



IN REPLY REFER TO:
HRT4/12-464784R

HONOLULU AUTHORITY for RAPID TRANSPORTATION

May 8, 2012

The Honorable Ernest Y. Martin, Chair
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Martin and Councilmembers:

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

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In response to questions raised during the April 30, 2012, Legislative Matters committee meeting, we provide the following:

1. Provide list of other New Starts projects the Federal Transit Administration (FTA) has required a demonstration of an availability of additional revenue sources that could be tapped should unexpected events occur. Of those identified New Starts project, provide methods of financing accepted by the FTA.

Response: See attachment.

2. Besides the commercial paper option presently before the Council, what other options were considered and why were those options dismissed?

Response: As described in the September 2011 Financial Plan, HART's first priority is to cover any unexpected cost with any excess General Excise Tax (GET) capacity, before having to tap into the Tax Exempt Commercial Paper (TECP) or other sources. The financial plan shows that there is capacity to cover some unexpected cost or funding shortfalls. HART also discussed the option of a line of credit however the Department of Budget and Fiscal Services preferred the TECP because it is an existing program.

HART explored the potential debt capacity of value capture strategies (such as Tax Increment Financing districts around stations areas); however because those revenues are generated slowly over a long period of time, it is unlikely that those revenues could generate sufficient financing capacity during the construction period, when this extra capacity would be needed. Another issue is timing - the City would need to undertake a great deal of additional analysis and coordination before being able to enact these districts. Finally, HART also discussed the potential for parking revenue bonds, supported by parking charges at park-and-ride lots, but these were also dismissed at this stage because of the potential impact on transit ridership and the uncertainty about parking demand in the corridor. All of these options could be enacted in the future, but they would not be established prior to a Full Funding Grant Agreement to satisfy FTA requirements.

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and Members
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If you should have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Grabauskas', with a long horizontal flourish extending to the right.

Daniel A. Grabauskas
Executive Director and CEO

Attachment

cc: All Councilmembers
Douglas S. Chin, Managing Director
Michael R. Hansen
Budget and Fiscal Services
HART Board of Directors

Recent Examples of FTA Requirements for Additional Funding Capacity

Project (Agency)	Funding Capacity Amount	Source(s) of Funding Capacity
Norfolk LRT Total Project Cost: \$232,100,000 (FFGA) Total New Starts Funding: \$127,980,000 (FFGA) (Hampton Roads Transit)	No fixed amount	City of Norfolk had to pledge to use their GO debt capacity to cover any overruns or revenue decreases
Dulles Corridor Metrorail Project – Extension to Wiehle Ave. Total Project Cost: \$3,142,471,634 (FFGA) Total New Starts Funding: \$900,000,000 (FFGA) (Metropolitan Washington Airports Authority)	\$200 Million	Toll Revenue Bonds
Third Street Light Rail Phase 2 – Central Subway Total Project Cost: \$1,578,300,000 (Estimated) Total New Starts Funding: \$942,200,000 (Recommended) (San Francisco Municipal Transportation Agency)	\$150 Million \$300 Million	Future State Regional Improvement Program (RIP) Funds (San Francisco County Transportation Authority) Proposition K Sales Tax Revenue Bonds (San Francisco Municipal Transportation Authority)
Silicon Valley Berryessa Extension Project Total Project Cost: \$2,330,021,971 (Estimated) Total New Starts Funding: \$900,000,000 (Recommended) (Santa Clara Valley Transportation Authority)	No fixed amount	Phase II Revenues
Regional Connector Transit Corridor Total Project Cost: \$1,342,541,000 (Estimated) Total New Starts Funding: \$671,265,090 (Proposed) (Los Angeles County Metropolitan Transportation Authority)	TBD	Stand-by Lines of Credit – proposed
Westside Subway Extension Total Project Cost: \$5,662,347,180 (Estimated) Total New Starts Funding: \$2,399,524,000 (Proposed) (Los Angeles County Metropolitan Transportation Authority)	TBD	Stand-by Lines of Credit – proposed