executive Director of the Kapolei Chamber of Commerce.

We appreciate the Senate and the House for convening a Special Session to discuss legislative efforts to find a financial solution to complete rail construction. I am testifying **in support** of Bill 4 which provides additional funding to complete the full 20 mile, 21 station Honolulu rail project to Ala Moana as planned.

The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region. The Chamber works on behalf of its members and the entire business community to improve the regional and State economic climate and help Kapolei businesses thrive. The Chamber is a member-driven, member-supported organization representing the interests of all types of business: small, medium or large, for profit or non-profit businesses or sole proprietorship.

Much of the State's future population growth is slated for Kapolei and the Ewa region. Exciting things are happening and Kapolei is quickly becoming a new urban center for Oahu. In the next 20 years, there will be many more new jobs in the region, new homes and thousands of new residents will call Kapolei home.

The Kapolei Chamber and its members have long supported Honolulu's rail transit project. We view rail as an important component of much needed transportation infrastructure that will facilitate the growth, development and long term prosperity of the city of Kapolei.

Therefore, we respectfully request that the Legislature to please pass Bill 4 that would result in an increase of funds available to cover the full cost of constructing the complete 20 mile, 21 station Honolulu rail project to Ala Moana Center as planned. Your approval of this legislation will keep rail moving forward and minimize future delays. Thank you for allowing me to submit this testimony today.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Polk", on a light gray background.

Kiran Polk
Executive Director



SENATE COMMITTEE ON WAYS AND MEANS
Hearing on SB 1 (Relating to Transportation Financing)
Monday, August 28, 2017
Auditorium, State Capitol

Chair Dela Cruz and members of the Committee,

Aloha. I am Kelly Hoen, Area General Manager at The Outrigger Reef Waikiki Beach Resort and The Outrigger Waikiki Beach Resort. I am so proud to be a part of Outrigger as a long time Hawaii born hospitality company. Our company represents almost 4,000 employees in 36 hotel and resort properties throughout Hawai'i and beyond.

The voices at our resorts want to be heard. 175 hosts (employees) from many different districts here on Oahu, at The Outrigger Reef and The Outrigger Waikiki came together and signed a petition to **oppose** the increase in the Transient accommodations tax for rail. The petition was sent to each of you via email on the committee.

I grew up here in Hawaii and have been working in the hospitality industry all of my adult life, I have experienced the good and the bad times. It is an extremely competitive market and increases of this kind could be a competitive advantage to other destinations that are vying for the same visitor. It would be a competitive disadvantage to our industry.

I believe strongly that raising the TAT is a major mistake for our visitor industry and Hawaii and that there is a far better alternative that will better achieve the goal without risking our industry and overall economy. Many of the hosts at The Outrigger Waikiki and The Outrigger Reef and I respectfully ask you to hold this bill.

Sincerely,

Kelly Hoen
Area General Manager



OUTRIGGER REEF WAIKIKI BEACH RESORT
OUTRIGGER WAIKIKI BEACH RESORT

2169 Kalia Road

Honolulu, HI 96815

TEL +1 808-924-6037

CEL +1 808-321-7611

FAX +1 808-457-3523

EMAIL kelly.hoen@outrigger.com



PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

August 27, 2017

Board of Directors

*John McComas, Chair
Ryan Kusumoto, Vice Chair
Jeeyun Lee, Treasurer
Marya Grambs, Secretary
Katherine Keir
Terry Walsh
Darcie Scharfenstein
Alan Shinn
Colin Moore
Gavin Thornton
Trisha Kajimura
Debbie Shimizu, Ex Officio
Joanne Lundstrom, Emeritus*

TO: Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Senate Committee on Ways and Means

FROM: Natalie Okeson, Executive Director, PHOCUSED

SUBJECT: Testimony in Support of SB4

Hearing: August 28, 2017 at 3:00pm
Auditorium

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committees on Ways and Means,

Thank you for the opportunity to testify in **support** of SB4. I am Natalie Okeson, the Interim Executive Director of PHOCUSED.

PHOCUSED is a nonprofit, nonpartisan organization dedicated to increasing the safety for, visibility of, and investment in the children and adults in Hawaii who are marginalized, impoverished, and under-served. As a membership organization representing major human service providers across the state that seek to improve the lives of those they serve, we agree that it is vitally important to have a robust public transportation system that includes rail.

We fully support the legislature's willingness to find a compromise to fund rail's current budget needs while working diligently to determine the best method to raise the revenue needed.

For many years, our organization's leaders, members, and peers have been imploring our dedicated public servants to reduce the burden that the GET places on our poorest working families who are already struggling with low wages and sky-rocketing rents. As you no doubt know, close to 20% of our state's homeless population are those who are working or on a fixed income, and Hawaii ranks second in the nation for its taxation of the poor. As such, we are extremely grateful for the state-level EITC, or Working Family Tax Credit you passed last session and look forward to helping make the tax credit refundable in the near future, which will help address the regressive nature of the GET.



PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

Board of Directors

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Trisha Kajimura
Debbie Shimizu, Ex Officio
Joanne Lundstrom, Emeritus

PHOCUSED supports any measure that fully funds rail without introducing unnecessary strain on our poorest working families and seniors by asking them to shoulder the burden of rail's construction solely through a GET surcharge extension. We understand the worry of City & County of Honolulu officials that the current legislation could result in the county having to raise property taxes, which could result in costs being passed along to those who are already housing-cost burdened. However, rail itself should, upon completion, provide many residents with greater options for housing, including in those areas that are much more affordable for our working families.

A mixed funding package such as that proposed in SB4 is a positive method of moving forward on this critical project while protecting our most vulnerable populations from further suffering under the GET.

Thank you again for allowing me to testify regarding this crucial legislation.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, TRANSIENT ACCOMMODATIONS, Extend existing county surcharge and raise TAT rate to fund Honolulu rail

BILL NUMBER: SB 4

INTRODUCED BY: Kouchi by request

EXECUTIVE SUMMARY: This bill is a compromise measure that uses a combination of tax types to assist the Honolulu mass transit project sometimes known as “Honolulu Rail.” The tax types employed are:

- The surcharge on General Excise Tax, which is extended by this bill. To the extent that this tax type is used, we caution that there may be limits on the State’s ability to withhold or restrict distribution of moneys collected. The major advantage of this tax type is that it is already being imposed, so very little disruption will result.
- The Transient Accommodations Tax, which is increased by this bill. This tax is clearly the State’s to impose and distribute as it sees fit. The major advantage of this tax type is that it may bring in revenue now while the GET surcharge extension will bring in incremental revenue starting ten years in the future. If moneys are borrowed now to be repaid with the incremental GET revenue, a significant amount of interest will need to be paid, adding to the burden upon taxpayers.
- The Real Property Tax, which necessarily will be used by the county to pay for expenses required by the project that are not covered by the foregoing tax types, such as operation and maintenance costs of the project. This tax is clearly the county’s kuleana.

The Foundation is concerned that the proposed disbursement controls are not valid as they relate to county surcharge funds because those funds are city moneys.

The Foundation is also concerned that a proposed provision requiring any losses resulting from its suit against the State to be completely reimbursed by the City & County of Honolulu is unconstitutional.

SYNOPSIS: Authorizes a county that has adopted a surcharge on state tax to extend the surcharge to 12/31/2030.

Authorizes a county that has not previously adopted a surcharge to adopt one by enacting an ordinance before 3/31/2018, under certain conditions.

Amends HRS section 248-2.6 to decrease from 10% to 1% the surcharge gross proceeds retained by the State.

Establishes a mass transit special fund and specifies that funds be allocated for capital costs of a mass transit project, under certain conditions.

Increases the TAT by 1% from 1/1/2018 to 12/31/2030 and allocates revenues to the special fund.

Establishes that if a court makes a monetary award to a county due to the State's violation of state law or constitutional provision relating to the State's deduction and withholding of county surcharge on state tax revenues, then an amount equal to the award shall be withheld from the additional TAT revenues paid over to the mass transit special fund and shall be credited to the general fund.

Makes \$103,000,000 the permanent annual allocation of TAT revenues to the counties.

Requires the state auditor to conduct an audit and annual reviews of HART.

Requires the comptroller to certify HART'S expenditures for capital costs.

Appropriates funds for the department of budget and finance, DAGS, and the state auditor.

Requires the senate president and house speaker to each appoint 2 non-voting, ex-officio members to the board of directors of HART.

EFFECTIVE DATE: Upon approval; appropriation provisions take effect July 1, 2018.

STAFF COMMENTS: This Committee is considering variations of, and revenue raising measures to supplement, the 0.5% surcharge on the general excise tax that is currently imposed in the City and County of Honolulu, sometimes known as the "rail surcharge." As originally enacted in 2006, the rail surcharge was scheduled to sunset on December 31, 2022. The surcharge authority was extended to December 31, 2027, by Act 240, Session Laws of Hawaii 2015, and the City & County of Honolulu extended the surcharge as authorized by Ordinance 16-1. To date, no other county has adopted a surcharge ordinance.

When the surcharge legislation was adopted, taxpayers, especially those in Honolulu, were assured that the 0.5% surcharge was going to be temporary. And, as is now explicitly stated in HRS section 46-16.8. the funds were supposed to be paid to build the system, and not go toward operations and maintenance (which are never-ending expenses). It now appears that the rail project has cost overruns and additional funding is necessary. There is little publicly available information on the reasons for these cost overruns, and the Foundation hopes that others with expertise in this area could put forward ideas to stop the hemorrhaging.

Whose Money Is It? The City & County of Honolulu Rapid Transit System is a county level project. It was authorized by county charter amendment, and its governing body, HART, was established by a county charter amendment.

One source of funding that is available to any county is the real property tax. Article VIII, section 3 of the Hawaii Constitution exclusively and directly gives power to the counties to impose real property tax. *State ex rel. Anzai v. City and County of Honolulu*, 99 Hawai'i 508, 57 P.3d 433 (2002), established that for at least the past twenty years, any county is "free to exercise

its exclusive authority to increase, diminish, enact, or repeal any exemptions involving real property taxes without interference by the legislature.” *Id.*, 57 P.3d at 446. The real property tax is imposed by county ordinance, it is imposed on those under the jurisdiction of the county and not of the state, and the money raised belongs to the county imposing it.

Another source of funding is state tax. Article VIII, section 3 of the Hawaii Constitution provides:

The taxing power shall be reserved to the State, except so much thereof as may be delegated by the legislature to the political subdivisions, and except that all functions, powers and duties relating to the taxation of real property shall be exercised exclusively by the counties, with the exception of the county of Kalawao. The legislature shall have the power to apportion state revenues among the several political subdivisions.

Where the funds raised are by state statute imposing a state tax, the money raised is the State’s money. The Hawaii Constitution, in the language quoted above, explicitly empowers the Legislature to apportion that money to one or more political subdivisions however the Legislature sees fit. Money can be raised for general revenue purposes, as is the case with most taxes including the Transient Accommodations Tax. That money can also be directed to special funds used for specific purposes, as is the case with the fuel tax that feeds the Highway Fund. Sometimes the tax money raised is directed to a multitude of uses, as with the TAT and the Conveyance Tax. It has been held that such funds can be disbursed to one or more counties through grants in aid, and that the State can enact conditions upon the power to disburse or give discretion to the Executive Branch to withhold disbursement. *Fasi v. Burns*, 56 Hawai‘i 615, 618-19, 546 P.2d 1122, 1125 (1976).

Some, particularly from Neighbor Islands, have argued that they don’t want “their” state tax dollars to be used to fund Honolulu Rail. But state taxes fund all kinds of projects on all islands. Guess how the Maui Memorial Hospital was built and maintained, for example? Or Honoapi’ilani Highway? If the 80% of Hawaii’s population on Oahu decided that they didn’t want “their” state taxes to fund any projects on any other islands, Maui County would be very different today.

The current funding source for Honolulu Rail, namely the county surcharge on the GET, is imposed by county ordinance and not state law, although state statute delegates the power to tax. In addition, the affected residents and businesses are only those within Honolulu, rather than all residents of the State. The Foundation is concerned that any State attempt to control disbursement of surcharge moneys, as is now provided in the bill, will be inconsistent with *State ex rel. Anzai v. City and County of Honolulu*, 99 Hawai‘i 508, 57 P.3d 433 (2002), and thus invalid.

Regarding the choice of using one funding source over the other, the Foundation would like to respond to the City administration’s previously publicized argument that tourists pay one third of the surcharge, while residents and only residents pay real property tax. The Foundation has

calculated that the amount of GET exported to tourists is between 15% and 20%,¹ and Hawaii Free Press came up with 14.1% in August 2016.² If the base is not “tourists” but “nonresidents,” which would include military personnel and the federal government, the percentage is likely to be higher. Also, whatever the percentage of GET exported, a DBEDT study in March 2017 concluded: “Nearly one-third (32.3 percent) of the property taxes were contributed by property owners residing out-of-state.”³ According to these figures, real property taxes may be exported to a same or greater degree than the GET.

If the State Has Done Bad, It Should Take Its Lumps. On October 21, 2015, the Foundation sued the State of Hawaii over the provision in HRS section 248-2.6 that ostensibly requires 10% of gross collections of county surcharge to be paid over to the State. The Foundation contends that the diverted money is a hidden State tax unwittingly paid by Oahu residents and businesses—and only by them, even though the tax goes straight to the general fund to be used for projects benefiting the entire State. As such, the Foundation contends that the 10% skim is invalid except to the extent that it is reimbursing the State’s actual costs. The Foundation’s suit is now pending in the Supreme Court of Hawaii as Case No. SCAP-16-0000462.

The bill proposes to decrease the 10% skim to 1%, which is closer to actual costs. The Foundation believes this to be a step in the right direction, but estimates the State’s actual costs at closer to 40 or 50 basis points, based upon reports by the Department of Taxation in 2007⁴ and 2008.⁵

HRS section 237D-2(e)(2), as amended by this bill, provides that if the State loses the above suit, TAT moneys otherwise payable to the City will be sequestered and paid into the State general fund to fully reimburse the State for any losses. This provision would violate Article VII, Section 4 of the Hawaii Constitution, which states, “No law shall be passed mandating any political subdivision to pay any previously accrued claim.” *See Fasi v. City & County of Honolulu*, 50 Haw. 277, 282, 439 P.2d 206, 209-10 (1968). Although the provision does not require the City & County to cut a check, it would have the same economic effect – namely, that moneys on their way to the City & County are permanently redirected to the State’s coffers.

This provision may violate other constitutional provisions as well.

Digested 8/25/2017

¹ Please see <http://www.tfhawaii.org/wordpress/blog/2015/02/our-best-export-our-taxes/>.

² Hawaii Free Press’ article is at <http://www.hawaiifreepress.com/ArticlesMain/tabid/56/ID/18093/GE-Tax-Audit-Shows-Tourists-pay-only-141-of-Rail-Surcharge.aspx>.

³ DBEDT Research and Economic Analysis Division, An Analysis of Real Property Tax In Hawaii 2 (2017), available at http://files.hawaii.gov/dbedt/economic/data_reports/real_property_tax_report_final.pdf.

⁴ Available at http://files.hawaii.gov/tax/stats/stats/act213_2007/act213_121_csurcharge_0712.pdf.

⁵ Available at http://files.hawaii.gov/tax/stats/stats/act213_2007/act213_121_csurcharge_0812.pdf.

From: [Simeon Miranda](#)
To: [WAM-InPerson](#)
Subject: Testimony SB4 - Monday August 28th 3pm
Date: Sunday, August 27, 2017 11:58:53 AM

Aloha and Good afternoon Chair Dela Cruz and the committee on Ways and Means – My name is Simeon Miranda.

I am a concerned citizen living in Kakaako and I am also the General Manager of Embassy Suites by Hilton on Waikiki Beach Walk. Our hotel with over 200 employees and our Outrigger Ohana over 4000 hosts with 36 hotels, joins HLTA, HTA, the county councils and mayors and many of your voters from your districts in **strongly opposing** the portions of this bill that would increase TAT.

I have had many opportunities to “talk story” with our hosts, our managers including many vendors from your districts, most of them working in Waikiki and in the Tourism industry. We are all pro Rail but we do not believe it should be funded by increasing the Transient Accommodations Tax. Many of our housekeepers, front desk, bell, maintenance and all hosts just want to understand why would our legislature do something to Tourism to hurt the industry that most of us work in? Our hosts simply want to continue to work hard, get as many hours as they can so they can support their families. They feel that the increase in TAT will hurt the industry and with increasing TAT tourists can make a choice and go somewhere else.

Many of our employees are from Kalihi, (like I did before going to college and getting experience on the mainland) understand that Rail will be good for all and make the Kalihi community more attractive. We also know that extending it to Ala Moana will be good and will get many employees to Waikiki even faster. They understand rail needs to be funded that GET needs to be extended as originally planned but they disagree to increasing the TAT to fund Rail. They simply do not understand on why do you want to hurt tourism. We know there are other ways to get funding for Rail, why haven't they followed through on the taxing opportunities such as VRBO, AirBnb taxing them or how about taxing other industries like construction, health or other businesses why only tourism?

As a businessman and a leader in Hospitality I do not understand how this bill's financial plan will work. The TAT growth rate of 8% over the next 13 years based on “an average of past 29 years growth rate” is just not real! Raising the TAT will not save money over time “front loading “ collections through increasing TAT is unreal – as someone mentioned as I agree “raising the TAT will depress growth in industry revenues and further depress TAT growth assumptions”.

What about the FTA – looking at the current assumptions on this bill with a TAT increase – do we really think they will buy into these growth rates and approve this bill?

As our housekeepers and many of hosts reminded me, we know that Rail will have to be finished but we also know how important our jobs are and how important tourists are to our economy, we hope the committee and the legislature understands the consequences; increasing TAT will hurt us and if it does we will remember who voted for and against TAT.

Thank you for your time, mahalo for listening to your voters from your district.

Sincerely,

Simeon Miranda
General Manager



SIMEON Q. MIRANDA

General Manager

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From: [Gregg Nelson](#)
To: [WAM-InPerson](#)
Subject: Proposed additional funding for the Honolulu Rail System
Date: Sunday, August 27, 2017 11:57:42 AM

Dear Ways and Means Chairman and Committee Members,

I am the general manager of a resort on Maui which employs approximately 160 staff members. I believe I can speak for my entire staff when I say, though we are in total support of the Honolulu rail system, we are **opposed** to the current funding model under consideration which includes increasing the TAT by one percentage point.

The rail system should continue to be funded by the increased Honolulu GET and extended further into the future to address the shortfall in needed funding. Hawaii already has a high tax on visitors staying in resorts and to increase the tax further will drive future potential visitors to other less expensive destinations or to seek out alternative Hawaiian vacations through Airbnb or other short term rental accommodations that do not charge TAT at all.

The resort hotel industry in Hawaii is currently softening and an additional tax will only make our situation worse. A vote for the funding model that includes an increase in the TAT is a vote against the hotel industry.

Mahalo for your time and your service to our State.

Gregg Nelson
General Manager
Napili Kai Beach Resort
Maui, Hawaii

TESTIMONY to Senate Committee on Ways and Means

Regarding: S.B. 4 Relating to Government

Monday, August 28, 2017

3:00 PM -- Capitol Auditorium

Submitted in **OPPOSITION** by: Mary Smart, Mililani, HI 96789

Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members:

1. I Strongly OPPOSE S.B. 4. The State should not get entangled with the Honolulu County Rail boondoggle. We heard in the informational testimony just a few weeks ago that the County has taken no steps to request a delay of their 15 September 2017 report on funding rail when delays have always been approved in the past. They arrogantly assume that the State will bail them out -- therefore they took no pro-active action to handle the problem on their own. They didn't care that the special session would incur additional costs to the residents of Hawaii. Cavalierly, they came to the State with hat in hand asking for relief from their criminal negligence, incompetence, dereliction of duty and careless mismanagement. Their lack of effort deserves no assistance. When HART was asked what measures they had taken toward cost cutting (as the residents of Hawaii must do with their personal finances) -- the response was that they increased staff by adding a "Value Added Engineer" to their already inflated personnel costs. Adding staff is not a "cost saving" maneuver. Does that mean all the other engineers currently in place are "valueless"? Let us not forget, as a reward for all their mismanagement, HART gave themselves salary raises -- all this while their constituents are struggling to maintain their homes with Hawaii ranked among [the highest taxed](#) economies in the USA. The incoming "CEO" will be paid many times what most local residents earn. Those are the people you are demanding tighten their belt so that the HART personnel can live in comfort. When asked if the managers had any plans to begin rail service as soon as the Aloha Stadium segment was completed, it was something that didn't seem to be even a consideration. What is all the funding going to that is paid to planners when there are no plans and the consultants obviously are no help? When the City Council Chair, Ron Menor, was asked whether his constituents would mind an increase in GET taxes, he callously stated that we were "used to it". I live in Ron Menor's jurisdiction and I can assure him that my neighbors and I are not happy with this raise in our taxes, especially for a Rail project we don't want. We are "used to it" like the City and State are used to homelessness. We don't like it one bit but both are continuing to increase without any sign of stopping. What pours more vinegar into our wounds, this bill also adds staff to the State (4 positions!) at a high cost to the taxpayer -- increasing overhead costs to this unworthy rail project. We ask for relief and your plan adds cost. Stop rail or make the County manage within their budget. The only part of the bill that is acceptable is cutting the State skim from 10% to 1%.

2. As a person who has served as Treasurer of various organizations, it is irresponsible to allocate significant revenue to debt servicing fees of the magnitude incurred by the Rail project. Large debt is an indication of poor management. Don't allow and most importantly, don't assist in a "co-dependency" relationship, this wasteful behavior to continue. The City and County of Honolulu needs to resolve their problem internally and not look to the State to solve their problems. They hold their positions because they have specific duties they must fulfill. Make them do their jobs and if they don't, find a way to remove and replace them.

3. Rail is not a state responsibility and the State should not be involved except to investigate criminal activities that could have caused the excessive cost overruns. People need to be held accountable and go to jail if there was criminal activity involved in the waste of taxpayer funds. This bill indicates these increases will end in 2030, but just as the previous termination dates, there is no credibility in those deadlines.

4. There is some misinformation about TAT not affecting local residents. It most certainly does affect us. We use local facilities and have to pay the TAT. Also, some of us have businesses that are involved with activities that pay TAT. Increases in TAT hurts us personally and professionally. Furthermore, it must be stated that we don't need to pay GET on the TAT, including the surcharge or we are forced to pay taxes on taxes. That is an abuse of your constituents. Tourism will be affected. Tourists only have so much to spend and the money used to pay the TAT will mean one less snorkel rental, one less luau ticket, or one less restaurant meal, etc.. The economy will be affected by the increase in tax. Unlike the government, individuals cannot legally take their neighbor's savings for their own use,

5. We heard during the informational briefings that the City and County have no intention of stopping at Ala Moana Center. They fully intend to force this noisy (steel on steel) monstrosity (antiquated design) on those of us who live in quiet bedroom communities such as Manoa and Mililani. It is unfathomable to think that they want to extend this system when they have not shown that they have any idea how they are going to afford to operate and maintain this system without more funds being added to their coffers. Puerto Rico has shown us that the ridership isn't there for a rail system when the population is small. Puerto Rico is essentially bankrupt. Do we have to experience that in Hawaii too? I hope sanity will prevail and no funding will be granted to the City and County of Honolulu until after a forensic audit is completed, which according to this bill will not complete until 2019.

6. In project management there is a theory of sunk costs that even if you have put a lot of funds into a project, there is a time to cut your losses. This is it for rail. In addition to the auditors looking at other modifications to the rail installation, it would be good to mandate the auditors look into repurposing the current infrastructure for things like: bus express lanes, auto express lanes, bicycle lanes (safer than having bicyclist on road -- as we just had a death due to the lack of safety provided by "complete streets" designs), etc.

7. Unmanned rail cars are a danger to the ridership. In foreign countries women are groped and terrorists target mass transit systems to maximize damage to a community. Furthermore, while there is concern about "global warming/climate change" causing a rising of the oceans, why are we building the rail and housing (transit oriented development ghettos) on the shoreline? None of this makes sense if we apply consistency of concerns to our state and county projects.
8. On Friday, August 25th 2017, I participated in a rally in Mililani to oppose the actions being pursued by this committee. The people of Mililani showed their opposition to rail by overwhelming margins. We pay gas taxes to maintain our roads for our travel needs. We want useable roads and the convenience of our cars. Our state and federal officials also want the convenience and safety of individual means of mobility. As one state Representative was quoted regarding: she looked forward to less congestion on the road for herself when everyone else rode rail. The rest of us want to travel on roads with less congestion. We know Rail is not a solution to congestion. Alternatives to relieve congestion on roads should be included in any assessment of alternatives that the auditor proposes. Rail is not the best solution in the opinion of many Hawaii residents. We resent that we have been lied to about cost, jobs, and timetable. Our elected officials have not properly protected the welfare of their constituents and we are tired of it.
9. If neighbor island Senators and Representatives vote for S.B. 4 (or abstain), their constituents should pay for the rail system at the same rate as the residents of Oahu. They are just as likely to use the rail (or even more so if they travel to Oahu), as the residents of Oahu.
10. Vote NO on S.B. 4. This project is not sustainable.

