

Honolulu Authority for Rapid Transportation (HART)



Interim Plan

Prepared for: Federal Transit Administration (FTA)

Prepared by: HART

September 30, 2016

EXECUTIVE SUMMARY

Overview

Via letter dated June 6, 2016, in response to rising project costs and schedule delays, Federal Transit Administration (FTA) Region IX Regional Administrator Leslie T. Rogers requested the City and County of Honolulu (City) submit a Recovery Plan for the Honolulu Rail Transit Project (HRTTP or Project) on or before August 7, 2016. (*Exhibit A*)

In response, on June 24, 2016, the City requested an extension of the Recovery Plan submittal date from August 2016 to mid-2017 so the City could secure additional financial resources and submit a financial Recovery Plan supporting construction of the Minimum Operable Segment (MOS) from East Kapolei to Ala Moana Center. (*Exhibit B*)

On July 21, 2016, FTA Acting Administrator Carolyn Flowers wrote the City and agreed to extend the Recovery Plan submittal date to the end of 2016, subject to an August 2016 meeting with the FTA and submission of an Interim Plan by the end of September 2016. (*Exhibit C*)

Per Administrator Flower's letter dated July 21, 2016, the City needed to either:

reduce the scope of the Project, consistent with the financial resources currently available, or seek additional, non-Federal resources to complete the functional scope of work under our Full Funding Grant Agreement of December 2012, or undertake some combination of these.

In August 2016, City leadership met with FTA leadership in San Francisco, California, at which time the City strongly affirmed its commitment to construct the full MOS from East Kapolei to Ala Moana Center (Plan A) as opposed to the deferral of stations and other project components, stopping the guideway short of Ala Moana Center, impacting ridership and undertaking additional planning and environmental studies necessitated by having to build within current project funding levels (Plan B).

After much discussion, the FTA reserved its decision on the City's request for a mid-2017 Recovery Plan submittal date pending receipt and approval of the City's Interim Plan.

Goals

The City is requesting an extension of the December 2016 Recovery Plan submittal date to June 30, 2017 and offers this Interim Plan to describe the City's plan for moving forward and its commitment to a financial Recovery Plan that achieves the objectives of the Full Funding Grant Agreement (FFGA) that the City and the FTA entered into in December 2012 to the maximum extent possible. The City's Interim Plan also sets forth the process the City will follow in preparing a plan that includes primary and secondary mitigation, including station, transit center, parking garage and/or off-ramp deferrals and guideway shortening with associated studies of negative ridership impacts and other necessary planning studies, which could position the City to construct and deliver a system of independent utility¹ within the City's existing budget. This Interim Plan contains the following information:

- Project Description (Project History, Project Timeline)
- Current Status and On-going Activities
- Project Cost Estimate and Schedule, Financial Plan and Risk Management
- Coordination with Elected Officials and Business/Community Outreach Stakeholders
- Interim Plan (Proposed Process for Plan A - The City's Preferred financial Recovery Plan and Plan B - Build to Budget)
- Conclusion and Renewed Request for Extension of Recovery Plan Submittal Date

¹ 23 CFR 771.111(f) cited below:

(f) In order to ensure meaningful evaluation of alternatives and to avoid commitments to transportation improvements before they are fully evaluated, the action evaluated in each EIS or finding of no significant impact (FONSI) shall:

- (1) Connect logical termini and be of sufficient length to address environmental matters on a broad scope;
- (2) Have independent utility or independent significance, i.e., be usable and be a reasonable expenditure even if no additional transportation improvements in the area are made; and
- (3) Not restrict consideration of alternatives for other reasonably foreseeable transportation improvements.

PROJECT DESCRIPTION

Project History

On December 19, 2012, the FTA and the City signed the FFGA for the HRTP. The FFGA scope consists of the design and construction of a 20 mile grade-separated fixed rail system with 21 stations and 80 rail cars beginning at East Kapolei and terminating at Ala Moana Center, the MOS.

The fully automated and driverless rail system will operate in an exclusive right-of-way and will be elevated except for a .6 mile at-grade section with a station near Leeward Community College (LCC). The system will be powered with third rail electrification and maintained and operated at the 44 acre Maintenance and Storage Facility (MSF) located adjacent to LCC.

The Baseline Cost Estimate for the FFGA was \$5.12 billion, including \$644 million in allocated and unallocated contingency and \$173 million in financing costs. The Revenue Service Date in the FFGA was January 31, 2020.

