

INFORMATION MEMORANDUM TO THE ADMINISTRATOR

From: Leslie Rogers, Regional Administrator, Region IX

Prepared by: Raymond Sukys, Director, Office of Planning & Program Development

Re: Discussion Call with Governor of Hawaii, Linda Lingle

PURPOSE OF THE CALL

Given the last 30 years of failed attempts to build major transit improvements on Oahu and a recently announced proposal by Hawaii's Governor Linda Lingle to build a light rail transit system, the Administrator would like initiate a call to highlight FTA policy on major capital projects.

BACKGROUND

On October 27, 2003, the Blue Ribbon Transportation Task Force convened by Hawaii Governor Linda Lingle unveiled a proposal to build a \$2.6 billion light-rail transit system and a \$200 million elevated highway flyover to help solve Oahu's traffic congestion. This task force was convened to address Oahu's daily transportation congestion. Additional road construction is limited by natural conditions and existing high-density development. Any large-scale highway expansion could cause significant environmental impacts such as residential and business displacements, aesthetic and other impacts.

The proposed light rail system would begin on the west side of Oahu at Kapolei and travel along the Farrington and Kamehameha Highways connecting with the proposed elevated highway and end at Pacific Street and Nimitz Highway. The west side of Oahu is relatively undeveloped and would be an outlet for future population growth.

The Honolulu Department of Transportation Services (DTS) is expected to be the project sponsor of the 22-mile light rail system which will be in exclusive right-of-way keeping the system at grade when possible. The light rail project is proposed as a design/build project with a completion date of 2018.

The Nimitz Highway flyover project would be constructed by the Hawaii Department of Transportation (HDOT) and is estimated to cost \$200 million and will take six years to construct. The one-mile project will be two elevated high-occupancy vehicle (HOV) contra-flow lanes that will travel east in the morning and west in the afternoon. The flyover will eventually be converted to light rail only. The flyover will then be extended one-half-mile to Iwilei, the beginning of the proposed initial operating segment (IOS) of

the bus rapid transit project. The IOS will continue through the central business district and on to Waikiki.

Governor Lingle stated that the projects would mean higher taxes. The state legislature and the transportation committee of the Honolulu City Council are looking at a large variety of sources for local funding. Possible increases under consideration include: state vehicle registration fees, fuel tax revenues, vehicle weight tax revenues, rental vehicles and tour vehicle surcharge revenues and general excise tax revenues. Other funding considerations include: Federal Highway Funds, GARVEE bonds debt service for Oahu, revenue bonds debt service for Oahu, impact fees and FTA *New Starts* funds.

Region IX is skeptical of local willingness and capacity to fund a project of this cost. FTA's history with Honolulu reflects that in 1989, a light rail project was developed in a similar corridor for about \$2 billion. FTA had already issued a Full Funding Grant Agreement (FFGA) when the Honolulu City Council defeated an excise tax needed for the local share by a surprise 5-4 vote in 1992. There had been other proposed projects as well, so after 30 plus years of false starts, including a lack of funding for the Primary Corridor Transportation Project (PCTP), Region IX would recommend extreme caution on any proposal that is not supported by a local funding source.

Talking Points

- FTA supports your efforts to solve transportation problems in the corridor, and we will continue to assist you to resolve transportation problems in Hawaii.
- The most successful projects are those that are result of local consensus, and it is important to have the support of the citizens, local elected officials, and the business community to implement a project successfully. We recommend a visible public outreach program. Also, we recommend the development of a Memorandum of Agreement between the State Department of Transportation and the City and County of Honolulu that sets forth clear process guidelines identifying coordinated project development activities.
- It has been our observation that a local consensus can best be achieved when reliable information is developed on the expected costs, benefits, and impacts of a variety of transportation options. Having that information before interested parties means that project decisions can be made with the full understanding of important tradeoffs. We recommend a complete alternatives analysis study. This analysis should present a clearly identified problem and, should consider a range of high and low cost alternatives designed specifically to address the identified problem. It appears that your new proposal, would fail to fully access the downtown of Honolulu thus leaving questions open during the alternative analysis study about termini selection.
- Mobility improvements are the primary focus of an alternatives analysis. Projects that are based on development criteria and do not address mobility requirements may not fare well.