Financial Accountability for Rail Mass Transit Association
1583 Kalakaua Avenue, #630
Honolulu, Hawaii 96826

To the Honorable Senators and Representatives of the State Legislature

Introduction and Premise

The Financial Accountability for Rail Mass Transit Association (FARMTA), a State of Hawaii registered association dedicated to the financial accountability for the City & County of Honolulu's Rapid Transit System, otherwise known as steel-on-steel rail, has researched, organized a "People's Public Hearing," and analyzed rail's financial accountability, and is proposing remedies for the financially troubled project. This written synopsis details the association's desire to inform the State of Hawaii's legislature and governor, City & County of Honolulu's council and mayor, the Honolulu Authority for Rapid Transportation (HART), and the Federal Transit Administration (FTA) of its findings and conclusions.

FARMTA brought to light a number of issues by sponsoring the "People's Public Hearing" on Saturday, August 5, 2017 at Washington Middle School in Honolulu, enabling public speakers (without time limitations) to express their views and remedies focused on the City's lack of financial accountability for its over-priced rail. The hearing's goals were to:

1. Explain the need for financial and managerial accountability of the rail project.
2. Have HART respond with answers to seven specific questions. See attachment labeled, "Financial Accountability for Rail Mass Transit Association Questions Asked of HART."
3. Present alternatives for the over-priced steel wheels on steel rails (SWSR) system.
4. Inform Hawaii state and Honolulu city legislators of other ways to finance rail.
5. Enable anyone wishing to speak to express his or her comments on the city's rail.

Summary of the People's Public Hearing

Several members of FARMTA described the lack of accountability and the need for a comprehensive audit. Seven specific questions were delivered to HART prior to the meeting, with a request for a representative to attend the meeting and provide answers. Needless to say, HART was a "no show," a clear example of its refusal to deal with ordinary citizens other than through its own "information" meetings. Other than termination, only one alternative to the over-priced steel wheels on steel rails system was formally presented—a PowerPoint briefing on how conversion to an American designed urban magnetic levitation (maglev) system could meet all of the major terms of the Full Funding Grant Agreement, complete the full 20-mile elevated alignment, and do so while staying within the available funding through 2027 of \$6.8 billion. Proponents of other alternatives, such as switching to a grade-level rail system at Middle Street or terminating rail at that point and using buses, did not attend the meeting but some public testifiers mentioned buses and even tunneling for rail.

Other than a representative of one member of the State House, no other legislators or any member of the city and state administrations or the Honolulu City Council were in attendance.

The Association's meeting was purposely scheduled for a Saturday to enable attendance, so the lack of elected and appointed officials is a clear demonstration of an "arrogance" similar to that of HART.

The association members pointed out the following:

1. Rail costs are now likely to pass \$10 billion;
2. Hawaii has the highest cost of living in the U.S.;
3. The General Excise Tax (GET) is a regressive tax;
4. Unemployment is actually higher than shown in state statistics;
5. Our state has the highest number of homeless people per capita;
6. Property taxes, because of valuations, are too high, making even "affordable" rentals too high; and
7. Hotel rates also are too high.

Rail costs have escalated quickly but the Charter Commission declined a request to investigate the rail project. FTA deadlines changed, with the latest for September 15th. The FTA still has \$750 million, and is waiting for an acceptable financial recovery plan. The timetable for the special session is good, provided proper actions are taken. The state and the city are currently "living on borrowed money;" however, new rail funding is not needed until January because bonding will cover the project through 2017. The FTA could give the city another extension because the money is still there. It has been hard to unite all groups on rail. We need the neighborhood boards to be involved—and to send resolutions with their positions. Coming together brings direction. FARMETA believes that the people must lead and must be heeded.

Everyone in attendance who wished to speak was given the time needed to express their views. Association and public speakers were virtually unanimous in calling for an audit of the rail project, expressing hostility toward the project's handling by HART and the city, including their outright lies concerning costs and timelines for rail's completion. Grassroot Institute members, who collected more signatures for their audit petition, stated that a forensic audit is really what is needed because fraud is suspected at HART. The City Council and the FTA have failed us, and HART has hidden its expenditures. The terms "boondoggle" and "criminal," which seem to be quite popular in online forums when describing the rail project, also were used at the FARMETA meeting; these public perceptions should not be taken lightly by elected officials—and you can expect to hear them again during the 2018 and 2020 electoral campaigns.

Public apathy was addressed, a lack of action even as special interest groups are being enriched, affordable housing is not working as planned, and the construction workers are being used by project advocates; the feeling is that interest groups are leading the residents like sheep. The Association also appreciated the cartoon booklets on rail provided to our members at the meeting by John Pritchett—especially the last one in the book showing a Hawaii legislator stating "...and remember, this rail tax is temporary...until we extend it again next year."

Disapproval of the city's Bill 42, which was to provide other means for funding rail (read "property taxes") was addressed at the people's meeting. It is noted that the City Council

removed it from the August agenda, so the mayor is trying to apply pressure on the legislature to give him what he needs at the moment—at least another ten years of a GET surcharge extension—while what he really wants is the surcharge in perpetuity.

Finally, two speakers at the meeting noted that U.S. Congresswoman Colleen Hanabusa favored a forensic audit—with one indicating support of her for governor.

Comparison of the People's Public Hearing to the State of Hawaii's Legislative Committees' Public Hearing on August 14, 2017

The Financial Accountability for Rail Mass Transit Association attended and participated in the State of Hawaii's legislative committees' public hearing on Monday, August 14, 2017 at the State Capitol Auditorium, chaired jointly by Senator Loraine Inouye of the Transportation and Energy Committee and Representative Henry Aquino of the Transportation Committee. A call to the capitol in advance confirmed that oral testimony would be accepted and, in answer to a question, no limit had been set on such testimony. Members of our group arrived early to ensure that we would be heard as public testifiers—only to learn we would be restricted to two minutes each. We then waited for more than six hours while the chairs and members of five committees heard testimony from and directed questions to Mayor Alan Arakawa of Maui and Mayor Kirk Caldwell of O'ahu; other city officials; HART officials and board members; members of outer island and Honolulu city councils; and Ed Case for Outrigger Hotels and Mufi Hannemann for the Hawaii Lodging and Tourism Association. The City & County of Honolulu's Acting Director Kathy Sokugawa testified on the city's desire for public and private (developers) partnerships. (Note: The city should have had developers initially involved before the construction phases of the rail to partner in paying for construction costs.) All of the above were given all the time they needed to make their points, and then were asked questions that enabled them to continue speaking. The first public speaker, Keli'i Akina from Grassroot Institute, was asked a question enabling him to exceed his two minutes; while we were there, no other speaker was asked a question. Those of us who spent hours preparing longer testimonies were immediately and rudely cut off after exactly two minutes by Chairperson Lorraine Inouye (Senator, District 4—Hilo, Hamakua, Kohala, Waimea, Waikoloa, Kona), as were all public speakers. Association members—displeased to say the least—left the auditorium sometime after 5:00 p.m. rather than staying to hear the remaining speakers.

It was noted later by some legislators that city and HART officials did not have the courtesy to stay after their time “on stage.” We can add that many union members—so obviously there to back the rail project even without testifying—also left at about the same time, with the (filled) auditorium probably half emptied by the time public testimony was allowed. The various officials should have only been allowed to speak AFTER public testimony was heard. In retrospect, the whole meeting seemed “engineered,” leaving the public with the feeling that decisions had been made in advance of the special session (i.e., to avoid tinkering with the transient accommodations tax and, instead, to extend the rail surcharge on the GET for the ten years wanted by Mayor Caldwell).

Analysis

The legislature need to make the proper moves: deny any new funding authorities to the city; demand a pause of the rail project; pass a resolution for a comprehensive audit conducted by both federal and state experts; and examine all alternatives to SWSR. The latter course of action includes consideration for: ending the system at Middle Street and using buses; dropping it to grade there and converting to street-level rail; converting to urban maglev for the full alignment; or terminating the project entirely, taking the losses and eliminating the completed guideway regardless of the costs.

Due to the discrimination of testimonial time by Senator Lorraine Inouye, FARMETA members have discussed the motivations of our state legislators (as well as those of the members of the council). The consensus is that many of you have forgotten that you are “public servants” and are primarily concerned about how your actions (on rail) will be perceived by the voters in your districts. What is more important? Will you rely on campaign contributions from special interests and the general apathy of the public to really examine your voting records, or will you really be concerned about the possibilities from voter disgust (over rail) actually leading to a switching of their allegiances? The Association presumes that considerable pressure has probably been placed on you by the “movers and shakers” that are on the board of “Move Oahu Forward” and union and other interests (the “Friends of Rail”) that funded the latest poll showing 71 percent favoring completion of the rail project to Ala Moana Center. Apparently overlooked(?) was the January 2016 Hawaii Poll that indicated only 30 percent of respondents would still favor rail if its costs hit \$10 billion. (NOTE: Assuming, however, that both polls are accurate, that does not make them contradictory. Most people may very well favor completion of the 20-mile alignment—but it is quite clear that they want it done at a much lower cost, and do not favor the current plan, especially when they fear that even \$10 billion will not be enough.)

There were 483,076 registered voters on O’ahu last year; the 2016 poll would mean that 338,153 potential voters oppose the current project because of its costs. What if ten percent of them (33,815), or even only one percent of them (3,382), showed up at the State Capitol on August 28th with signs marked “No New Funding for Rail?” Since you are supposedly voting for your constituents’ wishes, would that crowd influence your vote? The Association wants to see specific roll call votes on any action you take next week. That roll call will be stored for use in both primary and general election campaigns for the next three years.

Many of us believe that, especially for the rail project, campaign contributions have been the deciding factor in legislative actions. It is sad that we have lost so much trust in our public servants but we have seen nothing to raise the esteem of the legislature—and have practically given up on expecting meaningful results from a City Council that is every bit as complacent in backing the mayor as the public in general is apathetic concerning elected officials. What a pleasant surprise it would be to see the legislature rebuff the city along with the (rail) special interests. This is your moment to restore the public’s trust and confidence in, at least for now, the State Legislature. Put “the monkey back on the city’s shoulders” where it justifiably belongs.

In closing, the lack of financial accountability to taxpayers and the public is the fault of Mayor Kirk Caldwell as the chief executive officer for the City & County of Honolulu and HART.

Mayor Caldwell and HART are now attempting to resolve the rail's financial shortage by leveraging the State Legislature and the governor to offset the mayor's threat of increasing city property taxes to pay for the city's rail. Increasing property taxes on homeowners would cause homelessness, especially for senior citizens, and increasing property taxes on small businesses would put them out of business.

Remedies/Solutions

FARMTA and many members of the public have expressed very strongly the following:

1. The State of Hawaii's State Legislature and Governor take no action in additional legislation in funding the City & County of Honolulu's rail until a comprehensive and forensic audit is completed to evaluate Mayor Caldwell and HART's financial accountability of past performance and expenses. The city currently has sufficient funds to continue rail construction until the end of December 2017. Also, the State Legislature convenes its regular legislative session in January 2018 and can then consider additional funding measures for rail after financial due diligence.
2. During the process of doing a financial accountability audit and before the 2018 session, the State Legislature and the governor, along with HART, should examine every alternative rail technology for cost-effective mass transportation.
3. Commit private developers within the rail route and stations to partner in the construction and infrastructures costs.
4. Consider termination of the city's rail project due to unaffordability.
5. Inform FTA of the financial accountability audit review of the city's rail.
6. Allow public speakers to be heard FIRST on 28 August; the city, HART, and any special interest speakers should listen to the people before they give their testimony.

The Financial Accountability for Rail Mass Transit Association (FARMTA) is available for further communication. Please feel free to contact me at 454-3548, cellular.

Mahalo and Aloha
Roy Nakamura
President

Attachments as follows:

Attachment A:	Testimony of President Roy Nakamura
Attachment B:	Testimony of Rod Tam
Attachment C:	Testimony of Charles Carole
Attachment D:	Testimony of Elaine Kam
Attachment E:	Testimony of Frank Genadio
Attachment F:	Testimony of Barbara Hudman
Attachment G:	Testimony of Jack De Feo
Attachment H:	Testimony of Calvin Hulihe'e

Attachment A to Financial Accountability for Rail Mass Transit Association Synopsis

Testimony of Roy Nakamura

Honorable State Senators and State Representatives, I am Roy Nakamura, president of the Financial Accountability for Rail Mass Transit Association, a registered State of Hawaii organization for the purpose of advocating financial accountability and Hawaii's taxpayers' affordability of the City & County of Honolulu's Rapid Transit System, known as the steel-on-steel rail transit system.

The association appreciates the opportunity to address the State Legislature for assuring financial accountability, and is requesting that you examine the affordability of the City & County of Honolulu's Rapid Transit System. The City & County of Honolulu's Mayor Kirk Caldwell and the current City Council refused to address financial accountability and denied open public community informational hearings. Thus, the open public questions are:

1. Are HART's financial books mismanaged and/or concealing illegal acts.
2. Do we now have an autocratic city government? What happened to "Democracy" and "government of the people, for the people, and by the people?"

I hope that you will find the needed answers. Mahalo.

Attachment B to Financial Accountability for Rail Mass Transit Association Synopsis

Testimony of Rod Tam

Mahalo for the opportunity to testify on the City & County of Honolulu's Rapid Transit System.

I am former Senator Rod Tam, a member of the Financial Accountability for Rail Mass Transit Association and a business consultant specializing in business and marketing plans, legal research, financial budgeting, and international East-West relations. My presentation is on the lack of financial accountability and the lack of concern for Hawaii taxpayers' affordability to pay for the city's Rapid Transit System, known as the steel-on-steel rail transit system, by Mayor Kirk Caldwell, the Honolulu Authority for Rapid Transportation (HART), and the City & County of Honolulu's City Council. Taxpayers' dollars must be accounted for!

At this time, the association presents to you collected second-hand financial cost and projected cost information collected from the Honolulu Star-Advertiser on the steel-on-steel rail construction costs for your analysis. Attachment 1 provides the information.

In the months from April to August 2017 the association had attempted to get first-hand concrete financial accountability from Mayor Caldwell, the City Council, and HART—unfortunately, without success. The following was done.

1. Communicated with the City Council, Mayor Caldwell, and HART through the council's public hearings in trying to obtain concrete past, present, and future financial information on the budgets and expenditures of rail construction, administration, and maintenance.
2. Requested the Federal Transit Administration (FTA) to audit HART on its federal fund expenditures of the rapid transit system in line with FTA's request to the city for financial accountability and a concrete financial plan to pay for the steel-on-steel rail system. FTA refused to do so. One can only conclude that the FTA is not being accountable to taxpayers and there is collusion between HART and FTA. Ironically, FTA agrees with our association that the City & County of Honolulu lacks a sound concrete financial plan to build a rapid transit steel-on-steel rail system at this time.
3. Sponsored an informational people's public hearing on August 5, 2017 and invited Mayor Caldwell and HART to make a presentation on financial accountability. Specifically, to answer seven (7) questions commonly asked by the public on financial accountability. Mayor Caldwell and HART refused to attend and respond to the questions. Attachment 2 to my testimony provides the questions.

Aside from the above, the association is requesting the state legislature in its August 28, 2017 special legislative session to adopt a resolution to have the State Legislative Auditor do a comprehensive financial and forensic audit on the city's rail mass rapid transit system before legislating future funds to pay for the over-cost transit. An audit would answer whether all revenues and expenses are accounted for, whether any criminal acts occurred, whether proper bookkeeping and accounting practices were followed, did the City have accountable budget forecasts, is the city rail transit system beyond the affordability of Hawaii's taxpayers in relation

to Hawaii's negative economy, etc. Is there time to do a comprehensive and forensic audit? The answer is "yes." There is time, because:

1. The city council and mayor last month passed legislation for \$350 million in city bonds to sufficiently fund rail construction until December 31, 2017.
2. The current on-going 1/2% state excise tax special funding for rail is available through 2027.
3. The timetable for the fiscal years of the city, state, and federal governments allows future funding for 2018 and into the future on a timely basis if needed. The State Legislature, in its regular legislative session in January 2018, can again examine funding for the City & County of Honolulu's Rapid Transit steel-on-steel system.
4. The remaining balance of the FTA money is available providing the City has financial accountability and a sound concrete financial plan, which depends on accurate budget forecasts as the FTA has stated.

Thus, no funding legislation needs to be adopted in the legislative special session this year.

The Financial Accountability for Rail Mass Transit Association wants financial accountability – the real concrete cost of a rail system affordable by taxpayers. Taxpayers are currently over-burdened with taxes and the high cost of living in Hawaii, the highest in the United States of America. Real unemployment is more than 10% in reality and wages are insufficient with our high cost of living. An extension of the 1/2% state excise tax would financially and economically hurt the low- and middle-income taxpayers, leaving some unable to purchase food and prescription drugs for themselves and their families. Currently, many retired senior citizens are forced to go back to work.

To repeat, please do not provide any new funding to the city's steel-on-steel rail transit system in this year's special session. Instead, adopt a resolution for a comprehensive audit and a forensic audit in this year's special session before considering any extension of increasing the state excise tax and increasing the state transient tax to pay for the unaccountable finances of the rail.

If the State Legislature has to increase taxes to pay for the rail, the Financial Accountability for Rail Mass Transit Association prefers increasing the State of Hawaii's transient accommodations tax. Hawaii's transient tax on a national average is low. Hawaii's residents are over-burdened with the existing state excise tax, actually a compounded sales tax of 12% to 16%. Hotels are creating the false impression that tourism numbers will decline. In reality, hotels are overcharging for hotel accommodations, thus, getting excessive profits.

Another source of funding rail is a public-private partnership based on an updated city rail plan coupled with area and transit-oriented development Plans. Unfortunately, the city failed to obtain any partnerships in the initial rail development; however, it is not too late.

Mahalo.

Attachment 1

Cost Uncertainty for City Rail Project's 20 Miles of Guideway and Stations Construction

Projected costs (reported by Advertiser/Star-Advertiser):

August 2008	\$3.72 billion	December 2012	\$5.26 billion
December 2014	\$5.9 billion	October 2015	\$6.56 billion
March 2016	\$6.9 billion	May 2016	\$8.1 billion

Per FTA financial risk analysis, \$10.79 billion is the high possible cost projection. Per HART, the 20-mile completion date is now 2025.

In June 2016, Mayor Caldwell requested FTA to give the City until June 1, 2017 to provide a more fully developed cost projection for construction of the rail.

The FTA first gave the city until the end of December 2016 to address the deficit. Later, the deadline was moved to April 30, 2017, and the latest deadline is now September 15, 2017. Rail is now estimated to be an additional \$1.5 billion to \$3.2 billion burden on the city's taxpayers.

September 6, 2016 ... City and Kiewit Construction disputes arise over change orders that caused construction delays over first 10 miles of rail guideway. Thus, another increase in rail's price tag. Kiewit faulted the city and announced that it would not bid on the next phase of construction.

Note: Status of FTA's \$1.55 billion.

1. HART has received \$806,267,358 of the \$1.55 billion.
2. HART spent \$600 million.
3. \$743.7 million in federal funds is still available to HART.
- a. FTA withholding \$500 million until HART updates its financial plan and submits an acceptable financial recovery plan.
- b. \$243.7 million for fiscal year 2017 not yet appropriated to HART.

Conclusion: Mayor Caldwell lacks concrete financial accountability of the expenditures for rail construction, administration, and future maintenance. Thus, there should be no further extension of the .05% GET surcharge and no property tax increases for rail.

Attachment 2
Financial Accountability for Rail Mass Transit Association
Questions Asked of HART

- 1) What are HART's realistic overall concrete budget (revenues and expenditures) and timetable for completion of the city's current rail project? Provide the budgets for administration, construction, and maintenance.**
- 2) What are the detailed contractual agreements between the City & County of Honolulu and the Federal Transit Administration (FTA) for federal funds provided to the city's rail project?**
- 3) How were the FTA-provided funds spent?**
- 4) What were the quarterly and year-to-year revenues and expenditures for administration, construction, and maintenance from the date of inception?**
- 5) Explain HART's book-keeping methodology.**
- 6) What are the reasons for cost overruns?**
- 7) Why is the city administration unable to complete the rail project on time as planned initially?**

Attachment C to Financial Accountability for Rail Mass Transit Association Synopsis

Testimony of Charles Carole

As a member of the Financial Accountability for Rail Mass Transit Association, I am submitting testimony on operational cost and ridership.

My comments are:

1. The City & County of Honolulu is not accurate and concrete in estimating ridership and rail construction costs. There should be an audit on the city's rail construction costs, ridership projection, and potential operating and maintenance costs for steel wheels rail, which HART has indicated will be \$126 million in the first year of full operations.
2. Parsons Brinckerhoff forecasts for Honolulu and San Juan, Puerto Rico (which is the only other elevated rail system to be built in recent years) came up with remarkably similar 116,300 and 114,492 daily riders respectively. Remember that Puerto Rico's population is 2.8 million. Actual ridership for San Juan turned out to be only 32,800 in 2015, which is 71 percent less than what had been projected.
3. The city's rail construction costs have doubled since 2012.
4. Therefore, there should be audits of their rail construction costs, ridership projection, and potential operating and maintenance expenses for rail operation. These audits should be done by the State Auditor. The audits should be completed before the 2018 legislative session is concluded. The present rail construction has additional funding of \$350 million in city funds for 2017. Thus, no funding is needed at this time.

Mahalo.

Attachment D to Financial Accountability for Rail Mass Transit Association Synopsis

Testimony of Elaine Kam

This testimony strongly supports the need for a forensic audit of rail. As a grandmother who lived through the depression and remembers taking ten years to save up for a down payment for our home and also making good use of thrift shops for clothes and furniture, I learned the need to stay on budget and not spend what we did not have. Why have not Mayor Kirk Caldwell, the City Council, and the Honolulu Authority for Rapid Transportation considered the residents' financial welfare while managing the rail project's finances? Why did they allow the rail costs to continually escalate at the taxpayers' expense before realizing there were insufficient funds to complete the project?

Do they even know what rail's final costs will be? Many rail critics have brought up issues that are likely to further increase costs, such as safety, construction faults (guideway fixes, building over sinkholes that are prevalent on this island), and environmental concerns. Why did former mayor Mufi Hannemann fail to allow for a fair and open technology competition at the start of the project? The costs issue has even spurred the rail-backing Honolulu Star-Advertiser's editorial board to call for an audit.

To grasp the full implications of rail's collections and expenditures, past, present, and future, we must have a forensic audit of the rail project. The financial impact of the surcharge for rail has especially burdened lower- and middle-income residents of O'ahu. In many cases, people have been forced to move away from the island and their roots.

This legislature must resolve to obtain an independent audit because its members will definitely be held accountable in the 2018 and 2020 elections.

Attachment E to Financial Accountability for Rail Mass Transit Association Synopsis

Testimony of Frank Genadio

This paper addresses a rail alternative that uses modern technology to ensure financial accountability for our taxpayers. It covers conversion of the current project to a much less costly American designed urban magnetic levitation (maglev) system. With the help of the University of Hawaii (UH) Engineering Department's Professor Amarjit Singh, who currently is in India, a cost estimate folio was prepared that addresses how we can complete all of the major elements of the 2012 Full Funding Grant Agreement (FFGA) while staying within available funding. That funding amounts to about \$6.8 billion, realized through a combination of the existing rail surcharge that is authorized for 21 years through 2027 and \$1.55 billion in obligated federal funds. Currently, about \$750 million is being withheld from the project until federal officials accept a financial recovery plan. That plan should include a full evaluation of alternative technologies and their implications for the overall costs for rail.

There are several major elements of the FFGA: a 20-mile grade separated system; 21 stations and four park-and-ride lots with a total of 4,100 spaces; a maintenance and storage facility; a transit center at Pearl Highlands; 80 light metro fully automated (driverless) rail cars; and three-minute service during peak hours. A plan based on Maglev 2000 technology can deliver these elements, including full use of the existing ten miles of guideway to Aloha Stadium through the use of patented planar technology, emplacing figure-eight conductor coils in polymer concrete panels laid down alongside conventional rails. Considerable savings can then be realized by constructing a maglev-only guideway for the remaining ten miles. The technology also will enable use of the existing guideway by steel wheeled trains so there would be no need to scrap already delivered rail cars.

The cost estimate is \$5.86 billion, an amount that the principals of Maglev 2000 believe is higher than their figures; factored in for O'ahu is "the price of paradise." That total is a far cry from what a member of the City Council claimed in a May hearing on Bill 42, that maglev would be ten times the cost of steel wheels—or \$82 billion based on the mayor's project estimate at the time of \$8.2 billion—a gross and uninformed exaggeration. The Maglev 2000 estimate has the backing of Dr. James Powell, holder of the patents for both first- and second-generation superconducting maglev (SCM) as well as a medal from the Benjamin Franklin Institute for (his) excellence in engineering. Franklin medals have been awarded in the past to innovators and scientists such as Alexander Graham Bell, Nikola Tesla, Orville Wright, Thomas Edison, Henry Ford, Albert Einstein, Neils Bohr, Edwin Hubble, Bill Gates, and Stephen Hawking—pretty good company. Dr. Powell's first generation SCM has been applied to a Japanese maglev that holds the world speed record for trains at 374 miles per hour (mph). The second generation SCM, in addition to making high-speed maglev cost-effective for both passenger and freight operations, also can be applied for urban maglev use and has been proposed for the New York City subway system, which uses the same gauge rail as the guideway being constructed on O'ahu. That is the key for conversion here because the existing structure can be fully used.