Project Timeline

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|-----------------|---|
| July 13, 2005 | The Hawaii State Legislature passes H.B. No. 1309, HD2, SD2, CD1 which was later enacted into law as Act 247 (2005) by the Governor of the State of Hawaii. Act 247 (2005) authorizes the counties to levy a county surcharge on the general excise and use tax of up to one-half percent to fund public transportation systems. A county was required to levy such a county surcharge by December 31, 2005 which could not begin prior to January 1, 2007 and is to be repealed on December 31, 2022 |
| August 22, 2005 | The Honolulu City Council approves Bill 40 (2005), FD1, CD2, which was signed into law by Honolulu's Mayor and referred to as Ordinance 05-27. The ordinance establishes a one-half percent general excise and use tax surcharge to be levied beginning January 1, 2007 that would be repealed on December 31, 2022 for the purposes of funding the operating and capital costs of Honolulu's public |

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transportation. Ordinance 05-27 was conditioned upon the approval of a locally preferred alternative following an Alternatives Analysis and Draft EIS, receipt of an operational, financial and development and route plan and a commitment of federal funds

- February 27, 2007 The Honolulu City Council selects East Kapolei to Ala Moana Center via Salt Lake as the First Construction Project or MOS (Resolution 07-39) and later amends the route on January 28, 2009 to serve the Airport as part of the First Construction Project (Resolution 08-261)
- November 11, 2009 City executes a contract for design-build services with Kiewit Pacific Company for the West Oahu/Farrington Highway Guideway (WOFH)
- June 30, 2011 City executes a contract for design-build services with Kiewit Infrastructure West Company for the Kamehameha Highway Guideway (KHG)
- City executes a contract for design-build services with Kiewit /Kobayashi Joint Venture for the MSF
- July 1, 2011 Honolulu Authority for Rapid Transportation (HART) forms pursuant to an amendment to City Charter in the 2010 general election establishing HART as a semi-autonomous agency of the City
- November 28, 2011 HART executes a contract for design-build-operate-maintain services for Core Systems and Operations, including 80 rail cars, with Ansaldo Honolulu JV for the MOS
- December 29, 2011 FTA provides Final Design Approval
- February 6, 2012 FTA approves a Limited Construction Letter of No Prejudice (LONP) in the amount of \$184.7M
- August 24, 2012 Hawaii Supreme Court requires an Archaeological Inventory Survey (AIS) be completed for the entire 20-mile route before construction can resume

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- November 2, 2012 Judge A. Wallace Tashima, federal court, requires further studies to supplement the original Environmental Impact Study (EIS)
- December 19, 2012 City and the FTA sign the FFGA
- February 2013 Rail opponents file an appeal to the federal court ruling
- September 16, 2013 HART restarts construction after 13 month delay
- February 18, 2014 Ninth Circuit Court of Appeals panel rules in favor of FTA, USDOT and City, allowing the project to move forward
- July 2014 The Project Management Oversight Consultant (PMOC) Risk Refresh Report indicates HART's estimate falls short of the predicted FTA model outcome by approximately \$265 million
- August 2014 Bids for construction of nine Westside rail stations are opened and exceed estimates by more than \$100 million
- September 2014 HART cancels the Westside rail station solicitation and repackages into three contracts of three stations each
- December 2014 HART projects a \$910 million budget shortfall for the project due to lower than expected GET surcharge revenues and increasing delays and utility relocation costs
- January - May 2015 HART and City leaders testify in support of extending the 0.5% GET surcharge to fund rail construction
- June 22, 2015 HART executes a contract for construction services with Hawaiian Dredging Construction Company, Inc. for the Farrington Highway Station Group construction contract
- July 14, 2015 Act 240, HB134 HD1 SD2 CD1 – Purpose: Reauthorizes the counties' authority to establish a county GET surcharge to be effective until 12/31/2027. Limits use of surcharge revenue to capital costs (*Exhibit D*)

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- July 20, 2015 HART executes a contract for construction services with Nan, Inc. for the West Oahu Station Group construction contract
- January 27, 2016 Council approves Bill 23 (2015), CD2, FD1, Relating to the Transportation Surcharge. Bill 23 amended Ordinance 05-27 (that established a one-half percent general excise and use tax (GET) surcharge to be used to fund the operating and capital costs of the locally preferred alternative for the City's mass transit project) and effectuated the extension of the GET surcharge for Honolulu permitted under Section 3 of Act 240 beyond December 31, 2022 to December 31, 2027
- HART executes a contract for construction services with Nan, Inc. for the Kamehameha Highway Stations Group Construction contract
- February 1, 2016 Mayor signs Bill 23 (2015), CD2, FD1, into law (now referred to as Ordinance 16-1) Relating to the Transportation Surcharge. Ordinance 16-1 extends the GET surcharge for five (5) years beyond December 31, 2022 to December 31, 2027 (*Exhibit E*)
- June 2016 The PMOC Risk Refresh Report estimates the total cost to complete the HRTP will range between \$7.73 billion and \$8.01 billion dollars and be delayed until December 2024
- HART initiates a new capital Risk Management System to assist the project management team in decision making, cost containment and risk mitigation
- June 6, 2016 FTA Region IX Regional Administrator Leslie T. Rogers writes and requires HART and the City submit a Recovery Plan on or before August 7, 2016 for completion of the Project which demonstrates HART is working to contain costs and minimize the delay in opening for revenue operations (*Exhibit A*)

