



Federal investigators Looking into Honolulu 20-mile Rail Project

March 13, 2019

Federal investigators are looking into Honolulu's 20-mile rail project, according to unnamed sources quoted by the Honolulu Star-Advertiser. The paper said city, state and federal officials have knowledge of a federal inquiry, which involves the Honolulu branch of the U.S. Attorney's office. Sources cited in the paper said they did not know what aspect of the project officials are investigating. Last month, Honolulu Mayor Kirk Caldwell signed Bill 42 into law, which allows a maximum of \$214 million in general fund monies to be used for the over budget rail project, the first time city funds have been used for rail. The project has been plagued by delays and soaring costs over the last several years.

In 2012, construction for the elevated rail was estimated to cost \$5.26 billion by 2020, compared to an estimated \$9 billion today.

HART now expects the project to be completed by late 2025 or early 2026. Last month, HART submitted a recovery plan to the Federal Transit Administration, which has held up about \$745 million of the \$1.55 billion it committed to the project following the cost overruns.

Honolulu Rail Project Struggles to Stay on Track. The cost of the 20-mile elevated rail plan has surpassed \$8 billion.

A rail line under construction is carved with tropical images of turtles and coral in the Honolulu suburb of East Kapolei. The planned rail transit project is one of the most expensive per capita in the nation.

HILO, HAWAII — The trains may one day run on time, but the construction of the track certainly hasn't. At \$8.3 billion, not including finance charges, the Honolulu rail project is the largest public works project in Hawaii history and, according to a policy analyst at the conservative think tank Cato Institute, "the most expensive per capita of any publicly funded rail project in the modern age." The City and County of Honolulu agreed to pay 70 percent, with the Federal Transit Administration kicking in 30 percent. Now, the Hawaii Legislature has joined the action, throwing in \$2.4 billion in state funding and pushing for more oversight in what had been a local project.

Proponents of a mostly elevated, rapid-rail transit system for Honolulu say it's the best solution for a state that, according to one study, rivals only California as a traffic nightmare.

But that solution, fraught with political pitfalls, delays and budget overruns, has been struggling to stay on track. What was a \$4 billion project to be partially usable by 2018 and completed by 2020 has more than doubled in price and won't be completed until, at earliest, 2025. Commuters who've endured four-hour-plus traffic jams agree that Honolulu needs to do something. With few parallel roadways and plenty of extra-short on-ramps, there aren't many alternatives to the island's three expressways, leading to consistently dismal grades from those who rate traffic.

The most recent study finds Hawaii the second-worst state in the nation for drivers. Another study estimates Honolulu drivers spend 11 percent of their driving time sitting in traffic, amounting to some 37 extra hours of driving time a year. "Honolulu traffic is now more than an inconvenience, it's a serious public safety hazard," says commuter Danny De Gracia, who writes a column for Honolulu Civil Beat. "Accidents or natural disasters can easily shut down the entire island of Oahu and delay vital government and commercial activities. Whatever solutions have been offered are still years away, and right now, the Aloha State is in nothing less than a traffic state of emergency."

Construction on the 20-mile elevated rail project hasn't helped the traffic woes in the short term. But there will be huge benefits in the long term, says Bill Brennan, spokesman for the Honolulu Authority for Rapid Transportation, the semi-autonomous public transit authority responsible for the planning, construction and expansion of the fixed guideway transit system. "We hear from people saying, 'I'm not going to take it so it won't benefit me.' But if we take 40,000 cars off the road every weekday, it will benefit drivers," Brennan says. "And there's zero congestion for anybody that's riding (the rail), up to 120,000 each weekday. For the first time on this island, there will be people experiencing zero traffic congestion. "There's still a long way to go before Brennan's dream becomes reality. The project is entering what some see as its most difficult stage, the Honolulu urban core, where relocation of utilities will slow construction.

"HART's commitment to the residents of Honolulu is to complete the Project at a cost no greater than \$8.165 billion and open for full revenue service by December 2025," says HART CEO Andrew Robbins in a Nov. 19 revised recovery plan sent to the FTA.

That's a lot more and a lot later than first anticipated. The project was estimated at \$4 billion when voters approved it on the ballot 10 years ago with a slim, 53 percent positive vote. The Honolulu City Council in 2006 passed a measure assuring constituents the project would be financed strictly with federal funding and a city surcharge on the state general excise tax.

Much has changed since then. The Honolulu City Council in October passed a bill allowing up to \$26 million annually, or \$214 million total, in local property taxes to be added to the mix.

Bogged down in budget and time overruns, the city came to the state Legislature last year and successfully lobbied for an additional 1 percent tacked onto the statewide transient accommodations tax on hotel rooms and short-term lodging earmarked specifically for rail.

The Legislature also reduced a 10 percent administrative charge over the entire proceeds of the tax, freeing up millions more for the rail project. Many constituents from outer islands such as Maui, the Big Island and Kauai, howled that they shouldn't be forced to contribute to a tax on a project that would never reach their island. Former Hawaii Island County Council Chairwoman Valerie Poindexter attended the 2017 legislative hearings on the rail tax issue, saying her constituents were upset. "I shared my concerns of having to raise our property taxes to take care of our county's expenses, yet Oahu is allowed to have a state-ordered bail-out that impacts the neighbor islands and legislators fast-tracked it without any input from taxpayers before they crafted the bill," Poindexter said at the time. Another of the powerful lawmakers pushing for the rail bailout thinks the city isn't keeping its part of the bailout bargain. House Finance Committee Chairwoman Sylvia Luke, a Democrat representing part of Honolulu's urban core, thinks more legislation will be needed in the upcoming session to force the issue.

"There is a lot of skepticism and doubt in the rail project from the public and I think there should be some kind of oversight," she says.

Adding to the outrage: The city was using some of the rail money to supplement its own operations such as staff time not readily attributable to the rail project, says Senate Ways and Means Committee Chairman Donovan Dela Cruz, a Democrat representing central Oahu. Money was also going for expensive brochures and public relations campaigns that didn't advance the project, he says. "We wanted to make sure we're only paying for construction," Dela Cruz says. "The rail money is not to subsidize the city's budget." Brennan says many of the initial problems were outside HART's control. A recessionary economy from 2009 to 2011 had bids coming in under budget by contractors eager to work. Then the city was sued in federal and state court on environmental, cultural and historical grounds, forcing a 13-month delay. Once the project resumed, it was in the midst of a construction boom in Honolulu, making it the most expensive city in the nation for construction costs, Brennan says. All the earlier budgets went out the window. Dela Cruz, who served on the Honolulu City Council from 2003 to 2010, says the city needs to "put meat on the bones" of the rail project by installing infrastructure such as sewer lines near the project's 21 rail stations. That will encourage the transit-oriented development that's part of the city's stated long-term plan that's unrelated to the federal agreement, he says. Adding infrastructure around the train stations, a process known as "transit-oriented development" could stem urban sprawl, create walkable communities and allow more affordable housing to resolve the island's housing crisis and protect farmland from development pressure, Dela Cruz says. "It's not just a transportation tool, it's a planning tool," he says. "If it's going to be a train by itself, then it probably is way too expensive ... but if it's going to be smart growth, this is our opportunity to provide that."