The costs folio prepared at UH was presented to city officials and to the Honolulu Authority for Rapid Transportation (HART). Its specific details are summarized as follows:

Costs incurred or contracted that are associated with the current project:	\$2,048.97 million
Conversion of ten guideway miles and costs associated with maglev:	\$328.86 million
Completion of the maglev guideway, maglev rail cars, and stations:	\$1,552.98 million
Right-of-way, transit center, professional services, and finance costs:	\$1,816.00 million
New overhead costs of 10% for some elements of the above:	\$113.52 million
Total for full conversion to Maglev 2000 —	\$5,860.33 million

Each element of the above costing was described in detail in the folio. The cost estimates in this study were approved by Dr. Powell and his team in a three-page letter that, if desired, can be made available to the legislators.

Aside from the overall construction cost, the amount for operations and maintenance (O&M) must be addressed. HART has indicated that the first full year rail O&M costs would be \$126 million. Those costs must come from local taxpayers and passengers because federal guidelines state that municipalities with populations that exceed 200,000 are not eligible for federal O&M support. Fare box revenues, by City Council resolution, can only cover 27 to 33 percent of O&M. Most maglev experts use one third of the cost of steel wheels as the figure for maglev O&M. Using a conservative estimate of forty percent, a straight-up comparison between steel wheels and maglev, with zero inflation for 30 years, would mean savings of \$2.23 billion. At two percent inflation, the figure would be \$3 billion, a lot of money that can be better spent on necessities and even some luxuries than on a cost-ineffective steel wheels system.

While we continue pushing for a last-century system, other nations charge ahead with urban maglev. China offers the strongest example, with an operational system in Changsha, one going operational in Beijing later this year, and plans for maglevs in more than ten large- and middle-sized cities. They also have tested an urban system at 75 mph heading towards 100 mph tests, speeds also attainable with Maglev 2000 technology. With sufficient distance between stations on, for example, extensions to the current plan, the “R” in HART may someday actually stand for “Rapid.” It also should be pointed out that beam switching—used reliably, for example, in the Nagoya urban maglev for more than a decade for train re-positioning at the end of the guideway—could be employed at designated stations on O’ahu to enable rush hours express service (i.e., by bypassing local stations with short additions of added guideway).

The alignment extensions that would be built for the City Council’s locally preferred alternative (LPA) may never be seen because of the continually escalating costs of the current project. What candidate for future office will address rail extensions in his or her campaign when faced with a project that is already double in cost from the 2012 FFGA—and with virtually nobody on O’ahu believing it will be completed for (only?) \$10 billion? The developers and union leaders “slavishly” backing this project as best for their “bottom lines” and jobs will have a hard time finding support for an LPA. The money well is likely to dry up quickly when local candidates shun rail extensions in any 2018 or 2020 campaign—just as three members of our Congressional delegation avoid taking any current position on rail while one, Representative Colleen Hanabusa, calls for an audit rather than showing support. Without an LPA, there will be no new transit-oriented developments (TODs) outside the 20-mile alignment and there will be no continued construction jobs once the guideway and stations are finished.

If, instead, conversion to maglev is directed and proceeds smoothly within (new and lower) budget projections, the dialog for service to key ridership areas such as UH-Manoa, Waikiki, and West Kapolei will find renewed interest. An approved LPA will enable new TODs and continue construction and other rail-related jobs for another 12 miles of guideway. With an immediate “change of course” to maglev, a total plan for an LPA extended past West Kapolei to Ko Olina could be realized for less than \$8 billion, providing a 32-mile system, 35 four-car trains, and 31 stations. It also should be noted that the 12 new miles would qualify for additional federal funding under the New Starts program.

Perhaps the boards of directors for “Move Oahu Forward” and “Friends of Rail” should be placing advertisements for not only a comprehensive review of rail finances but also for a full evaluation of ALL alternatives to steel wheels on steel rails.

The question for each senator and each representative is: Are you willing to give the city the funding authorities it needs to continue “throwing good money after bad” or are you ready to call for a pause and a full re-evaluation of the technology, with a result that might lead O’ahu mass transit into the 21st Century on a cushion of air with the most operationally superior and cost-effective rail transit system for O’ahu. Your ROLL CALL vote will have two consequences: the future direction taken for the rail transit system, and the future for you in your next electoral campaign. Do the right thing. Mahalo and Aloha.

Attachment F to Financial Accountability for Rail Mass Transit Association Synopsis

Testimony of Barbara Hudman

My father was president of a local business, the Associated Masons, when the masons' union was led by Art Rutledge. Despite the workers doing their jobs correctly and earning praises and compliments for their efforts, the union threatened to put the Associated Masons out of business. The main issue was that my father was a non-union sub-contractor.

To this day, the unions continue trying to control all aspects of business and the workforce on O'ahu. They take their directions from leaders who determine what its members will say and what they will do. Are all of the union members, for example, pleased with so much of their dues being spent for all of the advertisements supporting the rail project? If this project is killed, because of its poor management and cost overruns, they may not have the continuous jobs they anticipate.

The State Legislature must demand that this rail project be subjected to a full, comprehensive, forensic audit.

Attachment G to Financial Accountability for Rail Mass Transit Association Synopsis

Testimony of Jack De Feo

The term “boondoggle” best describes the rail project. The people must organize to reduce the flow of our tax dollars. Our political leadership did not allow alternatives, having an apparent goal to continue the runaway development along both sides of the rail guideway.

It should be noted that our political representatives believe that we are too stupid to figure out the “shell game” they are playing with our taxes. We, the people, must rise up and take control of our destiny and we will hold you, our elected representatives fiscally responsible. You must demand a forensic audit of the rail project.

Attachment H to Financial Accountability for Rail Mass Transit Association Synopsis

Testimony of Calvin Hulihe'e

The state, the city, and all organizations associated with those entities directly (worker union lobbies, businesses, etc.) or indirectly (state and city government workers) have not been conducting the rail project truthfully, legally, honestly, and within the parameters of international law. You must act legally and constitutionally. Follow the law.

From: [Marcia Linville](#)
To: [WAM-InPerson](#)
Subject: SB 4
Date: Saturday, August 26, 2017 1:11:56 AM

WAM
SB 4
Aug 28, 3:00

Senator Dela Cruz and members of the Committee

I am Marcia Linville, speaking in support of SB 4.

It is my understanding that this Bill among other things, mandates the auditing of HART and exploration of more locally acceptable variations to the presently proposed elevated rail system through downtown historic Honolulu. I have been told that contracts for work beyond Middle Street have not been finalized. The majority of opposition to the present proposal is to the destruction it will create in the downtown area.

The proposed final end of rail is Ala Moana, a bus terminal. Middle Street is also a bus terminal. Ending the HART elevated rail line at the Middle St. Bus Terminal and developing that terminal to create a system of Express Buses to connect with Honolulu Bus Terminal and the Ala Moana Bus Terminal would provide a far less expensive and more comprehensive and useful mass transport system than the presently proposed system. It would, if considered as part of the proposed mass transit system funding, provide the funding for the improvement of the express bus ways on our highways and the synchronization and facilitation of traffic improvements on our streets that have been long needed.

The need for a continuing audit of HART is self evident. Not only are the unexplained ballooning costs unacceptable, the continuing costs to the tax payers will be extremely detrimental to other aspects of public service. There is also no way to guarantee that the rail would have the anticipated ridership and may be unable to contribute the expected revenues.

Ending the elevated rail at the Middle Street Bus Terminal and using the resulting savings to create a modern comprehensive flexible mass transit system will enable us to request additional federal funding in future to address the future changing transportation needs. We need to have and be able to display a success. We cannot do that with the present situation at HART.

Thank you for the opportunity to speak on this very important issue.

Marcia Linville M.S.

Date: August 28, 2017

To: Senator Dela Cruz, Chair and Senator Keith- Agaran, Vice Chair
and members of Committee on Ways and Means

From: Christine Trecker

Subject: SB 4 Relating to Government

Please let common sense prevail and vote “NO” to SB 4 to extend rail funding.

The rail project:

- is wildly over budget, terribly managed and we have every reason to believe this will continue;
- won't relieve traffic congestion (according to the City's EIS projections);
- will barely increase the use of mass transit (according to the City's EIS projections);
- will leave an ugly scar on the beauty of Oahu; and
- is an overkill transit solution for a population of less than 1 million. There are smarter, more affordable traffic solutions.

I urge you to resist the strong pull of political considerations and pressure, and instead do the right thing for the citizens you serve. **Vote “NO” to more rail funding and require an independent forensic audit of the project be conducted.**

Thank you for the opportunity to testify.

From: [John Brizdle](#)
To: [WAM-InPerson](#)
Subject: Testimony of John Brizdle for SB 4 - Further Rail Funding - Strongly Oppose
Date: Sunday, August 27, 2017 2:46:15 PM

Please vote against SB 4 - Relating to further rail funding.

Our State Legislators should vote "No" on this bill because:

They do not know how much the GET surcharge costs each of us. It is not fair or "Pono" to create a tax when you do not know how much it actually costs the taxpayers.

They do not know how much our property taxes will need to go up to pay for the annual operating expenses for rail. Now that "GET Forever" is off the table, only additional Oahu property taxes can supply the needed over 100 million dollars annually for rail operations.

They do not have good understanding of rail ridership or lack of ridership. The rail ridership numbers you see and hear are Parsons Brinckerhoff estimates from over 7 years ago. These estimates have never been explained and examined by the public. I have read the make-up of these numbers and believe there is little chance these ridership estimates will actually prove to be correct. We are building a lonely guideway.

And, there cannot be a price tag on building rail in downtown Honolulu because of the known risks - outlined by the city and HART in 2011. This 50 page Risk Report has been hidden from view by HART. If you read it, you find multiple risks that the FTA and the city agree are 90% sure to happen and each time they happen, there may be a construction delay of up to 12 months.

It is time for a "Pause" - we need an audit and a look at alternatives. The FTA understands our situation better than the legislators because their project manager engineers have been sending them reports for many years. The FTA and the FHA understand alternative options for us that they are funding all over the country. We are the only community that is building a new elevated heavy rail system.

Finally, for the pro-rail constituents that are only interested in TODs and housing, the good news is that TODs can be built around any "Quality Transit" service - Heavy Rail, Light rail, or Bus. We can stop the guideway at any point and still have TODs anywhere we want on Oahu.

The city and HART have not been transparent about this project. If they were, you would have much more information about the topics above.

Please vote no on the rail funding bill - SB 4

Thank you very much,

John

John Brizdle

[808-286-1212](tel:808-286-1212)

Palolo Valley

TO: Members of the Senate Committee on Ways & Means

FROM: Natalie Iwasa (7 pages)
808-395-3233

HEARING: 3 p.m. Monday, August 28, 2017

SUBJECT: SB 4, Related to Rail Funding and Oversight - **OPPOSED**

Aloha Chair Dela Cruz and Committee Members,

Thank you for your hard work on this bill. While I appreciate the inclusion of additional state oversight, I oppose additional funding for this monstrosity. No more funds should be provided to fund rail construction until the following are done:

- 1) **A forensic audit or investigation;**
- 2) **A plan to pay for O&M is provided. The plan should include costs, ridership and revenue sources as well as the underlying assumptions; and**
- 3) **Serious consideration of all reasonable options.**

Why A Forensic Audit?

HART's Numbers Continue to be Incomplete and Incorrect

HART released updated projections that included the TAT, surcharge extension, reduction of the state administrative fee and city payment of administrative expenses. The two spreadsheets:

- Include footing errors, e.g., Total Revenue adds up to \$8,493 and \$8,845 on pages 1 and 2 respectively, but the amounts on the spreadsheets are \$8,570 and \$8,922 respectively. Why is there a difference of \$77 million?
- The Honolulu City Council (Council) resolution authorizing G.O. bonds includes the requires a \$35 million reserve fund. That amount appears to be missing from the spreadsheets. (Note that the \$140 million included on the Debt Reserve item is the amount required by the Full Funding Grant Agreement.)
- The Council authorized a bond issuance of \$350 million for this fiscal year, but the spreadsheets include about \$40 million more than that. Why is the amount different?
- The actual Other revenue to 2017, \$7 million, is understated by at least \$5 million.
- Debt repayment is higher than debt proceeds.

2016 City Audit Results Indicate a Need for More than a Performance Audit

From the *Honolulu Star-Advertiser*, “Auditor says probe of rail agency raised red flags”:

- “We found that the internal controls were so weak, that if fraud, waste or abuse were to occur, HART and (others) would not have detected it, could not prevent it, and could not have taken corrective action, if it had occurred,” Young said at a Council Budget Committee meeting Wednesday.
- And while he found no evidence of fraud while conducting an audit of the Honolulu Authority for Rapid Transportation last spring, “the red flags were there” to suggest there may have been
- If former HART Executive Director Dan Grabauskas were still in charge, Young said, he would recommend a forensic audit or investigation be conducted either by prosecutors or police.

Weaknesses in internal control often directly contribute to fraud, according to the Association of Certified Fraud Examiners (ACFE).

Project Rife with “Incestuous Relationships”

On July 11, 2012, Dave Shapiro of the Honolulu Star-Advertiser (commentary attached) wrote about various relationships that raise serious questions about the rail project. For example, several city employees had ties to Ansaldo, which has a \$1.4+ billion contract to provide cars and operations and maintenance. Prior to and up to the time that contract was signed, Ansaldo was owned by Finmeccanica. Finmeccanica is fraught with corruption and fraud – its ex-CEO was found guilty of corruption and sentenced to jail. Other investigations of fraud within that firm are ongoing.

According to the ACFE, when collusion is involved, median losses due to fraud increase substantially.

Important Considerations in Forensic Auditing

Tips are the consistently the most frequent reasons frauds are found. According to the ACFE’s *2016 Report to the Nations on Occupational Fraud and Abuse*, 47.3% of frauds were initially detected via tips with organizations that had tip lines vs. 28.2% of frauds where tip lines were not available. In addition, frauds initially detected by outside auditors were only about 6% in organizations that did not have tip lines.

A tip/whistleblower hotline should be implemented for HART, regardless of the type of audit you decide to require. A successful tip hotline is well published, open to the public and allows for anonymous tips. To get started, here are a couple of articles that provide

good information on tip hotlines:

- *Assessment for Establishing a Whistleblower Hotline* by the City of Sacramento. (Put the title in a search bar. The pdf will download after you click on the title.)
- *Best Practices in Ethics Hotlines* found at [http://www.clubtaxnetwork.com/index.cfm?ID=184&Download=\(1%5B%2257B%26%2FQM%20%20%0A&f=207](http://www.clubtaxnetwork.com/index.cfm?ID=184&Download=(1%5B%2257B%26%2FQM%20%20%0A&f=207).

A forensic audit should start with the city auditor's report as well as discussions with former board members, employees and vendors. Some questions that should be considered in a forensic audit include the following:

- What policy and protocols did the project have regarding inappropriate relationships or disclosure of relationships, and how they should be treated within a bid / contract award process?
- Were there any deviations from the contract / bid award protocols? Were they documented?
- Were any of the deviations approved by independent management?
- How were city employees involved in the bid / contract award process?
- Were contractors approached by any project employees prior to or during the contract / bid award process? If so, why, when, how and what was discussed?

Note that the audit/investigation should go back to years when rail was under the city.

If fraud, waste or abuse has occurred, taxpayers should be made whole, and the only way to find out if it has occurred is to specifically look for it.

A Plan for Operations and Maintenance

A decision to extend the rail surcharge or add funding without considering how operations and maintenance will be paid and what assumptions were used in arriving at those costs would be irresponsible. This project has historically been led by funding with planning coming a distant second. It's time to stop that process and require that a plan be provided and assumptions reviewed for reasonableness. The current projected cost of \$140 million annually (mentioned by the consultant who prepared the public-private partnership report) is more than 10% of real property taxes.

Please stop the funding, at least for now, support the implementation of a tip hotline and forensic audit.

STRESSED

(\$ in millions)	Fiscal Years																
	Total	Actuals to 2016	(A) 2017	Est. 2018	Est. 2019	Est 2020	Est. 2021	Est. 2022	Est. 2023	Est. 2024	Est. 2025	Est. 2026	Est. 2027	Est. 2028	Est. 2029	Est. 2030	Est. 2031
Beginning Cash Balance	\$298	\$298	\$95	\$22	\$24	\$24	\$24	\$20	\$19	\$20	\$24	\$8	(\$302)	(\$466)	(\$606)	(\$732)	(\$845)
Project Funding Sources:																	
G.E.T. Surcharge	\$5,825	\$1,320	\$226	\$242	\$262	\$273	\$281	\$289	\$298	\$307	\$316	\$326	\$335	\$345	\$356	\$367	\$282
Federal Grant	1,550	569	209	28	219	235	290	-	-	-	-	-	-	-	-	-	-
TAT Revenues	954	-	-	28	59	61	63	66	68	71	74	77	80	83	87	90	47
City Offset of Admin Costs	157	-	-	14	27	24	23	21	17	13	10	3	6	-	-	-	-
All Other	7	6	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	\$8,570	\$1,895	\$436	\$323	\$589	\$614	\$680	\$376	\$383	\$391	\$400	\$406	\$421	\$429	\$442	\$457	\$328
Debt Proceeds																	
TECP (net) Max \$350 m	\$2,544	\$0	\$130	\$382	\$285	\$350	\$350	\$350	\$350	\$347	-	-	-	-	-	-	-
Variable Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Rate Bonds	4,525	-	-	390	401	346	660	948	592	433	755	-	-	-	-	-	-
Less Issuance Costs	(1)	-	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Proceeds	\$7,068	\$0	\$129	\$773	\$685	\$696	\$1,010	\$1,298	\$942	\$780	\$755	\$0	\$0	\$0	\$0	\$0	\$0
Total Project Sources	\$15,638	\$1,895	\$565	\$1,096	\$1,274	\$1,310	\$1,690	\$1,674	\$1,326	\$1,171	\$1,155	\$406	\$421	\$429	\$442	\$457	\$328
Project Uses:																	
Construction	\$6,122	\$1,362	\$494	\$521	\$574	\$665	\$893	\$788	\$384	\$204	\$144	\$91	\$3	-	-	-	-
Design	231	155	18	33	11	3	2	2	2	2	1	-	-	-	-	-	-
ROW / Utilities	729	172	33	127	133	105	74	35	35	15	-	-	-	-	-	-	-
Program-Wide	439	241	18	11	13	18	24	30	28	26	19	10	2	-	-	-	-
HART / City	281	88	23	27	27	24	23	21	17	13	10	3	6	-	-	-	-
Planning	89	79	2	4	2	0	0	0	-	-	-	-	-	-	-	-	-
Project Costs	\$7,891	\$2,098	\$587	\$723	\$761	\$815	\$1,018	\$876	\$466	\$259	\$174	\$104	\$10	\$0	\$0	\$0	\$0
Project Contingency	274		-	-	-	0	16	42	63	63	55	30	4	-	-	-	-
10% Capital Cost Conting	548		-	72	76	82	103	92	53	32	23	13	1	-	-	-	-
Total Project Costs	\$8,713	\$2,098	\$587	\$795	\$837	\$897	\$1,137	\$1,010	\$582	\$354	\$253	\$147	\$16	\$0	\$0	\$0	\$0
Debt Service:																	
Variable Principal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fixed Principal	4,543	-	-	21	46	71	123	207	271	330	439	457	475	495	515	536	557
CP Retirement	2,544	-	50	113	350	285	350	350	350	350	347	-	-	-	-	-	-
Subtotal Principal	\$7,088	\$0	\$50	\$134	\$396	\$356	\$473	\$557	\$621	\$680	\$786	\$457	\$475	\$495	\$515	\$536	\$557
Variable Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fixed Interest	1,046	-	-	22	36	52	79	105	117	127	130	112	94	74	54	33	11
CP Interest	35	-	1	3	5	5	4	3	5	6	2	-	-	-	-	-	-
Subtotal Interest	\$1,080	\$0	\$1	\$25	\$41	\$58	\$83	\$108	\$122	\$133	\$132	\$112	\$94	\$74	\$54	\$33	\$11
Establish Debt Reserve	\$140	\$0	\$0	\$140	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Release Debt Reserve	(140)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(140)
Debt Service Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	\$8,168	\$0	\$51	\$299	\$437	\$414	\$556	\$665	\$743	\$812	\$918	\$569	\$569	\$569	\$569	\$569	\$429
Total Project Uses	\$16,881	\$2,098	\$638	\$1,094	\$1,274	\$1,310	\$1,693	\$1,676	\$1,325	\$1,167	\$1,171	\$716	\$585	\$569	\$569	\$569	\$429
Net Current Change	(\$1,243)	(\$203)	(\$73)	\$2	\$0	\$0	(\$3)	(\$1)	\$1	\$4	(\$16)	(\$310)	(\$164)	(\$140)	(\$126)	(\$112)	(\$100)
Ending Cash Balance	-\$945	\$95	\$22	\$24	\$24	\$24	\$20	\$19	\$20	\$24	\$8	-\$302	-\$466	-\$606	-\$732	-\$845	-\$945

General Assumptions:

- General excise tax (GET) share changed from 90/10 to 99/1.
- GET growth rate 3.0%
- Fixed rate debt at 4% interest per annum.
- Debt principal amortization from first month of issuance.
- Debt matures at GET sunset.
- Federal grant draw down totaling \$743 million suspended from August 2017 to June 2018. Draw down anticipated to resume in July 2018.
- Total project cost at \$8,165 billion.

Assumptions specific to this Model:

- General excise tax sunsets on December 31, 2030.
TAT begins 1/1/2018 and sunsets December 31, 2030
- TAT revenues grow at 4% per year
- Additional 10% increase on all remaining capital costs
- City picks up remaining HART Admin costs from 1/1/2018

(A) Actual through 4/30/2017; projected May-June 2018

STRESSED

(\$ in millions)	Fiscal Years																
	Total	Actuals to 2016	(A) 2017	Est. 2018	Est. 2019	Est 2020	Est. 2021	Est. 2022	Est. 2023	Est. 2024	Est. 2025	Est. 2026	Est. 2027	Est. 2028	Est. 2029	Est. 2030	Est. 2031
Beginning Cash Balance	\$298	\$298	\$95	\$22	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$25	(\$235)	(\$343)	(\$422)	(\$480)	(\$517)
Project Funding Sources:																	
G.E.T. Surcharge	\$5,825	\$1,320	\$226	\$242	\$262	\$273	\$281	\$289	\$298	\$307	\$316	\$326	\$335	\$345	\$356	\$367	\$282
Federal Grant	1,550	569	209	28	219	235	290	-	-	-	-	-	-	-	-	-	-
TAT Revenues	1,306	-	-	29	63	68	74	79	86	93	100	108	117	126	136	147	79
City Offset of Admin Costs	157	-	-	14	27	24	23	21	17	13	10	3	6	-	-	-	-
All Other	7	6	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	\$8,922	\$1,895	\$436	\$324	\$593	\$621	\$690	\$390	\$401	\$412	\$426	\$437	\$458	\$472	\$492	\$514	\$361
Debt Proceeds																	
TECP (net) Max \$350 m	\$2,513	\$0	\$130	\$382	\$280	\$345	\$355	\$350	\$350	\$321	-	-	-	-	-	-	-
Variable Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Rate Bonds	4,393	-	-	389	400	338	645	931	566	422	701	-	-	-	-	-	-
Less Issuance Costs	(1)	-	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Proceeds	\$6,904	\$0	\$129	\$771	\$680	\$683	\$1,000	\$1,281	\$916	\$743	\$701	\$0	\$0	\$0	\$0	\$0	\$0
Total Project Sources	\$15,826	\$1,895	\$565	\$1,096	\$1,273	\$1,304	\$1,690	\$1,670	\$1,317	\$1,156	\$1,127	\$437	\$458	\$472	\$492	\$514	\$361
Project Uses:																	
Construction	\$6,122	\$1,362	\$494	\$521	\$574	\$665	\$893	\$788	\$384	\$204	\$144	\$91	\$3	-	-	-	-
Design	231	155	18	33	11	3	2	2	2	2	1	-	-	-	-	-	-
ROW / Utilities	729	172	33	127	133	105	74	35	35	15	-	-	-	-	-	-	-
Program-Wide	439	241	18	11	13	18	24	30	28	26	19	10	2	-	-	-	-
HART / City	281	88	23	27	27	24	23	21	17	13	10	3	6	-	-	-	-
Planning	89	79	2	4	2	0	0	0	-	-	-	-	-	-	-	-	-
Project Costs	\$7,891	\$2,098	\$587	\$723	\$761	\$815	\$1,018	\$876	\$466	\$259	\$174	\$104	\$10	\$0	\$0	\$0	\$0
Project Contingency	274	-	-	-	-	0	16	42	63	63	55	30	4	-	-	-	-
10% Capital Cost Conting	548	-	-	72	76	82	103	92	53	32	23	13	1	-	-	-	-
Total Project Costs	\$8,713	\$2,098	\$587	\$795	\$837	\$897	\$1,137	\$1,010	\$582	\$354	\$253	\$147	\$16	\$0	\$0	\$0	\$0
Debt Service:																	
Variable Principal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fixed Principal	4,410	-	-	21	46	71	121	204	266	322	424	442	460	478	498	518	539
CP Retirement	2,513	-	50	113	349	280	350	350	350	350	321	-	-	-	-	-	-
Subtotal Principal	\$6,923	\$0	\$50	\$134	\$396	\$350	\$471	\$554	\$616	\$672	\$745	\$442	\$460	\$478	\$498	\$518	\$539
Variable Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fixed Interest	1,019	-	-	22	35	52	78	103	114	124	126	109	91	72	52	32	11
CP Interest	34	-	1	3	5	5	4	3	5	6	2	-	-	-	-	-	-
Subtotal Interest	\$1,054	\$0	\$1	\$25	\$40	\$57	\$82	\$107	\$119	\$129	\$128	\$109	\$91	\$72	\$52	\$32	\$11
Establish Debt Reserve	\$140	\$0	\$0	\$140	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Release Debt Reserve	(140)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(140)
Debt Service Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	\$7,977	\$0	\$51	\$299	\$436	\$407	\$553	\$660	\$735	\$801	\$873	\$550	\$550	\$550	\$550	\$550	\$410
Total Project Uses	\$16,690	\$2,098	\$638	\$1,094	\$1,273	\$1,304	\$1,690	\$1,670	\$1,317	\$1,156	\$1,126	\$697	\$566	\$550	\$550	\$550	\$410
Net Current Change	(\$864)	(\$203)	(\$73)	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$1	(\$260)	(\$108)	(\$79)	(\$58)	(\$37)	(\$49)
Ending Cash Balance	-\$566	\$95	\$22	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$25	-\$235	-\$343	-\$422	-\$480	-\$517	-\$566

- General Assumptions:**
- General excise tax (GET) share changed from 90/10 to 99/1.
 - GET growth rate 3.0%**
 - Fixed rate debt at 4% interest per annum.
 - Debt principal amortization from first month of issuance.
 - Debt matures at GET sunset.
 - Federal grant draw down totaling \$743 million suspended from August 2017 to June 2018. Draw down anticipated to resume in July 2018.
 - Total project cost at \$8,165 billion.