- FTA provides over \$1.2 billion in “New Starts Funding” every year for the construction of new transit facilities throughout the US. However, there currently is a 20-year backlog, (\$20 billion) in demand for those funds from approximately 50 projects already in the Preliminary Engineering and Final Design stages of project development. Because of this scarce funding compared to demand, the Administration is limiting New Starts funding to one-half of project cost. Also, you should note that FTA has entered into FFGAs for very few projects that have exceeded \$1 billion.
- To obtain FTA funding in this competitive environment, you should work to develop local consensus on the most cost-effective, and highest performing project that meets local goals and objectives. The aforementioned alternatives analysis is a required precursor to being eligible for New Starts funding. In addition, any such proposed project must be supported by a sound, stable, financial plan that identifies committed funding to the project to meet the local match requirements. At the end of the day, requisite financing must be in place, not only to support the construction of a major capital investment project, but also to support the continuing operation and maintenance of Honolulu’s transit system.

UPDATE ON THE HONOLULU BRT PROJECT

The Initial Operating Segment (IOS) for the Honolulu BRT project may not make the City’s self-imposed deadline of December 31, 2003, to encumber \$31 million in local funds. The project recently submitted its request to enter Final Design and needs a Letter of No Prejudice (LONP) as well. Unfortunately, due to a lack of local consensus, the project was not included in the State Transportation Improvement Program (STIP) that is currently under review by FTA and FHWA. Votes in Honolulu’s city council are now hard to come by for this project. The Honolulu Department of Transportation Services (DTS) staff indicates that they would not be successful in any attempt to amend the STIP.

Without the project’s inclusion into a federally-approved STIP, the grantee cannot be approved for entry into Final Design, submit a grant for Section 5309 funds or be issued an LONP. If the City approves construction contracts without FTA approval of a grant or an LONP, \$20 million in federal funds appropriated for the BRT will become ineligible for future federal reimbursement on the IOS project. Action by DTS to award construction activity without necessary FTA approvals could present a serious dilemma for FTA and its policy of not approving a grant or LONP on project once construction activities begin.

Also, on November 24, 2003, a Motion for a Temporary Restraining Order (TRO) was filed by Sensible Traffic Alternatives and Resources, LTD; a local citizen’s group. It seeks to immediately enjoin FTA and the grantee from the construction of the IOS. FTA and Department of Justice attorney’s will argue that the motion is without standing since FTA is not considering the approval of Federal funds at this time.

BACKGROUND ON THE HONOLULU BRT

In 1998, the City and County of Honolulu began working on a bus rapid transit project (BRT) known as the Primary Corridor Transportation Project. The “Regional” BRT element included a continuous H-1 BRT Corridor from Kapolei to Downtown using a.m. and p.m. zipper lanes and new express lanes. The “In-Town” BRT component was comprised of a high capacity transit spine from Middle Street to Downtown, a University Branch from Downtown to UH-Manoa, and a Downtown to Waikiki Branch via Kakaako Mauka. The project entered preliminary engineering on August 15, 2001. FTA issued a supplemental draft environmental statement on March 22, 2002.

In December 2002, Linda Lingle became the first Republican Governor of Hawaii in nearly 40 years. She is also the first female Governor of Hawaii. During her campaign, she stated her opposition to the BRT project as then proposed. In January, Governor Lingle appointed a new director of the State of Hawaii Department of Transportation (HDOT), Rodney H. Haraga. In December 2002, Honolulu elected a new city council and several of the new members have publicly stated that they are against the BRT project. Thus, there was not local consensus supporting the entire 30-mile bus rapid transit project. The Mayor of Honolulu, Jeremy Harris, then indicated that he would like to construct a 6-mile interim-operating segment (IOS) of the BRT project within the City of Honolulu, from Waikiki to Iwilei. The Governor has indicated that she is not opposed to the IOS portion of the project.

A final environmental impact statement (FEIS) was issued on the project on July 25, 2003. The FEIS covered the entire BRT project and a 5.6-mile IOS from Iwilei to Waikiki. The Record of Decision for the IOS was issued on October 23, 2003.