
HOUSE CONCURRENT RESOLUTION

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

1 WHEREAS, the public has lost confidence in the ability of
2 the Honolulu Authority for Rapid Transportation and the City and
3 County of Honolulu to complete the Honolulu rail project without
4 increasing taxes; and
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6 WHEREAS, in 2007, when, on behalf of the City and County of
7 Honolulu, the State began collecting a 0.5 per cent general
8 excise and use tax surcharge on Oahu transactions subject to the
9 surcharge to generate funds for the project, assurances were
10 given that the surcharge would be temporary; and
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12 WHEREAS, the 0.5 per cent surcharge, as originally enacted,
13 was scheduled to expire in 2022, but was later extended to 2027,
14 and is now under consideration as a permanent surcharge; and
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16 WHEREAS, the Authority has not regularly updated the public
17 or reported accurate and reliable project cost information to
18 policy makers and decision makers; and
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20 WHEREAS, the Authority's financial plan has not
21 demonstrated capacity sufficient to generate the funds needed to
22 complete the project, nor does it reflect current cost
23 projections or the projected shortfall of general excise and use
24 tax surcharge receipts; and
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26 WHEREAS, the Authority's projected cost to build the
27 Honolulu rail system was initially \$5.2 billion, but increased
28 to \$6.8 billion in May 2016, and rose again to \$9.5 billion in
29 December 2016; and



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2 WHEREAS, Resolution No. 15-90 of the Honolulu City Council
3 requested the City Auditor to investigate and conduct a
4 performance audit of the rail project to determine the adequacy
5 of the Authority's processes and ensure that the project is
6 constructed and completed economically, effectively, and
7 efficiently; and
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9 WHEREAS, the City Auditor's Report No. 16-03, dated April
10 2016, found that the Authority's financial and subsidiary plans
11 were neither reliable nor current -- specifically, that the
12 financial plan did not reflect the project's most current
13 financial condition, despite significant cost increases; and
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15 WHEREAS, the report also found that the Authority's project
16 management and operations and maintenance plans were outdated
17 and unreliable decision-making tools, and that without better
18 planning, additional cost overruns would be likely; and
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20 WHEREAS, the Federal Transit Administration has indicated
21 that "Option 2A" -- building the elevated rail to Middle Street
22 as planned, then using a street-level system to reach Downtown
23 Honolulu -- would be one of several acceptable alternatives for
24 project completion that would allow the City to retain its
25 federal funding for the project; and
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27 WHEREAS, experts have estimated that by choosing Option 2A,
28 the project could be completed four years sooner, with savings
29 of \$2.9 to \$4.2 billion; and
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31 WHEREAS, the cost of constructing an elevated rail system
32 in the city center is approximately \$756 million per mile, and
33 experts have estimated that the cost could be lowered to \$139
34 million per mile for a street-level system but the Authority
35 disputes the latter figure; and
36

37 WHEREAS, an elevated rail system requires massive station
38 structures that are both unsightly and expensive to maintain, in
39 contrast to the simpler "bus stop" quality of street-level
40 stations; and
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H.C.R. NO. 103

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

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

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

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

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

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