- Assumptions specific to this Model:**
- General excise tax sunsets on December 31, 2030.
TAT begins 1/1/2018 and sunsets December 31, 2030
 - TAT revenues grow at 8% per year**
 - Additional 10% increase on all remaining capital costs
 - City picks up remaining HART Admin costs from 1/1/2018

(A) Actual through 4/30/2017; projected May-June 2018

Questionable connections litter embattled rail project

- Honolulu Star-Advertiser
- 11 Jul 2012
- DAVID SHAPIRO ——— Reach David Shapiro at volcanicash@gmail.com or blog.volcanicash.net.



Councilman Nestor Garcia's \$6,500 ethics fine for voting 52 times in favor of rail without disclosing his \$60,000-a-year job with the pro-rail Kapolei Chamber of Commerce highlighted a pattern of ethically troubling associations surrounding the \$5.26 billion rail project.

Garcia had another \$30,000-a-year side job as a part-time safety officer for Dura Constructors.

Dura's principal is Tom Enomoto, who was listed as the "responsible managing employee" for Ansaldo Honolulu when the company was fighting last year to nail down a \$1.4 billion contract to provide rail cars for the system.

Ansaldo seemed to have the inside track on the rail car contract from the start despite the deep financial troubles of its Italian parent Finmeccanica, a spotty performance record in other cities and its lack of necessary Hawaii licenses.

What Ansaldo did have was local political connections: In addition to Enomoto, Ansaldo listed Jeff Coelho, city managing director under former Mayor Mufi Hannemann, as a company executive and Carolyn Tanaka, Hannemann's spokeswoman when he ran for governor, as the company's spokeswoman.

As the Ansaldo contract came to a head before the Honolulu Authority for Rapid Transportation, HART board member Ivan LuiKwan disclosed to the Ethics Commission that Ansaldo had asked another partner at his law firm to be its legal counsel.

The Ansaldo contract was steered through the HART board by its finance chair- man, Don Horner, then the CEO of First Hawaiian Bank, whose French parent company, BNP Paribas, has major financial ties to Finmeccanica.

First Hawaiian discounted any conflict of interest by arguing that BNP Paribas had business ties to all three bidders on the rail car contract.

But when asked to document that the level of business with the three bidders was comparable, First Hawaiian declined to provide information on the relative values and risks of the loan portfolios, citing "a moral obligation to maintain customer privacy."

First Hawaiian, which like other Hawaii banks stands to do lucrative business underwriting transit-oriented development, has since doubled down on its influence on HART by hiring the board chairwoman, Carrie Okinaga, for the bank's legal staff and quickly promoting her to general counsel.

Another ongoing conflict got cozier last week when HDR Engineering Inc., which has a \$5.5 million contract to design three West Oahu rail stations, announced it was purchasing InfraConsult LLC, which has a \$36.7 million city contract to manage the rail project and oversee design contracts such as HDR's.

If that's not incestuous enough for you, InfraConsult was originally formed by three executives from Parsons Brinckerhoff, which has engineering contracts for Honolulu rail potentially worth more than \$400 million.

City Transportation Director Wayne Yoshioka worked for Parsons Brinckerhoff on the Honolulu rail project before joining the city, and his wife still works there.

From: [Lawrence Friedman](#)
To: [WAM-InPerson](#)
Subject: WAM HEARING SB4 Monday 8/28/2017
Date: Saturday, August 26, 2017 8:17:53 PM

TO: COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

I to stress that if this legislation is, NO ADDITIONAL MONIES should be appropriated by the state or city towards rail ever again in the future! The elephant in the room that no one wants to talk about is how ongoing operations of rail will be paid for. It is a fact that rail, once operational will be an ongoing burden to the tune of an additional \$150M+ each and every year. There are no plans in place to address this shortfall.

The State Legislators have worked hard to identify and project additional revenue through the GET extension and TAT increase to close the rail funding gap.

But that additional revenue isn't enough in the Mayor's close-minded opinion. The Mayor is angry because the state has identified and is imposing budget cuts to the rail program in order to contain costs. He is also upset with the State having oversight by validating construction invoices before releasing monies from this additional funding under consideration.

Perhaps if Caldwell had NOT WALKED OUT of the informational briefing on August 14, the State Legislators would have had more of their questions adequately answered and the proposed funding would be more in Caldwell's favor. But NO, he didn't see fit to clear his schedule and chose to attend another meeting. What other issues are on his plate that are more urgent? Caldwell obviously cannot prioritize appropriately nor can he exercise sound judgement.

Why aren't legitimate alternative revenue streams being considered? Participating in the lottery and imposing a tax on legalized marijuana would more than cover the rail funding gap. They are proven steady income streams that do not suffer from economic fluctuations nearly as much as most discretionary spending and tourism.

I commend the State Legislators on their efforts. It couldn't have been straightforward to look under the covers and try to figure out the rail finances. I strongly urge your support for a forensic audit of operations, finances and management, realizing HART board member Ember Shinn doesn't believe any audit is necessary.

Sincerely,
Lawrence Friedman
808 629-9426



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii-tourism-authority.org

David Y. Ige
Governor

George D. Szigeti
President and Chief Executive Officer

Statement of
George D. Szigeti
Chief Executive Officer
Hawai'i Tourism Authority
on
SB4 Relating to Government
Senate Committee on Ways and Means
Monday, August 28, 2017
3:00 p.m.
Auditorium

Chair Dela Cruz, Vice-Chair Keith-Agaran, and Committee Members:

The Hawai'i Tourism Authority (HTA) offers the following **testimony strongly opposing any increase of the Transient Accommodations Tax (TAT) as a source of rail funding** through SB4 Relating to Government. Given the various interests and concerns surrounding the issue, we recognize the importance of increased dialogue between the various stakeholders involved. HTA appreciates the Legislature's efforts to address the need for secure funding for Honolulu's rapid transit project.

HTA opposes any increase of the TAT. Stability in the visitor industry is critical to a healthy visitor economy. Many stakeholders in the state's largest and most critical industry are concerned that changes to the industry's taxation structure will harm the industry by forcing our visitors to bear an additional tax burden, which will drive travelers to competing locations and makes it more difficult to maintain the state's competitive position in the marketplace. Developing destinations, such as those in Mexico, the Caribbean, and Puerto Rico, also offer sun, sand, and surf, but for a much lower price than Hawai'i because they often receive substantial government subsidies. Considering the already high cost of visiting Hawai'i and the great distance for travel, our visitor industry already has its hands full.

Together with government officials, industry stakeholders and community partners, HTA has a common goal to ensure that Hawai'i's visitor industry remains successful and viable. From marketing Hawai'i worldwide, HTA knows firsthand that Hawai'i faces stiff competition from other global destinations in a volatile industry. As Hawai'i competes in the global tourism market, ensuring safe, enjoyable, and affordable visitor experiences is critical. Keeping taxes at their current rates is necessary to ensure that Hawai'i vacations remain attractive. Raising taxes on visitors would be counter-productive for the state.

Mahalo for the opportunity to oppose any TAT increase as a source of rail funding.



ALA MOANA-KAKA'AKO NEIGHBORHOOD BOARD NO. 11

NEIGHBORHOOD COMMISSION • 925 DILLINGHAM BOULEVARD, SUITE 160 • HONOLULU, HAWAII, 96817
PHONE (808) 768-3710 • FAX (808) 768-3711 • INTERNET <http://www.honolulu.gov/nco>

August 26, 2017

Hawaii State Legislature
Senate Committee on Ways and Means
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Senators Dela Cruz, Keith-Agaran, and Committee Members:

Re: S.B. No. 4 Relating to Government
Legislative Funding to Complete the Rail Project to Ala Moana

The Ala Moana-Kakaako Neighborhood Board No. 11 **supports** completion of the rail line and stations to Ala Moana Center as planned, and urges the State Legislature to provide sufficient funding to do so.

The Board adopted this motion at its regular meeting on Tuesday, August 22, 2017, by a vote of 6-0-2.

If you have any further questions regarding this matter, please contact our Neighborhood Board Assistant, Mr. K Russell Ho at kho4@honolulu.gov or 768-3715. Thank you for your consideration.

Sincerely Yours,

A handwritten signature in black ink, appearing to read "Ryan Tam", is written over a horizontal line.

Ryan Tam
Chair, Ala Moana-Kakaako Neighborhood Board No. 11

August 25, 2017

Via email: WAM-WrittenOnly@capitol.hawaii.gov

Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Committee on Ways and Means
415 South Beretania Street
Honolulu, Hawaii 96813

RE: SB1 Relating to Transportation Financing
Hearing on August 28, 2017 at 11:30 a.m.

Dear Senators Dela Cruz and Keith-Agaran:

My name is Kelvin Bloom. I am the Chief Executive Officer and Manager of Aqua-Aston Hospitality, LLC, which manages numerous hotels and resorts in the State of Hawaii.

Aqua-Aston Hospitality **strongly opposes** SB1 Relating to Transportation Financing as it would increase the transient accommodations tax to 10.25% for a twelve year period, commencing January 1, 2018 and terminating December 31, 2030.

The transient accommodations tax was established to finance the collective marketing of Hawaii tourism through the Hawaii Tourism Authority, construction and maintenance of the Hawaii Convention Center, and aid to the counties to address tourism-related impacts. Over the years, it has steadily increased over strong objection from its original 5% to the current 9.25%. However, practically none of the increase has gone to the HTA, the Hawaii Convention Center or the counties. The visitor industry already pays a highly disproportionate share of increased non-visitor industry expenses. Now the legislature wants to increase the transient accommodations tax to fund a mass transit special fund.

The visitor industry is already severely underfunded. The health of the visitor industry does not just affect hotels and resorts, it affects the entire State. The Hawaii Tourism Authority, the lead state agency for tourism, needs more funds in order to continue to develop and implement the State's tourism marketing plan and efforts, and to continue to develop and support programs which enhance and showcase Hawaii's people, place and culture in order to deliver an incomparable visitor experience. Sand erosion mitigation measures are needed to protect our beautiful beaches and to protect our beach users from dangerous conditions. Our streets, sidewalks and walkways are potholed and falling apart, making them very dangerous and difficult for our residents and guests to use. Our airports are in disrepair despite being the first interaction that our guests have upon arriving to the State of Hawaii and the final impression as they leave. The list goes on and on. How can it be deemed reasonable to increase the transient accommodations tax to fund a mass transit special fund when there are numerous other issues directly affecting the visitor industry which should be funded as well?

Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
August 25, 2017
Page 2

If the legislature truly desires to exact more tax revenue from Hawaii's visitor industry, it should focus on the untaxed and unregulated alternative vacation rental units. The failure of the state and county to apply the same rules to these alternative vacation rental units is resulting in the loss of hundreds of millions of dollars in tax revenue.

Aqua-Aston Hospitality cannot accept any funding mechanism for a mass transit special fund that involves an increase in the transient accommodation tax.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kelvin Bloom', with a stylized flourish at the end.

Kelvin Bloom

The Twenty-Ninth Legislature
Special Session 2017

THE SENATE

Committee on Ways and Means
Senator Donovan M Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
State Capitol, Auditorium
Monday, August 28, 2017; 11:30 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON SB 1
RELATING TO TRANSPORTATION SERVICES**

The ILWU Local 142 **strongly supports** S.B. 1, because it provides necessary funding to complete the Rail Project for the Island of Oahu. The rail project is the single largest capital improvement project in the State's history. Given the current financial shortfall, the Special Session now scheduled to begin on August 28, 2017, is the reasonable and responsible approach to resolving this issue. Given the financial resources and time that has been invested, and the fact that a substantial part of the Rail Project has already been completed, establishes strong justification for the Legislature to agree to a funding mechanism that will resolve this financial shortfall.

We acknowledge that there have been differing well-meaning proposals as to how best to provide for sufficient funding to complete this important project and to accommodate concerns regarding getting the job done in a responsible and cost effective manner. However, it is our belief, that without a solution to the funding shortfall, there will be no completed rail project and other concerns will become moot. Funding is first.

It would make no sense to "pull the plug" on the Rail Project at this time. In addition, the longer it takes to resolve the financial issues, costs could climb further, and greater uncertainties would undermine the entire project.

The ILWU clearly understands the magnitude and difficulty of overcoming this financial challenge. Trying to reconcile all of the different perspectives that have been communicated to the Legislature, then proceeding in good faith and in a fair manner, to make the necessary judgements and the most accurate analysis, and to balance all of the interests and factors, and come out with the best call - is what true leadership is all about. We believe we have seen true leadership, and therefore we support S.B. 1.

The ILWU Local 142 strongly urges the Senate Ways and Means Committee to pass S.B. 1. Thank you for the opportunity to share our views on this important matter.



LiUNA!

TESTIMONY OF HAWAII LABORERS UNION LOCAL 368 PETER A. GANABAN – BUSINESS MANAGER/SECRETARY-TREASURER

COMMITTEE ON WAYS AND MEANS

PETER A. GANABAN
*Business Manager/
Secretary-Treasurer*

Senator Donovan Dela Cruz, Chair
Senator Gilbert S. Agaran, Vice Chair

ALFONSO OLIVER
President

NOTICE OF HEARING

JOBY NORTH II
Vice President

DATE: Monday, August 28, 2017

TIME: 3:00 pm

TONI FIGUEROA
Recording Secretary

PLACE: Auditorium

State Capitol

415 S. Beretania Street

JAMES DRUMGOLD JR.
Executive Board

TESTIMONY ON SENATE BILL 4 (SB4) RELATING TO GOVERNMENT

ORLANDO PAESTE
Executive Board

Aloha Committee Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members:

JOSEPH YAW
Executive Board

My name is Peter Ganaban, Business Manager/Secretary-Treasurer of the Hawaii Laborers Union, Local 368. The Hawaii Laborers Union, Local 368 is made up of more than **5000** men and women both working and retired across the State of Hawaii. The Hawaii Laborers Union, Local 368 **SUPPORTS** the efforts of the Legislature to fund the construction of Honolulu's Rail Project to completion (20 miles, 21 stations, 80 trains).

MARTIN ARANAYDO
Auditor

RUSSELL NAPIHA'A
Auditor

MARK TRAVALINO
Auditor

In light of the importance this project to our members livelihoods and well-being of their families, and the different scenarios for funding the City's Rail project, our members trust that whatever the funding scheme arrived at the end of this special session, that that scheme will allow our members to continue to working on the project without delay or interruption until the completion of this project.

ALFRED HUFANA JR.
Sergeant-At-Arms

In addition, this project is also critically important to our retirees many of which live on fixed incomes. All of whom depend on our working members' continued employment on the project and future transit oriented development (TOD) projects, to ensure that they keep receiving their

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www.local368.org

Feel the Power

monthly pension checks that they have worked so hard to earn over their years of membership in our great Union.

In conclusion, the Hawaii Laborers' Union, Local 368 supports all efforts made by the Legislature during this special session to fully fund the City's Rail project to completion.

Thank you for the opportunity to offer our written testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter A. Ganaban", with a long horizontal flourish extending to the right.

Peter A. Ganaban
Business Manager/ Secretary-Treasurer
Hawaii Laborers' Union, Local 368



International Brotherhood of Electrical Workers

LOCAL UNION NO. 1186 • Affiliated with AFL-CIO

1935 HAU STREET, ROOM 401 • HONOLULU, HI 96819-5003
TELEPHONE (808) 847-5341 • FAX (808) 847-2224

August 25, 2017

TO: SENATE COMMITTEE ON WAYS & MEANS

RE: TESTIMONY IN STRONG SUPPORT OF SENATE BILL 4

For Hearing on Monday, August 28, 2017, at 3:00 p.m., in the Capitol Auditorium

Honorable Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members,

The **International Brotherhood of Electrical Workers Local Union 1186** represents nearly 4,000 members working in electrical construction, telecommunications, and with Oceanic Cable. Our members include civil service employees at Pearl Harbor, Hickam, Kaneohe, and military facilities throughout Hawaii. IBEW Local 1186 also represents over 120 signatory electrical contracting companies that perform most of the electrical work in our state.

We strongly support SB 4. This legislation will help provide funds to build and finish our much-needed rail transit system to its completion at Ala Moana Center, as well as the planned rail stations that will guide the future general plan for Oahu's growth.

Recent polls show a strong majority of local residents support completing the rail project as planned. Completion of the rail project's 20 miles and 21 stations will provide much needed transportation alternatives for Oahu residents. Traffic congestion will only get worse if the project is stopped at Middle Street or if nothing is done and the project is halted. The Federal Transit Administration's Full Funding Grant Agreement will also be put in jeopardy.

Completing the rail project as planned will provide once-in-a-lifetime opportunities to address long-standing issues plaguing Oahu's affordable housing crisis. The rail project will efficiently orient Oahu's smart growth planning strategy with tens of thousands of much-needed new homes for our workforce, and for our growing population along the rail transportation corridor.

Projects the size and magnitude of the Honolulu Rail Project naturally face many difficulties, but the long term benefits of completing this investment in our future infrastructure will pay huge dividends for many generations to come. Thank you for providing us with this opportunity to submit our testimony in strong support of completing the rail project.

Mahalo and aloha,

Damien Kim

Business Manager – Financial Secretary
International Brotherhood of
Electrical Workers, Local Union 1186



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August 11, 2017

Re: Testimony in Opposition to raising the Transient Accommodations Tax or the General Excise Tax Statewide to Support the Honolulu Rail Project.

Members of the Hawai'i State Legislature:

The Kona-Kohala Chamber of Commerce is **opposed** to raising the Transient Accommodations Tax (TAT) or the General Excise Tax (GET) statewide to support the Honolulu rail project. The Kona-Kohala Chamber of Commerce stands for the equitable distribution of TAT and GET because the locale that generates these tax revenues requires a proportionate share of the distributions to support and sustain the economic activity responsible for generating the revenues in the first place. To raise TAT or GET to support the Honolulu rail project does not align with our position in support of equitable distribution of the Transient Accommodations Tax to neighbor islands. Our organization would like to see the counties of Hawai'i receive their fair share of the TAT as they deal with the impacts of the visitor industry and support financially at the local level.

The Kona-Kohala Chamber of Commerce is a 501(c)(6) non-profit organization with 510 member businesses that represent a wide range of industries in the private, non-profit, and public sectors in the Kona and Kohala regions on the West side of the island of Hawai'i. Member businesses range in size from single-owner entrepreneurs to large, multinational corporations. Our organization exists to provide leadership and advocacy for a successful business environment in West Hawai'i.

As a member organization, we work to strengthen our local economy, promote the community, and represent business interests with government. Raising the Transient Accommodations Tax or the General Excise Tax statewide to support the Honolulu rail project does not support the business interest of our members nor promotes our community, nor strengthens our local economy.

Sincerely,

A handwritten signature in black ink that reads 'Wendy J. Laros'. The signature is fluid and cursive, with a large loop at the end.

Wendy J. Laros
Executive Director, Kona-Kohala Chamber of Commerce

From: [Gayle Miyashiro](#)
To: [WAM-WrittenOnly](#)
Subject: Waikiki Resort Hotel - Glenn Vergara
Date: Friday, August 25, 2017 5:25:07 PM

Written Only Testimony of Glenn Vergara

General Manager, Waikiki Resort Hotel

Vice Chair, Hawaii Lodging & Tourism Association

IN **OPPOSITION** OF proposed legislation to increase the Hotel Transient Accommodations Tax by one percent as a funding source for the Honolulu rail transit project.

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee, thank you for allowing me to offer testimony on behalf of Waikiki Resort Hotel and fellow members who comprise the Hawaii Lodging & Tourism Association. Waikiki Resort Hotel is a 275 unit upper mid-scale property that employs 130+ employees, some who are your constituents.

It is not often that any proposed bill motivates me to write a letter, but I feel I must do so because of the potential implications to an industry that represents the state's number one economic livelihood.

We certainly understand the enormity of your responsibility to craft a legislation solution that will provide a dedicated revenue stream to fund the rail transit project and applaud your efforts in working through a very difficult and complex issue that has great importance to this island and the state.

With that said, we strongly believe that the funding should instead come from extending the general excise tax surcharge for the simple fact that the GET is broad-based, paid by both residents and visitors alike. It is relatively stable, unlike the volatility of a tax that depend on an industry that is easily impacted by many factors as we've witnessed many times over through various up and down cycles over the past few decades. Based on future bookings through the balance of this year, and early next year, we're already seeing increasing signs of softness. The same concerns are echoed among many of my industry colleagues.

We are adamant in opposing a TAT increase; one that would adversely affect our tourism industry by making a Hawaii vacation more expensive; one that makes it more difficult to compete against more affordable competing destinations; and one that makes it more difficult to compete against alternative lodging units that are not paying their fair share of taxes;

Once again, we urge you to consider our plea.

Mahalo,

Glenn P. Vergara
General Manager
Waikiki Resort Hotel



August 25, 2017

TO: The Honorable Members of the Ways and Means Committee
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

FR: The Imperial Hawaii Resort
Marilyn Verner, General Manager
Bryan Ayakawa, Resort Manager
Sam Okita, Controller

RE: August 28, 2017, Testimony in **opposition** to any increase in the transient accommodation tax (TAT)

The Imperial Hawaii Resort is a timeshare and hotel resort located in Waikiki. We currently have 8,653 owners who already pay property tax as a part of their maintenance fee. When visiting Hawaii, our owners also rent additional days and weeks and with all the increases, our owners are planning their vacations elsewhere. With a multitude of choices to use their vacation ownership, we have a large number of our owners who have decided not to return to Hawaii and are exchanging their timeshare weeks to other resorts. Our owners and guests feel they are being targeted to bear the burden of the increases. Our members already pay their fair share of taxes and it has become more difficult to compete against lower priced resorts and international destinations.

The TAT revenue was originally established for tourism marketing, the convention center, and to help defray county government services used by visitors and despite our objections, it has been raised over the years. Half of the revenue is now being used for general government spending.

We are not against rail, we oppose any increase in the transient accommodation tax.

Mahalo for your consideration.

