SENATE CONCURRENT RESOLUTION

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

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

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

WHEREAS, the 0.5 per cent surcharge, as originally enacted, was scheduled to expire in 2022, but was later extended to 2027, and is now under consideration as a permanent surcharge; and

WHEREAS, the Authority has not regularly updated the public or reported accurate and reliable project cost information to policy makers and decision makers; and

WHEREAS, the Authority's financial plan has not demonstrated capacity sufficient to generate the funds needed to complete the project, nor does it reflect current cost projections or the projected shortfall of general excise and use tax surcharge receipts; and

WHEREAS, the Authority's projected cost to build the Honolulu rail system was initially $5.2 billion, but increased to $6.8 billion in May 2016, and rose again to $9.5 billion in December 2016; and
WHEREAS, Resolution No. 15-90 of the Honolulu City Council requested the City Auditor to investigate and conduct a performance audit of the rail project to determine the adequacy of the Authority's processes and ensure that the project is constructed and completed economically, effectively, and efficiently; and

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

WHEREAS, the report also found that the Authority's project management and operations and maintenance plans were outdated and unreliable decision-making tools, and that without better planning, additional cost overruns would be likely; and

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

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

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

WHEREAS, an elevated rail system requires massive station structures that are both unsightly and expensive to maintain, in contrast to the simpler "bus stop" quality of street-level stations; and
WHEREAS, an elevated rail system's overhead guideway would degrade historic areas like Honolulu's Waterfront, Chinatown, Downtown, and Civic Center, and have an inestimable negative impact on the city's ambience, in contrast to the minimal impact of a street-level rail system; and

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

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

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

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

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

OFFERED BY: ____________________________

SCR LRB 17-1818.doc