Marilyn Verner

Bryan Ayakawa

Sam Okita



205 Lewers Street, Honolulu, HI 96815
Tel: (808) 921-7537 Fax: (808) 921-7571

	NAME (Legible)	SIGNATURE	Department/Title	Residential Area
20	RICHARD YAGO	<i>Richard Yago</i>	HSKP	HONOLULU
21	Juanita Dwisitt	<i>Juanita Dwisitt</i>	"	"
22	Sahlee Aube	<i>Sahlee Aube</i>	"	Kalihi
23	Maria Campbell	<i>Maria Campbell</i>	HRKC	KALIH
24	Chaz Pedely	<i>Chaz Pedely</i>	Hskpg	Kapioiani
25	Albina Talto	<i>Albina Talto</i>	Hskpg	Waipahu
26	Paul Tungpan	<i>Paul Tungpan</i>	Maint	AIEA
27	VILLIAM BAOT	<i>VILLIAM BAOT</i>	Maint	AIEA
28	ERL JAPITAN	<i>ERL JAPITAN</i>	Housekeeping	Salt Lake
29	Paulette Ader	<i>Paulette J. Ader</i>	Hskpg	Kalihi
30	Mama Rany	<i>Mama Rany</i>	Hskpg	Kalihi
31	Jone de Mahone	<i>Jone de Mahone</i>	Hskpg	Waipahu
32	Wulan, Cho	<i>Wulan, Cho</i>	Front Desk	Ewa Beach
33	DAVID LABAD	<i>DAVID LABAD</i>	FRONT SERVICE	HONOLULU
34	RICKY SAVES	<i>Ricky Saves</i>	BELL/Valet	HONOLULU
35	GENERO MARQUEZ	<i>Genero Marquez</i>	Housekeeping	Waikele
36	Sam O'Hite	<i>Sam O'Hite</i>	Controller	Kaimuki
37	Bryan Ayakawa	<i>Bryan Ayakawa</i>	Resort Manager	Waipahu
	Marilyn Verner	<i>Marilyn Verner</i>	General Manager	Red Hill



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Tel: (808) 921-7537 Fax: (808) 921-7571

	NAME (Legible)	SIGNATURE	Department/Title	Residential Area
38	ANTONIO OLIPANI	<i>Antonio Olipani</i>	MAINTENANCE	KALIHI
39	ARNEL PAZ	<i>Arnel Paz</i>	HCKNB	KALIHI
40	Nena Cadiente	<i>Nena Cadiente</i>	Rooms	Ala Moana
41	Vance Lacaran	<i>Vance Lacaran</i>	ROOMS	mililani
42	<i>Melvin B...</i>	<i>Melvin B...</i>	valet	Waipahoehoe
43	Anthony Gabuco	<i>Anthony Gabuco</i>	Room	Belt Lake
44	Gracia Crispian	<i>Gracia Crispian</i>	Hcking	Kalihi
45	Freddie Mercado	<i>Freddie Mercado</i>	Room Attendant	Ewa Beach
46	Alexis RECAIDU	<i>Alexis RECAIDU</i>	Housekeeping	Kalihi
47	Therese TAN	<i>Therese TAN</i>	Housekeeping	Waikiki -
48	Jose Encarnacion	<i>Jose Encarnacion</i>	A FCM	Waikiki
49	HILSON ALARIN	<i>Hilson Alarin</i>	HOUSEKEEPING	EWA BEACH
50	ANITA RECAIDU	<i>Anita RECAIDU</i>	Housekeeping	Kalihi
51	REYSIAN PANGILINAN	<i>Reysian Pangilinan</i>	MAINTENANCE	AIEA
52	ANTONIO PASAVAL	<i>Antonio Pasaual</i>	MAINTENANCE	AIEA
53	JUANITO PASAPAO	<i>Juanito Pasapao</i>	MAINTENANCE	WAHIAU
54	Sheryl Tuitama	<i>Sheryl Tuitama</i>	Front Desk	Panua
55	Madelyn Sales	<i>Madelyn Sales</i>	Housekeeping	Kalihi
56				



205 Lewers Street, Honolulu, HI 96815
Tel: (808) 921-7537 Fax: (808) 921-7571

	NAME (Legible)	SIGNATURE	Department/Title	Residential Area
1.	Lynnette Salazar	Lynnette Salazar	Bell/Valet	Waikiki
2.	R. Somers	R. Somers	Bell/Valet	Honolulu
3.	B. Leyba	B. Leyba	Bell/Valet	Waipahu
4.	Kelsey Tanabe	Kelsey Tanabe	Bell/Valet	Honolulu
5.	Jonnie Lui	Jonnie Lui	Front desk	Aiea
6.	Michelle Pacheco	Michelle Pacheco	Front desk	Honolulu
7.	Rebecca Smith	Rebecca Smith	Guest Desk	Honolulu
8.	Elizabeth Grinis	Elizabeth Grinis	Concierge	Kailua
9.	TOMOLCOMOKINO	TOMOLCOMOKINO	Reservations	Honolulu
10.	ATSUKO ADKI	ATSUKO ADKI	Reservations	Honolulu
11.	Jody K. Gamino	Jody K. GAMINO	Membership Svc.	Honolulu
12.	LINDA YANAGIHARA	Linda Yanagihara	MEMBERSHIP SERVICES	HONOLULU
13.	PATTI SANTOS	Patti Santos	ADMIN/HR	Honolulu
14.	Albert K. Willing	Albert K. Willing	Rooms Div.	Honolulu
15.	RAENANI WILLING	RAENANI Willing	JR. Accountant	Honolulu
16.	SHARON TEMPLIN	Sharon Temp	JR. ACCOUNTANT	HONOLULU
17.	Patriac Sygind	Patriac Sygind	Housekeeping chx	Aiea
18.	DENGXI TAN	Dengxi Tan	HSPK/Assi Exe Housekeeper	Hawaii Kai
19.	Mario Angeles	Mario Angeles	Houseman	Honolulu

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Testimony to the Senate Committee on Ways & Means
Monday, August 28, 2017
3:00 pm
Auditorium

RE: SB 4 – Relating to Government

Chair Dela Cruz, Vice-Chair Keith-Agaran, and members of the committee:

My name is Gladys Quinto Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii is in support of the intent of SB 4, Relating to Government. BIA-Hawaii has been a strong proponent of the rail transit system as a necessary “growth management” tool to increase population densities along the 20-mile transit corridor. Not supporting the transit system at this crucial time would prevent future growth without significant targeted investments in roadway infrastructure; or it will require more development into areas not currently planned for future growth (i.e. Hawaii Kai, Windward Oahu, North Shore, and Central Oahu - between Wahiawa and Waialua). According to a Dept. of Budget, Economic Development, & Tourism study, Oahu will need over 25,000 new housing units through 2025. In 2014, only 804 building permits for single-family homes were issued, and we are falling further behind every year. Although it is not the only answer to this housing crisis, rail transit and transit-oriented development will play a significant role in providing housing for Oahu's residents.

A transit-oriented urban growth model for O’ahu is the ideal long-range approach to provide badly needed housing for our children, grandchildren and all future generations.

Certainly, we are concerned about the level of transparency and accountability as the project moves forward. In construction projects of this magnitude, however, it is not uncommon to encounter delays and unforeseen circumstances that increase construction costs.

That being said, we are very concerned about the current movement to change or stop the project. Policy makers need to be aware that the future housing needs on Oahu are tied to the transit project. With the critical lack of supply of housing at all price points driving up housing costs, stopping the transit project at this point would prevent or severely limit the amount of density within the urban core.

For the sake of the next generation, we must find a way to complete construction of the rail transit project. The rail transit project gives us the best opportunity to “build” our way out of the housing crisis we are in right now.

Thank you for the opportunity to express our views on this matter.



CHINATOWN BUSINESS & COMMUNITY ASSOCIATION 華埠商家與社區協會

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State Legislature Hearing on SB4 – Rail Funding Exention August 28-2017

WE SUPPORT RAIL FUNDING for the following reasons:

- 1. Rail as an alternate transportation for our citizens now and for the Future.**
- 2. Rail as a conduit for bringing business to historic Chinatown**
- 3. With Rail needed development for area infrastructure can be made for the good of all.**
- 4. Moving Honolulu forward in upgrading necessary infrastructure to a world standard will be helpful in bringing tourists to Honolulu & serves as an economical transportation option for many who still drive. Trains will be fast and frequent so not driving so much would be good for the environment.**

Chu Lan Shubert-Kwock
President, CBCA 808 391-4350
clskwock@gmail.com



Testimony of Move Oahu Forward
Hearing on SB4
Monday, August 28, 2017 at 3:00 p.m.
State Capitol Auditorium

Move Oahu Forward (MOF) is pleased to submit testimony to the Senate Ways & Means Committee in support of SB4 which is being heard on Monday, August 28th at 3:00 pm.

MOF was established in 2012 as an organization of Hawaii business and community leaders to support the completion of the Honolulu rail project and its integration with TheBus for a quality, public transportation system on the Island of Oahu for residents and visitors. Today, we have more than 50 members – businesses, builders, landowners, small business advocates, and nonprofits representing hopeful users of a completed rail system, beginning on the westside and extending to Ala Moana Center.

Like you, we had truly hoped not to find ourselves back at the Legislature asking for continued funding in 2017. We are grateful to the House and Senate leadership for their commitment to return for a special session to address what has become a vexing and volatile issue. A thorough due diligence and review of possible funding options and combinations had been exercised by the leadership and the relevant committee chairs.

SB4 appears to be the culmination of positions and a reasonable compromise to provide dedicated and adequate funding to complete the Honolulu Rail project to Ala Moana Center, as set out in the Full Funding Grant Agreement. It authorizes an extension of the General Excise Tax (GET) for 3 years and an increase of the Tourism Accommodation Tax (TAT) by 1% statewide for 13 years, as well as a reduction of the state's allocation from 10% to 1% for the duration of the funding commitment. SB4 will allow for an immediate cash infusion into the project, via the TAT together with the state's reduced GET allocation, which reduces the rail project's finance costs, and that is good for taxpayers.

Not everyone is happy with this compromise – unfortunately, in hard-fought and passionate debate, all interests cannot be accommodated. Could there have been other ways, other compromises put forth in this legislative measure – Of course. But, it was not to be. In light of

the political realities and the Special Session schedule, is SB4 the best opportunity we have to keep the Honolulu rail project moving forward – the answer must be Yes.

For those who support rail, as MOF does, it is time to come together as a community, not to poke holes in SB4 but to support it as the only means available to move the project forward at this point in time. We must be practical - should SB4 pass the Legislature and be enacted into law, there will be a dedicated and adequate funding source to complete the Honolulu rail project to Ala Moana Center, as set forth in the FFGA.

The harsh words and lines drawn in the sand make coming together difficult. Yet, as leaders, we need to pause, dig deep, and re-boot around this overarching goal because we have run out of time. HART is in a recovery stage, and as such, remaining federal monies are being held until parties can come to terms and agree on a workable plan moving forward. The Federal Transit Administration (FTA) has required HART to submit a financial plan by September 15, 2017. While it need not be fully vetted and completed, HART must be able to provide a basic framework which includes a dedicated and sufficient funding source or risk being placed into default. SB4 will allow the City and HART to prepare a financial plan.

HART will officially welcome a new Executive Director on September 5th. With Andy Robbins at the helm, we would like to begin a new chapter with a dedicated and adequate funding source essential for the successful completion of the Honolulu rail. No one said transforming how people get to work, school and play would be easy. With game-changers, there is almost always pain before we can bask in the gain.

We thank you for your continued leadership.



Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS & MEANS
Monday, August 28, 2017 — 3:00 p.m. — Auditorium

Ulupono Initiative with Comments on SB 4, Relating to Government

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

My name is Murray Clay and I am Managing Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and reduce waste. Ulupono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono provides comments on SB 4, which provides additional sources of funding for the Honolulu rail project, because it aligns with our goal of decreasing our dependence on fossil fuels in Hawai'i through more efficient transportation modes.

In Hawai'i, while ~25 percent of electricity generation is renewable energy, less than 1 percent of energy use in transportation is renewable. Meanwhile, the transportation sector requires more energy than the electricity sector. Furthermore, about 28 percent of the state's primary energy usage is due to ground transportation, such as cars and trucks, which rely almost exclusively on imported fossil fuels for its energy. Electrifying ground transportation is presently the most efficient and impactful way to move transportation toward more renewable energy.

In late 2016, after the Federal Transit Administration (FTA) ruled that the City and County of Honolulu (City) must complete the rail project to Ala Moana or risk losing \$1.55 billion in federal funds, we reached out to the City and Honolulu Authority for Rapid Transportation (HART) to identify if Ulupono could help with the financial analysis plan.

Ulupono hired Jones Lang LaSalle (JLL), a leading company with expertise in public infrastructure projects, to conduct a public-private partnership feasibility study (an executive summary of the findings is attached with this testimony). As a private organization, Ulupono hired JLL to help the City and HART with its recovery plan, which was at the time due to the FTA by the end of 2016. The City and HART provided JLL with data for its analysis but the findings are completely independent.

Investing in a Sustainable Hawai'i

The first conclusion of the study was Honolulu rail project remains dependent upon public funding to fill the multi-billion dollar current funding gap needed to complete the remaining elements of the project – the 4.2 mile Middle Street to Ala Moana segment and the Pearl Highlands Transit Center. The reasons for this include:

1. The rail project was designed for affordable, subsidized transportation as most public transportation systems are in the United States.
2. There are limited commercial and monetization opportunities due to the initial decision to minimize the rail system's footprint.
3. Transit oriented development (TOD) may provide financial benefits but they would accrue far into the future and in the short term, TOD would require large infrastructure improvements.

Ulupono and JLL are neutral as to whether the funding gap is filled by State or City funds, but emphasizes that public funding is required to finish the rail project.
Furthermore, given the current market environment, JLL estimated that delays could increase project costs by 5.7 percent per year, equivalent to \$114 million per year, underscoring the need for a timely decision on a public funding source.

The second conclusion of the study delved into the impact of incorporating alternative financing structures. It found that public private partnerships, in particular Design-Build-Finance (DBF), could result in the project savings of 10 – 15 percent, including higher private sector financing costs, for the remaining segments. In the DBF model, a private company would finance and build the last segments of the rail project upfront and once the project is completed, the City would compensate the company with a large lump-sum payment and smaller future payments based upon performance. For the City's payments, it would raise the funds by bonding against the future public funding source, such as the general excise tax.

A DBF would provide the following benefits for the rail project:

1. Cost certainty – most cost overruns are borne by the private company and would help assuage one of the credit rating agency's biggest concerns about the City – its uncertainty around the cost of the rail project.
2. Timely delivery – increase likelihood for completing the project on time due to aligning financial incentives for timeliness.
3. Project expertise – provides people with great experience in developing large scale rail projects
4. Public support – payment for the project from taxpayers would not occur to the investor until the rail is completely built aligning payment with taxpayers' ability to benefit from the project.
5. Transparency – private investment would necessitate its lenders to conduct open ongoing accounting for project costs, thereby increasing accuracy and transparency

for all project costs including any cost overruns.

JLL's market assessment via engaging with a handful of firms about a hypothetical project with the size and scope of work of the Honolulu rail transit project indicates there is interest from the private sector in financing the remaining segments of the rail project. We believe a DBF would not slow the project's timeline. Also, a DBF would not require any enabling legislation. However, a DBF, which we believe would provide greater value, is predicated on finding a public source of funds. To be clear, we are not suggesting that public funding be conditioned upon using a Design Build Finance structure but rather that public funding needs to be provided and that a DBF – given its many potential benefits – be seriously considered.

We appreciate this committee's efforts to look at policies that reducing imported fossil fuels. Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner



*Achieve
Ambitions*

Honolulu Rail Transit Project



P3 Viability Assessment

EXECUTIVE SUMMARY

3/20/2017

P3 Assessment for the Honolulu Rail Transit Project

Executive Summary

Contents

I.	Background and Overview	2
II.	Key Findings	3
1.	Public Funding Needed to Complete the System (P3 is not Free Money)	3
-	System designed for subsidized transportation	3
-	Reduced footprint limits commercialization and monetization opportunities	3
-	Transit Oriented Developments do not offer short-term funding opportunity.....	3
-	Joint Development Opportunities	3
2.	P3 could accelerate benefits, reduce risks and lower cost to taxpayers.	4
3.	Criticality of O&M Funding	8
III.	Conclusions	8

I. Background and Overview

In 2008, voters approved a ballot measure for the construction of the Honolulu Rail Transit Project in southern Oahu. The Project aims to reduce traffic congestion, enable transit-oriented development around rail stations, reduce carbon emissions, and provide an efficient low-cost transportation option for residents and tourists. It is a critical component in modernizing and expanding Oahu's transportation network and its positive public benefits will enhance the city, county and state's competitiveness, while fostering economic growth.

The project is extremely complex, with an elevated track and 21 stations spanning 20 miles between Kapolei to downtown Honolulu. Like an estimated nine out of ten mega-projects, it has suffered frustrating setbacks. Originally estimated to be completed by 2019 at a cost of \$4.9 billion, now expectations are for full operations in late 2025, at a construction cost of \$8.2 billion. Much of the trouble is imputable to lawsuits and funding shortfalls that paralyzed the project during a period when local construction markets were experiencing record inflationary pressures. Indeed, in 2014 alone, Honolulu's annual construction price index reached 14%, demonstrating why delays have been so dramatically problematic.

Delays and cost overruns have understandably frustrated many, leading to talk of truncating the project to forgo the final City Center segment that runs from Kalihi to Ala Moana. Eliminating this critical segment, however, would substantially reduce the public benefits associated with this project, so much so that the Federal Transit Authority suggested that such a decision would put at risk some \$1.55 billion of federal funding.

Obviously, completing the full system is essential to delivering the project's benefits. However, the primary funding source, revenues from the General Excise Tax surcharge (G.E.T.) that is set to expire in 2027, are inadequate to cover full project costs. An approximate \$2 billion funding shortfall for the City Center rail segment and Pearl Highlands Transit Center remains. The question is how this can best be addressed.

In an attempt to better understand options for delivering the infrastructure, the Ulupono Initiative, with the support of the Oahu Economic Development Board, engaged Jones Lang LaSalle (JLL) to undertake an assessment to determine whether alternative financing and delivery options, such as Public-Private Partnership (P3) structures, could bridge the funding gap and/or be leveraged to finalize the project in a timelier and more cost-effective manner.

The assessment leveraged cost and project data provided by the Honolulu Authority for Rapid Transportation (HART) and followed standard industry practice for the evaluation of finance and delivery options with the aim of identifying the method of delivering the project that will result in the greatest value for money on both a financial (quantitative) and qualitative basis. In financial terms, value for money is established by calculating the estimated cost of a project, based on a particular delivery method, and comparing it to the estimated cost if the project were procured using another method. This executive summary presents the key findings of the analysis.

II. Key Findings

1. Public Funding Needed to Complete the System (P3 is not Free Money)

The P3 analysis concludes categorically that the project remains dependent on public funding. This is to say that, whether through a G.E.T. extension or other State/County/City revenue sources, public funding is necessary to bridge the nearly \$2 billion gap needed to complete the remaining elements of the Project (the 4.2 mile City Center segment and the Pearl Highlands Transit Center).

This dependency on public funding is easily explained by the fact that P3 is not free money. Investors will not commit private capital unless there is a reasonable expectation that they will be compensated for those investments; but in the case of the Honolulu Rail Transit Project, the system was never designed to provide full cost recovery. The reasons for this are quite clear:

- **System designed for subsidized transportation**

The Project was conceived of and designed to offer subsidized transportation, with farebox revenue not expected to provide for full operational cost-recovery, much less capital cost-recovery. This impedes the ability of private investors to recover their costs, explaining why tax revenues are essential for completion of the capital project.

- **Reduced footprint limits commercialization and monetization opportunities**

When originally conceived in the early 2000s, a conscious decision was made to minimize the system's footprint to reduce impacts on property owners and diminish the need for land acquisition. This condensed footprint significantly limits monetization and commercialization opportunities, such as joint development, advertising, retail, etc., which might otherwise potentially generate revenues to offset some of the capital and operating costs of a similar system. That said, even where commercialization and monetization opportunities may exist within the existing footprint, revenues are dependent on rail operations, thus making them ill-timed for bridging the capital funding gap. Instead, these revenues will be crucial for funding ongoing operation and maintenance of the system (particularly in light of limited farebox revenue).

- **Transit-Oriented Developments do not offer short-term funding opportunity**

Transit-oriented developments may ultimately raise property values, thus increasing property tax proceeds; but in order to create a reasonable expectation of value creation to enable tax increment financing or similar tools, there must first be much greater certainty as to the completion of the rail, as well as to how other infrastructure improvements will be funded. In this sense, it is important to note that the TOD require in and of themselves massive investments in new infrastructure, thus offering no realistic opportunity in the short term to contribute to the rail's capital costs. Again, it is important to remember that developers, like all private investors, will only invest if they can anticipate a reasonable return. Expecting them to fund the rail, while likewise requiring them to make TOD-related infrastructure improvements and provide affordable housing, is not realistic. The numbers simply do not pencil out.

- **Joint Development Opportunities**

While JLL does believe that there may be opportunities to cost-share some of the remaining stations with private developers, this does not move the needle much in terms of overall costs and

the funding gap. Moreover, joint development opportunities will likely take time to negotiate in a project where “time” is an extremely costly luxury.

Put succinctly, P3 is not free money and will not magically create new funding sources. The project was designed to be – *and continues to be* – dependent on public funding. Whether the funding comes from a G.E.T extension or other public source was not the focus of this study; however, the assessment does emphasize the need to expeditiously secure a source of funding, lest the project suffers additional – and ultimately unnecessary – cost escalations.

Delays are a very expensive luxury for the project and although the construction price index has fallen from its high in 2014, inflationary pressures remain significant. In the current market environment, JLL estimates that delays could impact the project by a magnitude of 5.7% per year. This does not only reflect the current construction price index, but also the additional administrative costs associated with standby agreements and mobilization/demobilization. Given the current \$2 billion funding gap, this means that delays could cost the taxpayers of Hawaii close to \$114 million per year, underscoring the need for a timely decision on a funding mechanism.

2. P3 could accelerate benefits, reduce risks and lower cost to taxpayers.

Given that public funding is a requirement for finalizing the project, the P3 assessment explores whether alternative finance and delivery models might potentially reduce cost and schedule risks associated with the project. To this end, JLL undertook a qualitative and quantitative evaluation of diverse finance and delivery options, including P3. The delivery options were considered in the context of the following general objectives:

- (1) Schedule and Cost Certainty: Achieve timely delivery and efficient project sequencing.
- (2) Facilitate System Integration and Interoperability: Ensure the ability to deliver a seamless integration and interoperability of the City Center segment with the rest of the system.
- (3) Operation Integration: Ensure seamless delivery systems operations and maintenance throughout the operating period.
- (4) Maximize Competition: Ensure an attractive and marketable transaction and ensure a fair and transparent procurement process.
- (5) Allocation and Management of Risks: Allocate risk to the party that is best able to manage the risk and find the optimal risk balance for the project.
- (6) Overall Value for Money: Deliver the best quality project for the best price.

In pursuit of these objectives, JLL evaluated a number of delivery models, including the following:

1. **Design Build (DB):** HART has utilized DB on other segments of the Project and thus understands the structure. Under this contracting modality, the design-builder would undertake the detailed design and construction of the Project, based primarily upon the output specifications prepared by HART. The design-builder would enter into a fixed price contract with payments being made by the government at specific progress milestones. In this model, design and construction risk is transferred to the design builder, while the City (DTS) retains life-cycle operations and maintenance risks. The benefits of a DB procurement model include the enhanced risk transfer and innovation that comes from integrated design and construction when compared with Design-Bid-Build.

2. **Design Build Finance (DBF):** A DBF model is similar to a DB option, with the addition of private financing of the capital requirements during construction. The total cost of the project (including financing used during construction) is repaid upon completion of the project, with the potential for a partial hold back during an availability demonstration period post substantial completion. It is important to note that a DBF arrangement is a deferred payment and is not considered debt under usury laws. Legally, HART would be purchasing construction services and simply deferring payment for them until after project completion.

The DBF model is particularly beneficial when short-term gap financing provided by design-builder allows sponsor to expedite Project implementation. In broad strokes, there are two principle reasons that project sponsors consider DBF:

- Owner cash flow constraints
- Desire to defer payment until after completion

The DBF structure is a common delivery approach. It provides greater security around the risk transfer related to cost and schedule, in particular, through performance incentives up to and including project commissioning as a result of the at-risk private finance. Other benefits of this approach include: the addition of lender due diligence; limiting scope change; and enhanced enforceability. Satisfactory performance is incentivized as the private partner would receive no payment as a result of work that was incomplete.

As demonstrated in the Evergreen Line Rapid Transit DBF in Vancouver, recent relevant industry experience suggests that incentivized performance does not only produce greater price and schedule certainty, but also can result in project cost savings in the order of 10%-15% when compared to Design-Build.

3. **Design-Build-Finance-Operate-Maintain:** Design-build-finance-maintain (DBFM) and design-build-finance-operate-maintain (DBFOM) are delivery approaches in which the private partner is responsible for designing, constructing, financing, maintaining and/or operating the Project under the terms of a long-term contract (typically 30+ years).

Like a DBF, a DBFOM structure provides financial incentives to ensure on-time and on-budget delivery, but additionally ensures quality operating, maintenance and rehabilitation services over the life-cycle of the asset. By bundling multiple phases of the asset life-cycle, a greater amount of risk is transferred to the private partner than under a DBF structure. Upon completion of the Project, the private partner would be compensated by the City via performance-based availability payments that would cover both capital and operating costs, subject to deductions in the case of performance shortfalls. This, at a minimum, would provide long-term budget predictability for rail construction and operations over the term of the agreement, thus addressing a risk concern that has been flagged consistently in the City's credit reports.

Similar to the DBF, under a DBFOM, the City would only pay for completed works, but given the long-term payment structure, the City would be able to align payment to the Private Partner with public funding sources, avoiding the need to issue its own debt for the works contemplated under the DBF.

DBFOM is a very common P3 structure that has been used successfully for many relevant rapid transit projects, including the Eagle P3 project in Denver, Colorado, where it saved over 30% in capital costs as compared to alternative approaches considered by public authorities. DBFOM structures also tend to inspire increased innovation, as the nature of the long-term contractual relationship creates an added incentive to reduce whole life costs of the Project. In other words, given that the private partner is at risk and responsible for long-term life-cycle maintenance, it has a vested interest to deliver the best quality asset up-front. This commitment drives innovation in Project design which typically delivers cost-savings to the public sector over the operating, maintenance and rehabilitation term. Likewise, these same incentives often result in expanded monetization and commercialization opportunities, as the private partner identifies means for generating additional revenue.

Like other P3 structures, DBFOM contracts are tailored to meet the specific objectives and needs of project owners. In this sense, there is no one-size fits all P3 approach and considerations are commonly made to address local priorities, such as the use of union labor, prevailing wage, small businesses, etc.

Although the DBFOM model would appear at first glance to be a potentially good fit for the Honolulu Rail Transit Project, this option was ultimately deemed impractical, as Ansaldo holds a five-year Core Systems O&M contract. This Core Systems contract effectively impedes that possibility of leveraging a DBFOM or DBFM for the system. Moreover, Hawaii is one of only a dozen or so states in the country without the P3 enabling legislation for transportation and other infrastructure. This lack makes the use of a DBFOM currently untenable for the Honolulu Rail Transit Project, as well as for other infrastructure projects.

The following table summarizes key qualitative factors:

P3 Alternative	Overview	Benefits	Challenges
Design-Build-Finance	<ul style="list-style-type: none"> Private Partner assumes responsibility for design and construction activities, short-term financing, and the risk of providing these services for a fixed fee. City retains O&M responsibilities (through current contracts) City pays Private Partner after completion of CCGS and/or Pearl Highlands. City would issue bonds to compensate private partner upon completion. 	<ul style="list-style-type: none"> Design-Build Advantages Accelerated delivery Defers payment until completion Addresses cash flow issues Budget predictability Cost and Schedule risk transfer Should not require new legislation On average 15% savings versus DB 	<ul style="list-style-type: none"> Market interest more reduced than with DBFM/DBFOM Slightly higher cost of financing (gap financing) than baseline case Need to initiate DBF procurement Some risks retained by HART and City
DBFM / DBFOM	<ul style="list-style-type: none"> Private Partner assumes responsibility for design, construction, financing, and some level of O&M services for a specified fee. City pays Private Partner over term of P3 agreement, beginning after completion of CCGS and Pearl Highlands and based on performance levels. If G.E.T. is extended, City would probably not need to issue bonds, but capital component of Availability Payments would be considered debt by credit agencies (on-balance sheet financing) 	<ul style="list-style-type: none"> Accelerated delivery Life-cycle integration benefits (typically a 15-20% life-cycle savings) Payments begin only upon completion of project Long-term budget predictability Risk transfer (including cost, schedule and performance risk) Additional monetization opportunities Incentivized innovation (to reduce life-cycle project costs) Potentially robust market interest 	<ul style="list-style-type: none"> Need for enabling legislation Higher cost of financing than DBF case Need to initiate P3 procurement Complications with existing contracts (Core Systems) Some risks retained by HART and City

After undertaking a qualitative assessment, these same delivery models (DB, DBF and DBFOM) were analyzed on a quantitative basis via a high-level Value for Money (VFM) assessment. A VFM assessment is a standardized methodology entailing the comparison of the net present values of the risk-adjusted project cost estimates over the project term.

Sensitivity analyses were run on a range of cost and risk scenarios and in all cases, the DBF presented the lowest risk adjusted project cost. Depending on cost scenarios and project risk estimates, DBF represented savings of between 6%-15% versus Design-Build. This translates into between \$248 million to \$570 million in capital cost savings (including financing costs). This is in line with the cost savings and efficiencies witnessed in similar projects, such as the Evergreen Line Rapid Transit project DBF in Vancouver. DBFOM was also assessed on a quantitative basis, but given that a significant driver of value-for-money for this model derives from operations and maintenance savings, which are not possible due to the Core Systems contract, the analysis was essentially truncated.

As illustrated in the standard DBF risk allocation table, DBF does not imply a full and total transfer of risk to the private partner. As with all DBF projects, some risks are still retained in whole or in part by the project owner (in this case HART); however, DBF does transfer significantly more risk to the private partner than in the case of a DB, thus providing greater cost and schedule incentives, as well as enhanced contract enforceability.

In other words, after screening against typical P3-suitability criteria, the assessment confirmed that the Project could be delivered effectively using one or more P3 delivery models, allowing the City to buy-down cost and schedule risk. Moreover, after a multiple criteria analysis, including a value-for-money assessment, it was determined that DBF appears to be superior to other models in delivering the project.

Standard DBF Risk Allocation		
Risk	Transferred to Private Partner	Retained by HART
Design	•	
Construction	•	
Functionality of design	•	
Ground conditions (foreseen)	•	
Ground conditions (unforeseen)	•	•
Traffic management during construction	•	
Utilities – foreseen	•	
Utilities - unforeseen	•	•
Contamination – known (removal and disposal)	•	
Contamination – unknown		•
Systems installation and integration	•	
Testing and commissioning	•	
Proof of performance	•	
Private Financing	•	
Property acquisition		•
HART scope changes		•
Compensation events		•
Force Majeure / relief events	•	•
Schedule	•	

Under a DBF, the Private Partner would provide gap financing during construction, providing the City with greater cost and schedule certainty. While recent relevant industry experience suggest a potential savings of up to 15% versus DB structure, as well as accelerated delivery, the magnitude of any potential savings or schedule efficiencies would only be known after a competitive procurement. The DBF structure does, however, allow the City to address cash flow constraints and defer payment until after project completion, permitting taxpayers to pay only once they are accruing the benefits of the project. This does not mean that public authorities can defer a decision on funding sources, but it would allow for greater certainty as to cost and schedule.

The DBF structure should be possible under existing legislation and would not conflict with any known existing contracts. That said, it would necessarily involve launching a new procurement. While JLL does not deem that this would significantly impact existing project timelines, this should be further analyzed. Using standard procurement timelines for DBF procurements, and taking into consideration that HART is well advanced with design-build technical documentation, the transition from a DB to DBF to would be relatively simple and could potentially even accelerate delivery of the Notice to Proceed.

3. Criticality of O&M Funding

Once operational, HART estimates that the annual operation and maintenance (O&M) budget for the rail system to be approximately \$140 million per year, in addition to some \$200 million needed by 2030 for major maintenance (Capital Assets Replacement Program) and additional rail cars. Given that the Rail Transit system was conceived and designed as a means of providing affordable transportation, the Farebox Recovery Rate (FRR) is expected to be set somewhere between 27-33% of O&M costs, which means that the City will have a significant shortfall that will need to be addressed if the rail is to be operated and maintained at optimal levels. This is particularly important in light of increased competition for limited federal funding available for transportation projects. To address this issue, the P3 assessment also identified potential commercialization and monetization opportunities, benchmarking them against relevant projects. Specific examples include digital and traditional advertising within stations and throughout the rail transit system, commercial/retail concessions, parking revenue and joint development / station integration development opportunities.

JLL emphasizes the need for the City to begin sooner, rather than later, exploring and implementing value-capture and monetization opportunities. A logical approach would be to hire a specialist firm to assist with identifying, scoping and implementing potential opportunities. This would ideally be done under a performance-based contract where the firm is incentivized to generate revenues and create value for the rail, subject to City policy parameters.

While the limited project footprint constrains commercial revenue opportunities, if managed appropriately, revenue generation could be relatively significant. Comparable experience with public transit systems suggests that digital advertising alone could generate tens of millions of dollars per year for the system, if integrated with broader transportation networks. That said, certain policy parameters, such as limits on advertising or free/subsidized parking, could impede the City's ability to capture revenue.

III. Conclusions

The Honolulu Rail Transit project is good for Hawaii and needs to be completed, but it is also important to deliver the project in the timeliest and most cost-effective manner possible. While it is abundantly clear that finalizing the project requires public funding, whether through the G.E.T. or another revenue source, this does not mean public authorities should not also consider an alternative finance and delivery model that might accelerate benefits, reduce risks and lower costs for taxpayers. While the analysis demonstrated that a DBF appears to be superior to other models in delivering the project, potentially maximizing benefits to taxpayers. This delivery structure would also have the benefit of allowing public authorities to defer payments until after construction is completed, when the public is enjoying the benefits of the new rapid transit system.

That said, whatever structure the authorities ultimately decide to utilize for the remaining project elements, a timely decision on the funding source to bridge the project's nearly \$2 billion shortfall is critically important. All delivery models, including DBF, require an upfront public funding commitment and deferring a decision will simply result in project delays, adding unnecessarily to total project costs.

Moreover, given the history of this project, it seems quite evident that Hawaii could benefit from broad based P3 enabling legislation that provides public authorities with additional tools in their toolbox to address the State's critical infrastructure needs. While P3 may not be suitable for every project, the use of at-risk private capital could help the State buy-down risk and accelerate delivery on complex infrastructure initiatives in the future.

From: [Robin Graf](#)
To: [WAM-WrittenOnly](#)
Subject: Increase of TAT to Fund Rail Project
Date: Friday, August 25, 2017 2:30:01 PM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)

Dear Committee On Ways And Means,

I have previously submitted testimony in regards to increasing the Transient Accommodations Tax (TAT) on August 11, 2017 to the Senate Committee on Transportation and Energy. I am now re-submitting that testimony to the Committee on Ways and Means;

“Castle Resorts & Hotels is **strongly opposed** to any raising of the Transient Accommodations Tax (TAT) to fund the rail project.

TAT revenues over the past several years have continued to increase, thanks to the current robust visitor industry, however the allocations back to the industry have remained stagnant while the contribution to the General Fund has increased almost 60%.

While we are still enjoying a strong tourism market, our cost for labor, goods and materials, renovation cost, etc. have continued to rise for us to keep pace in the highly competitive world tourism market.

Yes, the past five (5) years have been very good, but let us not forget 2009 -2010, it would be irresponsible for us to believe we can continue this pace and to “bank” our future on continued growth in TAT revenues.

We also believe that by increasing the TAT you are sending a message to the community that the visitor industry is not “pulling its fair share” regarding taxes, supporting our communities and contributing to issues confronting our island state.

Our belief is that we more than contribute, through financial donations to local charitable organizations, homelessness, schools and more. The visitor industry also through its employees, visitors, property owners contribute large amounts of taxes from GET and Property Taxes, which have increased on Oahu 17% annually over the past five (5) years.

We are strongly urging our employees to call their representatives to oppose this proposed TAT increase, as in the long run it could affect their positions as companies look for ways to cut cost to stay competitive.

It should also be noted that when the last increase of the TAT was implemented as a “temporary” measure to address budget shortfalls that this increase has now become permanent.

Submitted on Behalf of Castle Resorts & Hotels,”

Mahalo,

Robin Graf

Vice President of Operations

Castle Resorts & Hotels

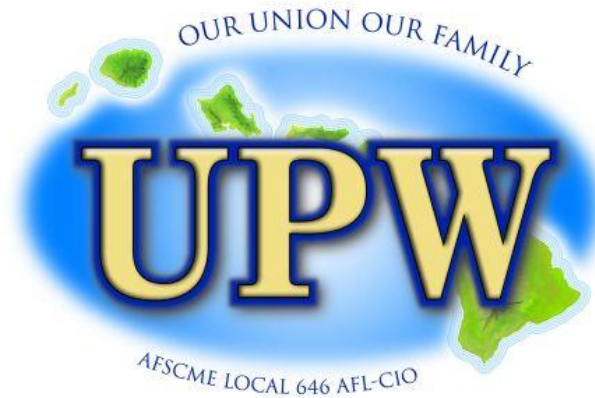
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THE HAWAII STATE SENATE
The Twenty-Ninth Legislature
First Special Session of 2017

COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

DATE OF HEARING: Monday, August 28, 2017
TIME OF HEARING: 11:30 a.m.
PLACE OF HEARING: State Capitol Auditorium

TESTIMONY IN SUPPORT OF THE HONOLULU RAIL TRANSIT PROJECT

By DAYTON M. NAKANELUA,
State Director of the United Public Workers,
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive bargaining representative for approximately 14,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

The UPW **supports** the completion of the Honolulu Rail Transit Project in accordance with the Full Funding Grant Agreement with the FTA. The project is important because it will provide another major mode of transportation to thousands of workers living in the Honolulu to Kapolei corridor. The rail project will also spur needed economic development with the construction of homes and commercial buildings along the route. The UPW strongly believes that the rail system is a necessary element to a better quality of life for our Leeward residents. We respectfully request that the Legislature support the Honolulu Rail Project by developing a funding plan for its completion.

Thank you for the opportunity to submit this testimony.

From: [Mark Gordon](#)
To: [WAM-WrittenOnly](#)
Subject: Comments on SB 1 - Related to Transportation Spending
Date: Friday, August 25, 2017 11:54:54 AM

Aloha

The following are my comments on the subject proposed Legislation:

- I do not feel that Hawaii County or any of the neighboring Islands should introduce or support any State tax surcharge or increase, especially to help fund Oahu's rail or other projects on the Island. Our Island is probably the Island with the highest unemployment rates, lowest wages and many people living under the poverty level. Having any tax increase would Severely affect a large number of residents. A tax increase affects All people, regardless of economic situation. Any tax increase, if needed, should only be assessed to Honolulu County.
- I Definitely believe there should be an increase in the TAT. I suggest a higher per cent increase than the 1% proposed. As we all are aware, tourists pay a significant amount of funds at hotels and resorts to visit the Hawaiian Islands. Any increase in the TAT will not, in my observation and opinion deter or decrease the amount of tourism on any of the Islands. The majority of the time, any TAT increase would go unnoticed.
- The proposed that the TAT increase should not be temporary, but Permanent.
- I Applaud and Strongly Support a much and long awaited increase of the TAT allocation to \$103 million to the Islands. Much needed, especially on Hawaii Island. Mahalo nui loa !!
- There should not be any general excise tax increase, especially for Hawaii Island.
- An additional suggestion is for Oahu to post Bonds to pay for the rail.

In summary, Any increase in funding to cover the Oahu rail project should be obtained from Oahu and Honolulu County solely. Very few Hawaii County residents would ever utilize the rail system.

Mahalo for allowing me to share my comments and observations.

Mark Gordon

Waikoloa HI.

From: samtak458@gmail.com
To: [WAM-WrittenOnly](#)
Subject: HECO doesn't have the electricity to power the rail
Date: Friday, August 25, 2017 9:35:11 PM

HECO doesn't even have the power capacity to provide consistent power to the rail. I will address this later in my email.

One of the marks of good leadership is to recognize when a plan is doomed to fail and have the strength to cut your losses and move on. The rail budget is out of control. I supported at the initial budget which has since doubled.

The rail is now entering a phase which will be more complex and undoubtedly and logically come in over this new estimate. The question is "how badly are the estimator off by?" if they were off the mark by such a large amount during the less difficult, less populated, less challenging geological phase, how can we possibly trust them during this more complex phase?

As a taxpayer I find it insulting that you lawmakers (I group you all together) are not addressing the most important part of this project. How will the electricity be provided for the rail? I also find it insulting that you are trying to sell us on a rail tax extension and tax the tourists as if this will be the end of the fleecing of you constituency. You will end up pricing out the tourists, our main source of revenue, by going to the well 1% at a time. And we the people will also pay HECO on our electric bills for the upgrades you will force HECO to make in order to power the rail. Tell me I'm wrong.

"We already started building it and don't want to waste that money so we might as well waste a whole lot more money" Is NOT a valid excuse to keep this project going.

Sent from my T-Mobile 4G LTE device

From: [John Pritchett](#)
To: [WAM-WrittenOnly](#)
Subject: Honolulu Rail Funding Special Session
Date: Saturday, August 26, 2017 1:58:52 PM

Dear Legislators:

The argument that because much of the Honolulu rail transit project has already been built, it needs to be completed, make sense. However, what is the total cost to finish it? That's the problem. Nobody knows. And, if you get a number from HART or the city, history has proven that such numbers end up being false. As the project enters the downtown area, there are known and unknown costly problems ahead. For example, there is a 42 inch water main running down Dillingham Blvd right along the rail's path. There are also utility and power poles on both sides of Dillingham that would need to be moved. Iwi Kupuna is sure to be discovered in the downtown area causing delays and lawsuits. Dissolving limestone underground in the Ala Moana area could prove to be a very costly problem. So far, the construction has been out in open fields and otherwise in less congested areas. Even with that, the cost has skyrocketed. Moving into town is sure to add much more to the already bloated price tag of this ill-conceived and mismanaged project.

If you pass a tax hike to fund the city's rail project in this special session, it still won't be enough. Mayor Kirk Caldwell has already said as much. The city will be right back begging for more money next year and the year after that and so on. As Albert Einstein said, doing the same thing over and over and expecting different results is the definition of insanity. When is enough, enough? Please don't throw good money after bad. It's time to stop this madness.

John Pritchett
2345 Ala Wai Blvd. #2303
Honolulu, Hawaii 96815
888-3776
.

From: [Steve Scott](#)
To: [WAM-WrittenOnly](#)
Subject: NO ON FUNDING THE RAIL
Date: Saturday, August 26, 2017 9:44:40 AM

There is no logical way the State Legislature should fund any additional funds for the rail project unless there is a complete forensic audit. With the fiduciary responsibility you have with our tax dollars, it is reprehensible and irresponsible for you, the Legislature, to give the City and HART additional tax dollars without knowing what has been done with the money they have been given so far. Every Legislative session has seen them coming back looking for another handout of our tax dollars, saying that what they were given last session wasn't enough. It will never be enough, because next time they won't have enough money to go past Middle St. into town- HART doesn't have a clue the problems that will need to be addressed as they get into the costliest part of the route to Ala Moana, a dubious place for the end of the line. The next crisis will be they don't have enough money for operations and maintenance. Where will it end?

Stop the corruption now and insist on an audit before giving any additional funds. Without that you are complicit in this debacle and just as responsible.

From: [meg.pilago](#)
To: [WAM-WrittenOnly](#)
Subject: Rail Bill # SB1
Date: Friday, August 25, 2017 8:15:07 PM

I am AGAINST the State (& City & County) continuing to FUND the RAIL. The COSTS continue to grow. When will it END? The State should ENCOURAGE the City & County to RETHINK(?) their rail project. Instead, use the RAMPS that are already in place for EXPRESS CITY BUSES. These EXPRESS buses can get onto the City Bus (only) ramp and go straight to town. The the City & County should consider designating the left hand lanes for City Buses only, as this would keep the express buses out of the traffic and moving. I understand that it will still cost money, but this way people who work in the town area will get to work early, w/No Parking fees or searching for an open parking stall. AND It will save the TAX PAYERS MONEY\$\$\$\$\$. Right now the projection for the rail's maintenance alone is 100 MILLION Dollars. And as the ramps will need to be realigned the construction workers will still have jobs. I believe you will do the right thing for the BENEFIT of the People.

Thank You for your time and attention in this matter

Aloha,

Margaret M Pilago

From: [Richard Puu](#)
To: [WAM-WrittenOnly](#)
Subject: Rail fiasco
Date: Saturday, August 26, 2017 10:34:20 AM

I am submitting testimony in regards to this rail fiasco that in no way will benefit me in any sense. If you folks are insistent on seeing this thing through I think at the very minimum the state needs to conduct an audit to see where all the money is going. I also think that raising the hotel tax is fine. I am against extending the g.e.t as the community has already had enough burden placed on them. Maybe you should think about raising the property tax on homes owned by non residents like they do in other states. And at any point have you even considered what will happen when the rail is complete who will foot the bill for maintenance and all the other cost incurred. Because ridership will not even cover half of the run cost. Who will you pay to power the rail where will that money's come from. It seems like you folks want to raise the price of everything to force people to use this thing. You folks are elected by the people to do what is in the best interest of the people. We put our trust in you and right now you folks are doing a poor job at it we are losing faith in the people we elected. Accountability is first and foremost. transparency is priority. Remember you are in the position you are in because we put you there and that's about it. The people of Hawaii come first. You need to realize the problem doesn't just end with completion of the rail but what happens after it's built. So again accountability, transparency is key. The blue collar workers of Hawaii are already underpaid in relationship to the cost of living.

From: [Rye Kim](#)
To: [WAM-WrittenOnly](#)
Subject: RAIL FUNDING SPECIAL SESSION
Date: Saturday, August 26, 2017 4:53:34 AM

Dear honorable representatives,

Please do not raise anymore taxes. We humble people and families of Hawaii are burdened enough with the highest cost of living in the nation. We understand the need for alternative mode of transportation, especially for our ohana on the west side but at what cost? It appears that words like transparency and accountability only serves as lip service. Why decide on this new funding measure before the audit? Is FTA funding more important than doing what is right? Where is the accountability in continuing to give what the greedy mayor and contractors want, which is more of our money. Accountability means consequences, and so far, there has been no consequences to these irresponsible people who have been placed in charge to run this beleaguered project except for some verbal lashing from law makers. At this point, the most responsible and sensible thing to do is spend the money we have. Complete the rail to Middle Street and leave it open to build to Ala Moana for sometime in the future when we can find better sources of funding. Let's not rush such a critical decision that will bankrupt our state and economically handicap our future generation. Please stop this insanity and for once fight for those who voted you into office. Thank you and God bless.

- Kalihi Resident

From: [Lori Yim](#)
To: [WAM-WrittenOnly](#)
Subject: Rail is a Joke
Date: Saturday, August 26, 2017 7:33:40 AM

The lawmakers keep complaining that the mayor keeps coming to them for more and more money and actually scold the mayor about coming to them for more and more money and what do the lawmakers do? They give in and allow more money to be given to the failed rail at the expense of the people.

Let's face it - this public testimony is a joke as every public testimony is a joke. The lawmakers have already made up their mind and it doesn't matter what the people say. The lawmakers are going to continue to give out the money made by us. The lawmakers have no problem giving out other peoples money. The mayor makes additional money from Territorial just for probably an hour a month doing nothing. Of course, money is no problem for him, yet he keeps coming to the lawmakers for more money for this damned rail. But then at least no one can say the public wasn't given a chance to talk even though it goes nowhere and the lawmakers will hand out the money.

Jill Tokuda was removed because she made the most noise against the rail and the other wimpy lawmakers couldn't handle it. I never voted for Caldwell. He always has his hand out for the rail. And he always had other people in his pocket to make sure the rail gets pushed through.

Who the hell is going to pay for the maintenance after this rail gets built? Of course, they are going to keep coming to the public.

I just hope people remember all these names of the lawmakers. I for one, will not vote for any of you, otherwise, you will be coming after our money for years to come. Hopefully some new blood will have better ideas, like maybe shutting this damned thing down. The fact that HART has to keep hiring different people to keep running the company shows the incompetence.

All these lawmakers are giving away the publics money but when the rail doesn't work, all the lawmakers will hide like cockroaches.

When lawmakers want to get elected, they are soooo willing to talk to the media but when there is some kind of controversy, they only want to respond by email (translation: Hide like cockroaches)

From: [Justin Tanoue](#)
To: [WAM-WrittenOnly](#)
Subject: Rail Testimony
Date: Friday, August 25, 2017 6:32:45 PM

I am a lifelong Hawaii Resident from Kaneohe, and would like to give my brief testimony on how to fund the rail project.

The best way to pay for this project is a combination of raising the GET and hotel tax. We should raise both statewide, for Oahu helps pay for the neighbor island highways and many from the outer islands visit Oahu and will benefit.

In exchange for increasing the hotel tax, we should do studies to look into extending the rail to Waikiki and Koolina IF it turns out to be a success once operating. Hilton Hawaiian Station, Beachwalk Station, Honolulu Zoo Station, maybe a Diamond Head/KCC station.

For maintenance, we should build retail around the rail stations where HART (Or the City) gets the rental revenues to be spent only on rail maintenance/expansion.

The benefits of rail are many. Predictable travel times, no speeding/DUI/cell phone tickets, reliable transportation for children/the elderly, no parking fees.

For inspiration, look into the driverless rail system in Odaiba Japan. It was build on time, on budget, and runs a profit. Let's get this built to Ala Moana and beyond, ahead of schedule and under budget!

Justin L. Tanoue
Company Founder
Justin Tanoue Company (JTCo.)
Established 2004

Honolulu, Hawaii
Direct: [808-386-1112](tel:808-386-1112)
justin@justintanoue.com | www.justintanoue.com

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From: [Marsha Graham](#)
To: [WAM-WrittenOnly](#)
Subject: RAIL vote
Date: Friday, August 25, 2017 6:23:08 PM

I am an average 69 yr old. I want RAIL, not just to A la Moana but all the way to Hawaii Kai and eventually to Waianae and a spur to Mililani. Extend the GET indefinitely to pay for this. Do not be shortsighted as is the norm in Hawaii. I have lived in San Francisco and use BART. Washington DC and rode Metro, still do, when I visit there, and I have ridden trains in both Tokyo elsewhere in Japan and in Korea and they are excellent you need to make this work

From: [Kaihaku Chun](#)
To: [WAM-WrittenOnly](#)
Subject: Rail
Date: Saturday, August 26, 2017 9:01:10 AM

Lawmakers who have supported the construction of the mass transit rail are, at the very least, guilty of financial incompetence and in many cases, guilty of corruption in pushing a severely flawed project in exchange for campaign donations.

Lawmakers are entrusted to be the stewards of the people's money. To use the billions of tax dollars wisely and for the benefit of the state. Not many will say the Rail project wouldn't be a nice addition, but no one can honestly say that it is the best way to spend billions of tax dollars. Money that could dramatically turn around the education system, fund green energy, and reduce Hawaii's dependence on imported oil among many other worthwhile goals.

The rail project may drain the state of billions of tax dollars for years and years to come. Stop the waste and corruption now.

Thank you,
J. Chun

From: [Constance Smith](#)
To: [WAM-WrittenOnly](#)
Subject: Rail
Date: Friday, August 25, 2017 7:40:55 PM

To whom it may concern,

Why not have a one time "RAIL LOTTERY". Hawaii would love it. You wouldn't have to tax Hawaii taxpayers, that will never use Rail. And the outter islands should not have to pay for this.

I have not talked to one resident of HONOLULU that approves of Rail.

You should have asked people before you ever started this project. What a waste of tax payers money.

Aloha,

Constance K. Smith
419 Keoniana St. #804
HNL 96815

From: [DeeDee Miyashiro](#)
To: [WAM-WrittenOnly](#)
Subject: rail
Date: Friday, August 25, 2017 6:42:17 PM

How stupid is our government?! Why don't you ask how many people will actually ride the rail to see if there is enough support to sustain it if it ever gets finished. You don't have enough funds to build it, where are the funds coming from to cover the maintenance? Those of us who don't live any where near it will never use it but yet you want to raise our property tax. You are grasping at straws looking for viable ways to fund this project that should never have been approved in the first place. Thank you Mufi Hanneman. It was over budget before it even got off the ground, was over budget when you raised the excise tax and will continue to be over budget even with the new increases in taxes. It's like the dog chasing its tail but never catches it. It is so frustrating to listen to state lawmakers...the mayor and governor try to justify the cost of this project that I really don't think the majority of the public want since the majority of the public will probably never use it. You should have listened when the people said "Stop the Rail!"

From: [Karen Yamamoto](#)
To: [WAM-WrittenOnly](#)
Subject: Raise Property Tax to .05, half a percent. Even that is generous.
Date: Saturday, August 26, 2017 2:28:10 PM

I have moved to many places. We are a Navy Family. Other states have 1% property tax. They have nice roads and great infrastructure.

To many people complain about it....Not me.

Sent from my iPhone 7 Plus

From: [Susan Govier](#)
To: [WAM-WrittenOnly](#)
Subject: S.Govier:SB1 YES
Date: Friday, August 25, 2017 2:30:37 PM

YES on SB 1

I support the SB 1 legislation.

Mrs. Susan Govier

98-1467 Kulawai St., Aiea, HI 96701

From: [Dale White](#)
To: [WAM-WrittenOnly](#)
Subject: SB1 RELATING TO TRANSPORTATION FINANCING.
Date: Friday, August 25, 2017 12:46:02 AM

COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair

Senator Gilbert S.C. Keith-Agaran, Vice Chair

This started (I still have the news release) \$2.7 B with \$1 B reserve to cover any and all cost overruns

Today we are at 10B, next year 13B, then 16B, because of this and or that, the cost will escalate forever. Before this initial phase is complete further construction will be demanded, extensions will materialize, upgrades will be required, the infrastructure will be inadequate, the rail cars will not tolerate the extreme conditions in Hawaii and need replaced, construction flaws will rear their ugly head and causing delays during and after construction, and the electronics will fail and not work as anticipated. The city county cannot even get a synchronized traffic light system operating.

Operating cost are skyrocketing before the train is even in operation, most of the maintenance and operation budget is still based on the inflated ridership numbers and the cost of long term maintenance has not changed since the \$2.7B cost estimate and we know what happened with that number.

This will be a burden to all future generations. What long term plan is there for the possible or probable down turn in tourism or military shrinkage.

This plan appears to be ill conceived, to burden our life blood tourist industry with over a Billion in excess taxes. Forcing the entire state to be burdened with this tax even if other counties had no input to this decision. A what point do we say enough is enough. How much cash do we need to shovel to the massive consultant, PR firms, architects and contractors before reality sets in and we realize this is going to break the bank. So much more could be done with this money than building a rail system that the public does not want because the cost will never end. The cost far exceeds any benefit.

If the actual goal was to provide a working rail system the bidding would have been for a completed and working project with 20 or 30 years of operation included. There is not one politician that has even has a miniscule amount of expertise on rail but have continuously forced their input and demands into the project. I would be amazed if even one had to ride a commuter rail on a regular basis ever. Some have exempted themselves from the real estate tax burden as threats of real estate tax increases appear daily in the news and HART gears up to pass the operation and maintenance onto the real estate taxes.

Thank You,

Dale White

From: [Earl Yamamoto](#)
To: [WAM-WrittenOnly](#)
Subject: SB1 Relating to Transportation Financing
Date: Friday, August 25, 2017 3:24:45 PM

Strong concerns.

I appreciate the source-of-funding creativity and oversight protection found in the bill but shouldn't we first undertake a definitive evaluation to determine the reasonable course of action - whether it be throwing more \$\$\$ on this festering sore come hell or high water, amputate, or something in between?

From: [Wendy Arbeit](#)
To: [WAM-WrittenOnly](#)
Subject: SB4 testimony
Date: Saturday, August 26, 2017 7:35:19 AM

Absolutely no more taxes for HART until an elaborate, independent forensic audit has been completed.

This audit should include any waste and fraud found, any pay-to-play and insider arrangements uncovered, and a summation of contributions to politicians since 2004.

It's the City's project. If it can't wait for the audit's completion, let it levy the taxes to cover the ever-increasing funds it wants and take the hit. Otherwise, it's obvious that Caldwell, as he has repeatedly in the past, will be back and back for more funds -- which he already has done only last week.

Enough is enough. Stop using tax-payers' money to line the pockets of developers and unions. We have stark needs in this state, especially housing. Your energies and our taxes should be applied to those, not this boondoggle.

Wendy Arbeit
Makiki

From: [Lynne Matusow](#)
To: [WAM-WrittenOnly](#)
Cc: [Matusow Lynne](#)
Subject: Senate Bill 4
Date: Saturday, August 26, 2017 11:15:48 AM

Please accept this as testimony in strong opposition to Caldwell's Folly, aka taxing people to further finance a sinking rail system that is way over budget, will continue to have deficits grow, and way behind schedule. When will you accept the fact that you have been lied to, a tiger, i.e., Caldwell, can't change its stripes. In recent press reports, Rep. Hanabusa has criticized Caldwell and HART for always pulling numbers out of the air. Taxpayers are not a bottomless pit. Caldwell is stealing our money from us as you should not enable him to do so.

What should be done is jettison this bill and replace it with a bill which eliminates the GET surcharge. If you don't stop this folly now, when you have the chance to, both the City and State could well end up in bankruptcy.

Rail should stop at Middle Street with buses transporting people further. Just because we have spent \$XXX to date, doesn't mean we have to keep spending. Cut our losses now, walk away from it, like Target walked away from Canada, a major transportation project was killed in New Jersey.

You should not be supporting a folly promoted by a leaderless mayor who is so blind to rail at all costs, not admitting there are cheaper ways and better technology, who is staking his political career on the project to the detriment of all else, and who accused an unnaed legislator of "being drunk." It is Caldwell who is drunk in this rail mania.

lynne matusow
honolulu

From: [Mark and Ginger White](#)
To: [WAM-WrittenOnly](#)
Subject: Testimony Against Raising Taxes for Rail
Date: Friday, August 25, 2017 8:27:40 PM

Aloha Committee Members,

It is quite frankly a complete travesty of public service for the elected Mayor of Honolulu to hold a Sword of Damocles over the heads of the citizens of Oahu. To be told by Mayor Caldwell that the city and county of Honolulu will suffer the loss of vital community services if additional taxes are not levied to pay for the completion of a mismanaged Rail project—a project for which he has ultimate responsibility—is in my view, a dangerous neglect of duty as an elected public servant. I implore you as state legislators to not make the same mistake.

I support no increase in taxes to continue paying for Rail. Honolulu County citizens have paid enough already and new increases just rationalizes a further mismanagement of this terrible project. If a Honolulu light rail system must be built, let it be funded with existing taxes, within existing tax structure. Politicians at all levels need to do their jobs and prioritize city, county and state needs based on current funding streams. An increase or extension in GET exacerbates an already deleteriously high cost of living and an increase in TAT only serves to reduce hospitality industry jobs on Oahu.

Ask yourself: when will it stop? When will the increase in taxes finally be enough to satisfy the escalating demands by the City of Honolulu? Until Rail can be brought under control with sound financial management, elimination of fraud and waste, and full disclosure to the public on the disposition of current monies, no more new funding sources should be appropriated. Approving any new tax or tax extension for rail will effectively transfer ownership of this failed project from the City of Honolulu to the State legislature. Your jobs are already complicated enough without taking on Mayor Caldwell's bungled Rail to nowhere.

Mark White
94-217 Olua Place
Waipahu HI 96797
(808) 753-5323

From: [Terri Greenwell](#)
To: [WAM-WrittenOnly](#)
Subject: Testimony regarding the proposed rail funding bill
Date: Friday, August 25, 2017 6:36:07 PM

Aloha,

My name is Mary Greenwell and I live on Hawaii Island and I urge a NO vote to raising the Hotel room tax or TAT to help with funding the rail on Oahu. It is supposedly going to be charged to visitors but those of us on the Neighbor Islands and our visitors would also have to pay this additional tax to fund something that isn't even a State project or something that we will benefit from!

I strongly object to the notion that the Neighbor Islands are being forced to pay for something that is a dream of the City of Honolulu and County of Oahu! It is wrong to force the Neighbor Islands to fund a City of Honolulu and County of Oahu project when we sure could use some of their money to pay for some of our projects over here!

Please listen to your constituents and vote NO!

Mahalo,

Mary Greenwell
Kamuela, Hi 96743

From: [garne](#)
To: [WAM-WrittenOnly](#)
Subject: The longer this drags on...
Date: Friday, August 25, 2017 9:20:41 PM

Finish the Rail, it's too late to stop now. Be brave and do what should of been done decades ago. No one in the media is brave enough to point out that the real reason the rail is costing us more is because of all the delays and closed door deals. but more shameful is that the legislators are letting these contractors laugh all the way to the bank with the tax payer's money.

Time to man up

State Legislature
Senate Committee Ways & Means

SB1 Relating to Transportation and Financing

August 17, 2017

Dear Chair Dela Cruz and Members:

We agree this special session is crucial to rail funding. But, it is not as crucial as failure to sufficiently fund this project for the thousands of West Side folks whose quality of life is sub-standard every day.

Your proposals are a good starting point for discussion. I believe your intentions and proposals took much vetting.

My desire and plea is that the rail project be funded without short-fall and that the TAT charge be eliminated from the proposal. We cannot afford to negatively impact our tourism industry which is the heart, soul and economic engine for our State.

Wishing a positive Special Session.

Maeda Timson
Kapolei, Hawaii
312-4864

Mike Golojuch
92-954 Makakilo Drive #71
Kapolei, HI 96707-1340
August 25, 2017

Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Committee on Ways and Means
415 South Beretania Street
Honolulu, HI 96813
WAM-WrittenOnly@capitol.hawaii.gov

Dear Chair, Vice Chair and members of the Ways and Means Committee:

I am in strong support for continued State funding mechanism for City and County of Honolulu's rapid transit system. Therefore, I support SB4.

I appreciate the Senate's past efforts to extend the general excise tax (GET) to insure that the rapid transit system is completed to Ala Moana Shopping Center.

I also understand the concerns of the cost of rail and it needs to be monitored. I understand, even if I do not completely agree with using the TAT instead of long-term GET extension, that compromises and other approaches needed to be explored. As a result, I'll rely on the Senate and House to come up with the funding resources to complete the rail project so the public can benefit from this needed transportation system.

As a member of the Democratic Party of Hawaii State Central Committee, I can state that we passed a resolution on August 19, 2017 supporting the completion of the rail project with the State Legislature coming up with the appropriate funding resources.

Please continue your good work and come up with a funding solution to get the project done.

Thank you for letting me express my support for rail transit.

Sincerely,

Mike Golojuch

From: [Fereshteh Tali](#)
To: [WAM-WrittenOnly](#)
Subject: SB-4
Date: Saturday, August 26, 2017 6:53:35 PM

Aloha all,
I am a resident of West Maui.
I am writing to voice my opposition to SB4.
This increase will drastically hurt the tourism.

Property owners in Maui collect and pay 13.416% in GET and TAT. Most of the money is spent in Oahu, while West Maui is struggling with the one highway and increased traffic. Oahu should figure out how to pay for their own rail. Maybe someone should audit to find out why there is such a huge shortfall. Making the neighboring islands pay for Oahu's failure is wrong.

Warm regards,

Fereshteh Nikbakhsh-Tali
Home 808-868-3693
Cell 408-892-2675

Fereshteh Tali , Broker
California BRE License #00819328
Hawaii Principal Broker License #RB-21182
Specializing in Real Estate Sales, Investments
and Vacation Rentals
Phone (408) 892-2675

From: [Daniel Pascal](#)
To: [WAM-WrittenOnly](#)
Subject: Legislative Special session: Bill SB4
Date: Saturday, August 26, 2017 10:20:56 PM

Hello.

Thank you for allowing me to submit testimony regarding future rail funding and the completion of Rail.

I am in support of this Bill for the following reasons:

This is an issue which has divided the State into two groups: The people who want it vs. The people who don't. You either love it or hate it. There is no middle ground.

The rail has always had problems: The shaky beginning from the start with how it actually got approved, to its current disaster of a state it is in now. How does anybody know that we are not going to still have traffic problems if the rail is completed? Sure, there are going to be people who may use the rail, but there will be much more people who will not ride the rail because 1) why will they give up the freedom of driving and 2) because the "other guy" is going to ride the rail. Plus then we are going to have to foot the bill of operation, and only a small portion of the State will have immediate need for it. The Mayor has threatened the people of Oahu with having to raise property taxes if he doesn't get the funding he needs for rail. When the State legislature offered him the money to meet his needs, then he says he needs more money. Rail has been going on for how many years already. It seems like it has been forever already! Just finish the thing! However, if we are going to be stuck with paying for this thing, I fully support an audit being conducted. As a tax paying member of the State of Hawaii and a resident of the City and County of Honolulu, I think I deserve to know how well or mismanaged my money has been used. People directly associated with rail have already ruined the beauty of Oahu, and a precious tourism resource. Rail cost has always gone up. It has never plateaued or remained constant. IF this money coming from a fragile resource, such as tourism (via room tax), is going to finish this thing once and for all, and is going to meet the current needs to complete the rail, then lets just get it finished already, but I do not support any more funding if the City needs more funding in the future. We all grow up learning that we have to live within our means. Why does it feel like rail is being forced down our throats along with threats of additional taxes. People are tired of the mismanagement of rail monies and delay of rail. Please pass this Bill so rail will be done with, once and for all.

Thank you.

From: [Owen Nakaoka](#)
To: [WAM-WrittenOnly](#)
Subject: Very Expensive Honolulu Rail
Date: Sunday, August 27, 2017 8:56:56 AM

I live on Big Island of Hawaii, and I don't like idea the neighbor islands help pay for Honolulu's Rail project. It is Oahu's problem, not Hawaii Island, Maui, Lanai, or Kauai! If keep taxing tourists, they will eventually stop visiting Hawaii State, instead they will go some place else!

Owen's iPad

From: mauinuts@aim.com
To: [WAM-WrittenOnly](#)
Subject: Opposed to TAT increase
Date: Sunday, August 27, 2017 8:34:56 AM

Aloha,

I am very much opposed to an increase in the TAT. The current 9.25 percent tax is extraordinarily high and increasing it jeopardizes the overall tourism industry for the state of HI. Please reconsider this proposal and look elsewhere for a means to generate revenue for the rail system. Please also consider slowing down the spending increases and or deeper cost cutting as a way to balance the budget.

Mahalo,
Randy Lorenz

From: [George Pace](#)
To: [WAM-WrittenOnly](#)
Subject: End the RAIL fiasco taxpayer ripoff NOW!!
Date: Sunday, August 27, 2017 7:39:17 AM

Stop ripping off the taxpayers of Hawaii for the worst managed most expensive public transportation boondoogle in the history of the United States, maybe the world.

Don't waste another cent of taxpayer money to line the pockets of the cronies of you politicians.

Don't throw good money after bad.

End the rail project now!

Stop lying and cheating the people!

From: [Michael Wilde](#)
To: [WAM-WrittenOnly](#)
Subject: TAT Tax Increase
Date: Sunday, August 27, 2017 7:21:23 AM

I strongly oppose any further increase to the transient accommodations (hotel room) for any reason, including Oahu rail funding. I often hear from our rental guests that Hawaii has become so expensive to visit that many are considering alternate, more reasonable priced, vacation destinations such as Mexico. Increasing any tax only further increases the risk of diminished tourism. If that happens, how long will it take to recover?

Once tourists reestablish a new vacation pattern it will be very difficult to win them back. The State of Hawaii simply can't continue afford to continue to tap tourists to fund shortfalls. It's very disturbing that many state leaders appear to be playing dangerous games with Hawaii's economic engine. So far, Hawaii has been very lucky. How long will simple luck prevail? Consider these important facts:

- ❖ Any further increase will harm Hawaii tourism. Hawaii is already one of the world's most expensive destinations. Piling on additional travel cost on visitors, who have many world-wide vacation choices, will only drive them elsewhere.

- ❖ Industry costs in construction, goods, services and especially taxes and regulation have escalated as fast or faster than visitor revenue growth.

- ❖ We have already been hit with possibly the largest tax increases in state history. In just the last five years, our TAT taxes have gone from \$324 million to \$508 million per year and our real property taxes from \$196 million to \$300 million per year, more than 10 percent each and every year!

- ❖ Virtually none of that huge total \$526 million TAT increase has gone to the TAT's purposes of marketing Hawaii tourism.

- ❖ A tax on visitors is indirectly a tax on Hawaii's perceived ohana and spirit of Aloha.

- ❖ Don't think for one moment that visitors don't vote ... they vote with their feet and online research.

- ❖ There is no good reason to single out Hawaii tourism for tax

increases. Shouldn't Hawaii bankers, realtors, farmers, health care and tax payers who use rail help pay for it?

- ❖ The forecasts for continued TAT revenue growth used to justify rail funding are unrealistic and highly risky.

- ❖ It is unfair to increase the TAT on our neighbor island industry to pay for Oahu rail.

Hawaii is headed down a very dangerous path ... one of spend and tax. This policy is simply unsustainable in the future and should be reconsidered carefully by its legislative body. Just look at California and Illinois as an example of how uncontrolled spending can stymie an economy. Hawaii's economy is very fragile since it has limited sources of revenue ... mostly taxes and tourism.

If the TAT is raised now to fix the rail shortfall, when does the next shortfall occur and will it be fixed with risky tax increases or fiscal responsibly? Tourism is not the deep well many think it is.

Michael Wilde

From: [Heidi Perreira](#)
To: [Rep. Nicole Lowen](#); [WAM-WrittenOnly](#)
Subject: Neighbor Island Hotel Tax Increase
Date: Sunday, August 27, 2017 7:16:07 AM

Aloha Representative Lowen,

My name is Heidi Perreira and I'm a resident of the district you represent and I have supported you for many years.

I am born and raised and have chose to remain in Hawaii to raise my family and hopefully many future generations.

We often enjoy our downtime with staycations, utilizing the local hotel/vacation rental system.

I am writing to let you know that I oppose the increase of TAT to support the rail. It's not fair that we hardworking, blue collar residents who live on a completely different island have to take the fall for a rail system that never should've been built in the first place!

Does Oahu need it? Sure, they could use it- could they ever afford to build it? No, they never had the funds to support a project like this and they never should've started without proper planning, raising of funds prior and making sure they had financial experts in place to manage such a huge project at the tax payers expense.

They have made bad decisions thus far. For example, spending money to decorate pillars supporting the rail before the rail is even complete- silly!!

It would be unfair for me to build a home that I knew I couldn't afford in the first place and ask my surrounding neighbors to take on the financial responsibility and help finish building my home!!

There are so many other things in OUR immediate community that need OUR attention: our roads, our schools, our kids, our local hospitals, our public facilities. OUR Island has its own kuleana!

I encourage you to vote AGAINST the increase of TAT!

Sincerely,
Heidi Perreira
Resident of North Kona
808-987-8299

From: [Myron Perreira](#)
Cc: [WAM-WrittenOnly](#)
Subject: Fwd: Tat increase
Date: Sunday, August 27, 2017 7:04:29 AM

Sent from my iPhone

Begin forwarded message:

From: Myron Perreira <myronperreira@yahoo.com>
Date: August 27, 2017 at 6:53:39 AM HST
To: replowen@capitol.hawaii.gov
Subject: Tat increase

Good morning. I just read the paper about the TAT increase to pay for rail. The rail project seems to have a open-ended budget. I am strongly against it. Hawaii county has no say in how it's managed. But we are asked to pay for it. That is just like us asking Honolulu to pay for our roads that they use once of twice a year on Hawaii island. Please hear the citizens from Hawaii county to ensure the voice you give is the voice of us. Please help represent our voice. Do the right thing vote against it. Tax increases should help Hawaii island. Not to pay for a mismanaged rail project.

Sincerely,

Myron K. Perreira

Sent from my iPhone

From: [Steve Scott](#)
To: [WAM-WrittenOnly](#)
Subject: VOTE NO
Date: Sunday, August 27, 2017 10:17:01 AM

Vote for no increase in the TAT or an extension in the GET surcharge until a full forensic audit is completed of HART and the rail project.
Steve Scott

From: [Gretchen Osgood](#)
To: [WAM-WrittenOnly](#)
Subject: TAT
Date: Sunday, August 27, 2017 9:13:36 AM

I strongly oppose the outer islands having to be taxed higher on TAT to pay for rail that only benefits Oahu. Maybe if you reinstated our fair share of TAT this would benefit us as well... but I don't see that option on the table. You took for us, continue to take from us and that is just plain wrong. One of the fastest growing tourism sectors is our island and we were hardest hit in the great recession, now is not the time to take more, now is the time to make right the wrong you have already done to us.

Gretchen Osgood, Realtor, Principal Broker RB-18884

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Email & Website: Gretchen@HawaiianIsle.net www.HawaiiRealEstateDreams.com

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Hawaiian Isle Real Estate, LLC, (RB-19005) Pottery Terrace, 75-5995 Kuakini Hwy #521,
Kailua-Kona, HI 96740

Real Estate Licensee in the State of Hawaii: THIS MESSAGE IS A SOLICITATION. If you no longer wish to receive my emails, please click "Reply" and type "Remove My Name" in the subject.

From: [heaviescc](#)
To: [WAM-WrittenOnly](#)
Subject: Rail funding
Date: Sunday, August 27, 2017 9:11:37 AM

I DO NOT support any tax increase, extention, nor further funding for the failed and corrupt rail project.

Furthermore, I DEMAND an investigation on this debacle, and all parties involved prosecuted, to the fullest extent of the law, for criminal fraud of the taxpaying citizens of the city and county, and this state.

This project was a scam from the start, of NO practical use for the citizens of this city, and a complete fraudulent waste of tax dollars.

Brendon Heal
Ewa Beach
Taxpayer and VOTER

From: [Don Baker](#)
To: [WAM-WrittenOnly](#)
Subject: SB4 Rail Tax Funding
Date: Sunday, August 27, 2017 11:16:51 AM

Why should the neighbor islands pay for Caldwell & Company's financial mess? This project was underfunded from day one. Honolulu needs to get their act together. The neighbor islands have raised their property taxes to cover budget shortfalls. Honolulu needs do the same.

I ask you not to raise the TAT. It will only subtract from other visitor spending. What happens when the economy slows down (and it will) and TAT revenues decline? It will just lead to more taxes. Be responsible and don't fall for this trap. Thank you.

Donald A. Baker
P.O. Box 321
Volcano, HI 96785

From: [Bob Gould](#)
To: [WAM-WrittenOnly](#)
Cc: [Blangiardi, Rick](#); [Gretchen Gould](#)
Subject: Testimony on special session bill SB1 relating to rail
Date: Sunday, August 27, 2017 11:15:36 AM

IN FAVOR

While I have reservations about the way the bill is written and its unnecessary complications, I am in favor of the bill and add my broadcast email of 8/14/17 below along with the subsequent comments to my testimony today:

1. Leave the 0.5% excise tax in place. Permanently. Use it to build and then support rail with any future excess going to extending the rail. This is NOT a tax increase. It is merely keeping in place a tax that everyone is already used to. Remember, the State gets a cut!
2. Increase the hotel room tax by 1%. That will at least put it closer to, though still lower than, the national average. Don't listen to the whining of the hotel industry. They have no problem raising their rates by 20% and adding charges, so a 1% tax increase is vanishingly small! Use that money for the general fund and if you wish, add to the excise tax to help

with the initial rail costs.

Do **both** things!

Don't micromanage rail. Let the people charged with that do it. Provide the money and leave them alone. That also applies to the UH.

Robert Gould

Kaneohe, HI

254-5242

The Hawaii transient accommodations taxes are among the lowest in the country. Surely we can afford to at least be near the average!

Hawaii PROPOSED 10.25%

Miami 13%

Las Vegas 13%

San Francisco 14%

Seattle 15.6%

Los Angeles 14%

Reno 13.5%

Atlanta 19%

Cabo San Lucas 15% VAT

In addition, all of the locations listed above have sales taxes of 8% to 12%. In Florida counties can add sales tax surcharges as they please, and most are 6% on top of the state 6% tax. The transient accommodation taxes are added to that! If Hawaii raised the TAT to 15%, it would be around average with the rest of the US major cities, and still less when the excise tax and sales taxes are included in the total. Note that the hotels in Hawaii now add 'resort fees', parking charges, and various other undisclosed fees that are surprises upon arrival, plus the room rates are now among the highest in the country. Don't let them cry poor to you! And for you neighbor island representatives and senators, including your areas

in the TAT is not something that will affect your local residents unless they stay in a hotel on your island.

Robert & Gretchen Gould
Kaneohe, HI 96744
254-5242

From: [Choon James](#)
To: [WAM-WrittenOnly](#)
Subject: Fwd: No to Bill 4 Special Session 2017
Date: Sunday, August 27, 2017 11:37:10 AM
Attachments: [image.png](#)

Aloha Senators and Representative:

As a private citizen, I can speak with confidence relating to the rampant intransigence, fiscal mismanagement and corruption of the Mufi Hannemann and Kirk Caldwell Administrations.

I've been involved with City Hall for decades in issues such as "Keep The Country Country" and more specifically have regularly attended city council committee and public hearings for the past 8 years.

I can't imagine how any one would believe and depend on Honolulu Mayor Caldwell if one had the opportunity to study his record. He's been lying since 2012! Hear Kirk Caldwell in his own lies. He continues his lies to this day!

https://www.youtube.com/watch?time_continue=1&v=4d6NLNROz68

The Porter Report in 2012 stated that Honolulu County could not have it all. It would have to undermine many of its CORE services to finance the Honolulu Rail. Did they care? No!

At this point of their blackmail game, let's not further burden our general public who are already trying to live paycheck to paycheck and working 2 to 3 jobs to make ends meet.

Even many of our union friends are worried about their own retirement. They wonder if they can retire comfortably in Hawaii when the property taxes and rents will irrevocably increase, not to mention other increased fees.

End this colossal fiscal fiasco, Stop at Middle Street, stop the Caldwell rampant pay to play games, seen beyond this Caldwell kabuki show, ignore the Caldwell political stagecraft and **do not bail him out**.

All Mayor Caldwell is interested in are the opportunities for the Transit Oriented Development (TOD) opportunities where he has testified in front of you where there are "billions and billions of dollars.)

This 21 square miles TOD Corridor (not the rail line) will create massive

social and economic injustice to the existing small private property owners. The city is laying the legislative ground work for quick takings through eminent domain in order to assist in "public-private partnerships" through "land assembly".



However, TOD can easily happen without Rail, through Special District designations. It's already in his Oahu General Plan proposals for bus terminals in Wahiawa and Kailua.

Please advocate for fiscal sanity. Make the Right Decision for the people and for history. It makes absolute no sense to squander billions and billions of dollars for a projected 2% traffic decongestion.

Mahalo!

Choon James
Kahuku

From: [Ashley Welton](#)
To: [WAM-WrittenOnly](#)
Subject: Opposing SB4
Date: Sunday, August 27, 2017 11:38:17 AM

To whom it may concern,

As Hawaii county residents, we vehemently oppose shouldering the burden of the Honolulu rail project through an increase in TAT and/or GE tax. We don't believe neighbor islands should be fiscally responsible for Honolulu's mismanaged project funds.

Please consider.

Aloha,
Ashley Welton and Noah Lake

--

Aloha,
Ash

Mentor + Writer
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Borrow My Brave @ www.ashleywelton.com

From: [Mimo Pearl](#)
To: [All Senators](#); [All Reps](#); [WAM-WrittenOnly](#)
Subject: NO to Bill 4
Date: Sunday, August 27, 2017 12:37:37 PM

This is a no brainer....

Please vote NO to Bill 4.

We the people of Hawaii have been taxed enough. Once you allow assistance to the city, I can guarantee you, Mayor Caldwell will always ask.

FYI, HART has not paid Kiewit for the change orders...beleive me, there is or will be a court case when Kiewit is done. Why do you think they didn't bid for the next phase?

The Rail will go down as the hugest lose money mistake.

Cut our losses....stop the rail....use it as some kind of beautification planter...seriously stop the rail...it won't serve us.

This Rail shouldn't have ever been permitted.

How about we focus on the housing problem we have, how it's too expensive, and really help the residents of Hawaii.

And that's my two cents

June L Pearl- Kahuku, HI

From: [Susan Welton](#)
To: [WAM-WrittenOnly](#)
Subject: TA TAX FOR OUTER ISLANDS
Date: Sunday, August 27, 2017 12:27:54 PM

ARE YOU KIDDING ME!!!!!!

Because they have mishandled and misfunded their money to complete the rail, you think the outer island should subsidize them with our income via TA TAX?

I don't see Oahu over here helping us with our roads or our wells.

This is TOTALLY and UNFAIR request.

Think twice before you vote for it.

I own a vacation rental, have for 3 years and have paid my required TA TAX each month.

I refuse to pay more to supplement another island due to their poor planning.

Whoever votes for this will not receive my vote for another term in office.

Susan Welton

From: [Pam Smith](#)
To: [WAM-WrittenOnly](#)
Subject: Sb4
Date: Sunday, August 27, 2017 12:44:25 PM

Please accept this testimony on SB4 for the WAM committee meeting on August 28, 2017 at 3:00 pm

Please do not spend one more nickel on this failed, out of control rail system. The costs are not being contained, so no matter what you throw at it, it will not be enough.

This system had an original price tag of \$2.7 billion. After 8 years and Billions of dollars spent they mayor is telling you that \$2.4 billion is not enough to finish it. Take him at his word because the overruns have not even begun to show themselves for the town portion of construction. Cut our losses now. Cut funding for the rail and make them stop the madness at Middle St.

A forensic audit is important to show the waste and corruption rampant in the project, but will do nothing to stop the massive overruns because the project has been underestimated all along the way.

Please vote NO on this bill. The residents of Honolulu County have suffered enough. Do not impose any additional burdens on them or the other residents of Hawai'i.

Pam Smith
91-321 Pupu Pl
Ewa Beach 96706
808-398-5556
Sent from my iPad

From: [Lori Lloyd](#)
To: [WAM-WrittenOnly](#)
Subject: Honolulu Rail project: Audit or stop funding construction
Date: Sunday, August 27, 2017 2:17:25 PM

We can not afford it and have no plan to pay for construction completion nor ongoing maintenance.

We must complete a comprehensive fiscal and engineering audit of Honolulu rail including an investigation for fraud, waste, and abuse.

Since 2008 the City of Honolulu has spent millions of dollars on a pro-rail campaign that promised rail would alleviate traffic congestion, lower commute times, and save energy, without affecting the environment or the aesthetics of the city.

The City stated a 34-mile elevated rail system going from the town of Kapolei to Ala Moana Center, Manoa, and Waikiki could be built for \$3 billion. With this \$3 billion estimate, the City signed a Full Funding Grant Agreement with the FTA in 2012 based on a total cost of \$5.2 billion. Cost estimates continue to grow: 2015 to \$6 billion, 2016 to \$8.6 billion, January 2017 to \$10 billion.

At least an 83% cost overrun, estimates were flawed.

In 2010, then-Governor Linda Lingle commissioned an audit by Infrastructure Management Group, which came up with a baseline cost of \$7.8 billion for the project with a high-end estimate of \$10.9 billion.

The Federal government paid for part of construction of the rail, the FTA threatens to suspend further payments until the City could produce a plan to cover its funding shortfalls. Hawaii's legislature passed a temporary surcharge on the state excise tax in order to fund the project, Honolulu Mayor Caldwell wants an extension of that surcharge (or a different tax) to meet the city's funding needs and the FTA's requirements.

The project is years behind and billions over budget and there is no guarantee that this is the end of the rail's fiscal problems. What is the plan to pay for operating and maintenance cost of \$100 million per year?

Hawaii citizens support for the project continues to decline. Belief that waste, fraud, and abuse have become part of the project, lowering public faith in the rail and the City government. This lack of trust has led to calls for a true, independent federal audit that can investigate the Honolulu rail project for fraud, waste and abuse and answer questions about the troubled project.

There have been regular audits throughout the project, many question whether they were truly independent. There has not been an audit to look specifically for fraud, waste, and abuse ... including efforts to misrepresent the project to the public and the FTA.

The Honolulu rail project approaches 10 years of disarray with mounting costs and declining public support which have led to a political and financial crisis for the state. Will the federal government step in and determine the fate of the project because Hawaii's leadership planning

and cost analyses have failed?

Do not spend tax dollars on government projects Hawaii can not afford, are not managing cost effectively and can not maintain.

--

Lori Lloyd

Phone [808-551-7471](tel:808-551-7471)

From: dan_t_y@hotmail.com
To: [WAM-WrittenOnly](#)
Subject: Rail Comments
Date: Sunday, August 27, 2017 2:04:29 PM

Dear Committee on Ways and Means,

Please do not give into the Mayor's request to extend the general excise tax. They asked once, and if you approve the increase, he will return and ask for more or propose a permanent increase. By enabling them it sends a wrong message to the tax payer by rewarding a project with a blank check and showing that this is acceptable. It is time to say enough is enough and hold the City accountable for their mismanagement and misleading the public for low balling the cost estimate to gain support for the the project. Time and time again the cost estimates continue to increase and cannot be trusted. In addition, it is absurd to spend billions of dollars only to reduce only 2% of cars on the road when the rail is complete. Do not be bullied by him, by reminding you of your promise when he does not fulfill his. This should not be your problem, it should be theirs and have them reduce the cost of the project and work with the funds they receive like any government project. Thank you.

From: [Vern Vance](#)
To: [WAM-WrittenOnly](#)
Subject: Re: TAT for the island of Hawaii
Date: Sunday, August 27, 2017 1:58:32 PM

We don't need to add any more taxes on the Big Island.. Oahu owns the Honolulu Rail not any of the other counties. Oahu wanted it and they got it. Besides how is the rail system going to support itself if it does not operate at a profit. Subsidized by more taxpayer dollars? The system is way over budget and yet you want the other counties to pay for Honolulu's "Train Pain". We say no way!

None of the other counties will benefit from "The Train Pain".

Vern and Marsha Vance - 808 225-0695

From: [robin.alterman](#)
To: [WAM-WrittenOnly](#)
Subject: Outer Island TAT contribution to Rail
Date: Sunday, August 27, 2017 1:43:04 PM

As a 25 year resident of the Big Island, I am appalled that our representatives are considering increasing our TAT to support the Honolulu Rail project.

We had no say in the project from the beginning, and have no stake in the building of the project. The fact that it is over budget, underfunded and way behind schedule has nothing to do with us.

As a business owner with vacation rentals, I would have to again increase my rates to my guests - to no benefit to infrastructure where they are paying the tax - ridiculous.

I will be watching closely to see if any of my current representatives vote to enact this terrible law. They will never again get my vote and I will encourage any and all friends that will listen to do the same.

Robin Alterman
Kailua-Kona

From: [Mike and Andrea](#)
To: [WAM-WrittenOnly](#)
Subject: Opposed to TAT for OAHU RAIL
Date: Sunday, August 27, 2017 10:23:56 AM

Wrong move to use Big island tax monies to fix a poorly planned rail system. I live in HPP and pay road maintenance fees, to out of my pocket without assistance from the state or county. Now why should tax Big Island hotel industries for a rail system that I will never use? What benefit will big island residence or any other island receive from this?

This Bill also allows Oahu to route monies for Oahu projects not outer island projects. I am a Democrat opposing this undemocratic agenda being imposed by OUR Democrat representatives. This bill will hurt outer islanders causing additional taxation to fix our roads, island projects, etc.

Please provide a list of all representatives in favor of this detrimental act against the outer island! We need to know who to vote for in up coming elections!!!!

From: tropicalhawaii@aol.com
To: WAM-WrittenOnly
Subject: SB4 - Written Testimony in opposition to funding for RAIL
Date: Sunday, August 27, 2017 12:28:54 AM

August 26, 2017

WAM-WrittenOnly@capitol.hawaii.gov

TO: WAM Chairmen: [Donovan M. Dela Cruz](#) and Gilbert S.C. Keith-Agaran
and Members of the Ways and Means Committee

RE: SB 4 - Relating to Government / Special Financing for the Honolulu RAIL

Testimony in OPPOSITION. AGAINST ADDITIONAL STATE FUNDING FOR THE RAIL.

Most Honorable Sen. Dela Cruz and Keith-Agaran and WAM Committee:

I say Pause:

Stop the Funding Now.

Demand a Forensic Audit.

End the Rail at Middle Street.

Continue by Bus from Middle Street.

All stakeholders agree: We do not agree on the “Best Solution” to obtain funds needed for RAIL.

There are multitudes of people who support different ideas on the funding needed for the RAIL.

Each ‘side’ wants to win. This is like a struggle for life and death and no one wants to die.

HOWEVER,

Since the City has come to the State for money,

AND

Since the City and HART concur: “We have no more ideas, we leave it up to the State.”

THEN

It's up to the Legislators to Compromise, Collaborate, and Concede to the best outcome.

Advice to all Citizens:

Be ready for strong opposition, no matter what the State Legislators agree upon.

The better the solution, the more likely the opponents will be resisting...because to agree with the State Legislators’ solution the opponents can no longer stand on their premises and will have to succumb to the UNKNOWN facts used by the State to make their decision:

- Unknown cost to complete the RAIL.
- Unknown budget to maintain and operate the RAIL.
- Unknown revenue to be derived from RAIL.
- Unknown reliability and average daily passenger count of the RAIL ; and
- Unknown deceptive practices uncovered by a forensic audit that may lead to disparaging legal consequences for the city, the state and some individuals in the future.

Will Hawaii be pleased with RAIL? Or will we wish it were, as Frost wrote: “The Road Not Taken.”*

Tough choices. Difficult Decisions. The RAIL was 'sold' as an attractive (and needed) transportation solution – however, it has never passed the 'smell test' and for me it never will.

Respectfully Submitted by Christine Olah, Resident of Honolulu
TropicalHawaii@aol.com

*Reference:

The Road Not Taken

Robert Frost, 1874 - 1963

Two roads diverged in a yellow wood, And sorry I could not travel both And be
one traveler, long I stood And looked down one as far as I could To where it
bent in the undergrowth; Then took the other, as just as fair, And having
perhaps the better claim, Because it was grassy and wanted wear; Though as
for that the passing there Had worn them really about the same, And both
that morning equally lay In leaves no step had trodden black. Oh, I kept the
first for another day! Yet knowing how way leads on to way, I doubted if I
should ever come back. I shall be telling this with a sigh Somewhere ages
and ages hence: Two roads diverged in a wood, and I – I took the one less
traveled by, And that has made all the difference.

MICHAEL J. GOLOJUCH, JR.

92-954 Makakilo Drive #71 ♦ Kapolei, HI 96707-1340

August 27, 2017

Senate's Committee on Way and Means
Auditorium
State Capitol
415 South Beretania Street

Hearing: Monday, August 28, 2017 at 3:00 p.m.

RE: **STRONG SUPPORT** for Senate Bill 4 - RELATING TO GOVERNMENT

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran & Committee Members,

My name is Michael Golojuch, Jr. and I grew up the Leeward Coast, going to Mauka Lani Elementary and then graduated from St. Louis High School. So I have seen the traffic go from bad, to worse and now to the worst in the nation. I also understand that rail will is not the silver bullet to the traffic nightmare for those of us that call the Leeward coast home, but it will provide us an reliable alternative to spending 15 – 25 hours a week in traffic.

Some want to know: "Why is the Honolulu Rapid Transit System project a State issue?" Well one reason is because the Legislature has said they are the only ones to set the General Excise Tax (GET) level. Also the Legislature decided when the 0.5% of the GET was set to fund the O'ahu rail project that the State would keep 10% of the Honolulu Rapid Transit System GET 0.5% to cover costs of collecting the GET. When in fact the State only needed less than 1% with the remainder going into the General Fund to fund other State projects.

Another reason the Honolulu Rapid Transit System is state issue is because it is NOT only about transportation - the Honolulu Rapid Transit System will provide economic opportunities along the rail route from the new businesses that will spring up along to the rail route to the construction of transit oriented development, which will benefit everyone across the state from the General Excise Taxes the State will collect.

The Honolulu Rapid Transit System will create an economic corridor along the rail route, which links Honolulu to Kapolei. It needs to be noted that Kapolei has been the economic engine that helped keep this state going during the economic downturns the state has faced over the past 20 years.

The Honolulu Rapid Transit System will also help address the housing shortage that is facing the City and County of Honolulu because of the transit oriented development. As we have already seen this starting to happen with the development in the Kaka'ako area and with Ho'opili, the new housing development out on the Leeward coast, that is right along the Honolulu Rapid Transit System route.

Fact is the City & County of Honolulu only has enough funding to complete construction of the Honolulu Rapid Transit System from East Kapolei to Middle Street. According to my understanding the Federal Full Funding Grant Agreement, which is set to provide \$1.55 Billion in Federal Tax-dollars for the construction, requires that the rail system to go from East Kapolei to Ala Moana.

If the City & County of Honolulu does not complete the Honolulu Rapid Transit System as laid out in the federal Full Funding Grant Agreement, the City & County of Honolulu will be required to refund the Federal Government the portion of the \$1.55 billion they have already received and spent on the Honolulu Rapid Transit System. The only place the City & County of Honolulu has to generate that revenue to repay the Federal Dollars is from raising property taxes, which will just exasperate the housing crisis. This will lead to an increase in more of fellow citizens to experience homelessness, as well as even more locals having to move to mainland to make a living.

For all these reasons I urge each and everyone of you to SUPPORT Senate Bill 4 - RELATING TO GOVERNMENT. Please keep in mind Rail is not only about transportation, it is about economic development and opportunities as well as housing!

Mahalo for your time,

Michael Golojuch, Jr.

From: [Walter Welton](#)
To: [WAM-WrittenOnly](#)
Subject: TAT Rail increase
Date: Sunday, August 27, 2017 12:07:01 PM

I am very much against raising the TAT for neighbor islands to fund the mis management and overage for the Honolulu Rail System.

Walter Welton

August 27, 2017

Committee on Ways and Means
Hawaii State Senate
RE: S.B. 4

Dear Senators:

I am not a union member. I don't work in the hotel or tourism industries. I don't work for a construction company nor own one. I am just a taxpaying resident of O'ahu that is sick and tired of watching years of my money go down the drain to the incompetence, malfeasance and lies that are the hallmark of Rail.

You are now considering yet one more financial bailout of Rail through some array of new taxes that will further burden the residents and tourists of our state and jeopardize our economy. You and I both know that in the end what you are considering now will never be enough to complete the project. But if there is any hope that it will, I respectfully suggest that you consider the following for the legislation now before you:

An Independent Forensic Audit

An experienced and independent auditing firm must perform a forensic audit of HART and the Rail project with no political ties to the City, HART or the principals involved. An audit by the State Auditor will be politically questioned and not acceptable to the public.

Additionally, any new tax revenues collected as a result of this legislation (i.e. TAT) should not be released to the City until the forensic audit is completed, made public and the City and HART act upon its recommendations.

Ask the One Question No One is Asking

As part of your consideration of this legislation, Mayor Caldwell and HART should be asked: What will you do if you determine at some point prior to the completion of Rail that the projected cost for the project *exceeds* your current estimate?

Demand the answer *in writing*. Do not release any new funds to the City until he does so. Everyone is talking as if the current estimate is the final cost. How can that be? We have been given at least two other final costs in recent years that were quickly revised. Even the current estimated may have been revised in recent days. The hardest and most unpredictable part of the construction is yet to be started. How can anyone honestly believe the current estimate has any degree of accuracy at all – even with a “stress test” contingency?

Thank you for considering my comments and suggestions.

Respectfully,

A handwritten signature in black ink that reads "John Lopinto". The signature is written in a cursive, flowing style.

1354 Kamahale St Apt A
Kailua, HI 96734

From: [Philip Tong](#)
To: [WAM-WrittenOnly](#)
Subject: Rail Fail!
Date: Sunday, August 27, 2017 2:52:25 PM

I DO NOT support any tax increase, extention, nor further funding for the failed and corrupt rail project.

Furthermore, I DEMAND an investigation on this debacle, and all parties involved prosecuted, to the fullest extent of the law, for criminal fraud of the taxpaying citizens of the city and county, and this state.

This project was a scam from the start, of NO practical use for the citizens of this city, and a complete fraudulent waste of tax dollars.

Philip Tong
Kailua Kona, HI

Taxpayer and VOTER

Sent from my iPhone

From: [David Case](#)
To: [WAM-WrittenOnly](#)
Subject: RAIL FUNDING AND THE TAT
Date: Sunday, August 27, 2017 2:52:10 PM

Aloha Chairman Dela Cruz and Members of the Senate Ways and Means Committee--

My name is David Case. I am a full-time resident of Kailua-Kona on the Island of Hawai'i. I am writing in support of the measure before you that would, among other things, add one percent to the statewide TAT. From all reports I have to conclude that the Honolulu rail project is at best poorly managed and at worst poorly conceived. There might have been less costly fixes to the Honolulu traffic problem (light rail comes to mind), and this one could almost surely have been better managed. But we are beyond that now. The project is well under construction, and trains are doing test runs. There's no turning back. It's got to be finished before we will find out whether it was worth all the cost and trouble.

I have no idea why all of Hawai'i Island's Senators are against it, and most of its Representatives are for it. I am, however, persuaded by the arguments advanced in favor of the one percent TAT increase rather than those against it. For one thing I had no idea, as Rep. Richard Creagan (D Ka'u) is quoted in today's West Hawaii Today, that a significant number of Hawai'i Island laborers commute to Oahu to work on the project. So, at least in the near term the rail project has some beneficial effect our island.

Moreover, I find the argument literally incredible (as in not believable) that a 1% TAT increase will dissuade tourists and kamaaina alike from going to the resorts. Suppose you pay \$300 per night for a stay at a pretty good hotel. The extra TAT is \$3 per night. I find it hard to believe that alone is going dissuade anyone from taking a staycation let alone a vacation. If you can afford \$300, you can certainly afford \$303 for a nice room, not to mention lounging around a pool while being served drinks.

In my situation, however, the TAT increase will pay for itself the first time my wife and I take the train to Kapolei to go to our West Oahu time share rather than pay an additional \$500 to \$700 to rent a car we will hardly use. The West Oahu resorts will rent me a car on a daily or hourly basis if I need one. Even if I stay a month that alone will reap several hundred dollars that I can either save or more likely spend supporting some other aspect of the tourism economy.

Finally, where's the Aloha? Our neighbor Islanders are in kind of a jam. We can afford one more percent for our own staycations and infinitely more for someone else's vacation. I urge you to pass the bill and get the trains running before I and others headed that way have to rent another car to drive to West Oahu.

Sincerely,
David S. Case
(808) 238-5285

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David S. Case
(808) 238-5285

From: [Philip Tong](#)
To: [WAM-WrittenOnly](#)
Subject: Rail Fail!
Date: Sunday, August 27, 2017 2:52:25 PM

I DO NOT support any tax increase, extention, nor further funding for the failed and corrupt rail project.

Furthermore, I DEMAND an investigation on this debacle, and all parties involved prosecuted, to the fullest extent of the law, for criminal fraud of the taxpaying citizens of the city and county, and this state.

This project was a scam from the start, of NO practical use for the citizens of this city, and a complete fraudulent waste of tax dollars.

Philip Tong
Kailua Kona, HI

Taxpayer and VOTER

Sent from my iPhone

From: [David Case](#)
To: [WAM-WrittenOnly](#)
Subject: RAIL FUNDING AND THE TAT
Date: Sunday, August 27, 2017 2:52:10 PM

Aloha Chairman Dela Cruz and Members of the Senate Ways and Means Committee--

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Sincerely,
David S. Case
(808) 238-5285

--

David S. Case
(808) 238-5285

From: [margene.ayers](#)
To: [WAM-WrittenOnly](#)
Subject: No rail tax. Stop rail.
Date: Sunday, August 27, 2017 2:56:05 PM

Taxpayers are already overburdened with fees and taxes from both the federal and state governments.

This is a huge money drain. We can see other city services defunded to put money into the rail.

Where has all the \$5 billion gone? Taxpayers were denied a forensic audit to keep the money trail secret. That is suspicious.

This rail project has doubled in cost just to build. There is no viable plan to maintain it. There is already cracks in the cement [work.](#)The trains will be 10 years old when the rail is running.

Stop this madness. Stop rail at Middle Street and use the bus system. There is no audit. There is no trust. The HART management needs to be replaced. Taxpayers expect the truth.

Aloha, Margene Ayers
Taxpayer, City and County of Honolulu