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- June 24, 2016 Honolulu Mayor Kirk Caldwell writes FTA seeking an extension for submittal of the Recovery Plan submittal date to mid calendar year (CY) 2017 (*Exhibit B*)
- July 21, 2016 FTA Acting Administrator Carolyn Flowers responds to the request seeking an extension and insists the City provide the FTA with such a plan no later than the end of CY 2016. Administrator Flowers also requests HART meet with the FTA at the end of August 2016 and provide an Interim Plan on how the Project will move forward by the end of September 2016 (*Exhibit C*)
- August 18, 2016 CEO and Executive Director Grabauskas submits his resignation and HART Board member Formby is appointed Acting Executive Director of HART
- HART Board forms Permitted Interaction Group (PIG) to select an interim Executive Director
- August 29-30, 2016 The City and HART leadership, including Mayor Caldwell, Council Chair Martin, Council Transportation Chair Manahan, Board Chair Hanabusa, Board Vice-Chair Damien Kim, Acting Executive Director Formby, Deputy Director Morioka and Project Director Sam Carnaggio meet with FTA Acting Administrator Carolyn Flowers, Region IX Administrator Leslie T. Rogers and FTA leadership in San Francisco to discuss Honolulu's Recovery Plan for the Project and the need for additional time to obtain a commitment for the revenue to construct the MOS
- September 2016 HART Board Chair Hanabusa and Acting Executive Director Formby meet with City Council members and Hawaii State Legislative leadership regarding the Project's need for additional revenue to complete construction of the MOS
- Council leadership initiates meetings with members of the Hawaii State Legislature regarding the completion of the rail Project to Ala Moana Center

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- September 8, 2016 HART submits request for Peer Review, to be completed by the end of CY 2016, to the American Public Transportation Association (APTA)
- September 13, 2016 HART Acting Executive Director Formby, Deputy Director Morioka and Project Director Carnaggio meet with FTA leadership in Los Angeles to discuss HART's activities since the San Francisco meeting and HART's Interim Plan due by the end of September 2016
- September 20, 2016 HART formalizes changes to the HART monthly Progress Report with Report Highlights to the HART Board and continues work on FY18 budget, cost projections, cash flows and schedules
- HART commences intensive effort to update the HART Financial Plan for the FFGA, last prepared June 2012, with an update due no later than December 1, 2016
- HART undertakes organizational review and change, as necessary, to support greater functionality and program management oversight
- September 25, 2016 HART holds Honolulu Train #1 Community Train Day at the MSF in Pearl City with Council members, Legislators and over 3,500 community members in attendance

CURRENT STATUS AND ON-GOING ACTIVITIES

Major contracts underway and status:	Completion*
WOFH Guideway	93%
KHG Alignment	76%
Maintenance Service Facility	99%
Core Systems Contract	36%
Vehicles (4 of 80 delivered)	5%

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West Oahu Station Group	6%
Farrington Highway Station Group	1%
Kamehameha Hwy Station Group	0%
Elevator/Escalator Contracts	12%

* Based on the weighted value progress

Recent Award: On July 19, 2016, the Airport Guideway and Stations design-build contract, providing both guideway and stations from the Pearl Harbor Station (Makalapa) to the Middle Street Station was awarded. The contract was executed on September 20, 2016 and Notice to Proceed (NTP) is expected to be issued in the fourth quarter of 2016 or later if requested by the contractor.

Future Awards: Two major contracts have yet to be awarded:

- 1) The Pearl Highlands Transit Center (parking garage, transit center and H-2 off-ramp) with a current budget line item of \$315 million; and
- 2) The City Center Guideway and Station design-build contract with a current budget line item of \$1.61 billion.

WORK IN PROGRESS: PROJECT COST ESTIMATE AND SCHEDULE, FINANCIAL PLAN AND RISK MANAGEMENT

Project Cost Estimate and Schedule

HART is intently focused on updating its post-FFGA Contract Packaging Plan (project cost estimate and project schedule) using both independent cost estimates and a bottoms-up risk assessment of every project in the program. HART wants to ensure all program risks are quantified and realistic estimates are assigned from which HART project managers can manage risks, contain costs, value engineer and administer the contracts in a fiscally responsible manner.

As of 9/30/2016:	Estimated Project Cost:	~\$6.8B
	Contingency:	~\$1.4B
	Financing Cost:	<u>~\$.4B</u>
	Total:	~\$8.6B
	Projected Revenue Service Date:	Dec 2025

Financial Plan

To date, HART has not published an update to the 2012 FFGA Financial Plan. HART is currently working with all stakeholders (capital program staff, operations and maintenance (O&M) staff, intermodal partners such as the Department of Transportation Services (DTS), Oahu Transit Services (OTS), Budget and Fiscal Services (BFS) and third-party stakeholders, including land owners and utility companies) to compile the necessary data to produce an updated Financial Plan for the H RTP by no later than December 1, 2016.

The task is necessarily complicated by the inability to completely update FFGA Financial Plan assumptions made in the 2012 FFGA Financial Plan when decisions regarding certain aspects of the future O&M of the intermodal system are, as of yet, undecided. Examples include fare-box policies and the details of intermodal operations, including but not limited to the specifics of an interim opening of the intermodal system.²

Nonetheless, HART is committed to produce an updated Financial Plan based upon the best available data and information by no later than December 1, 2016.

Risk Management

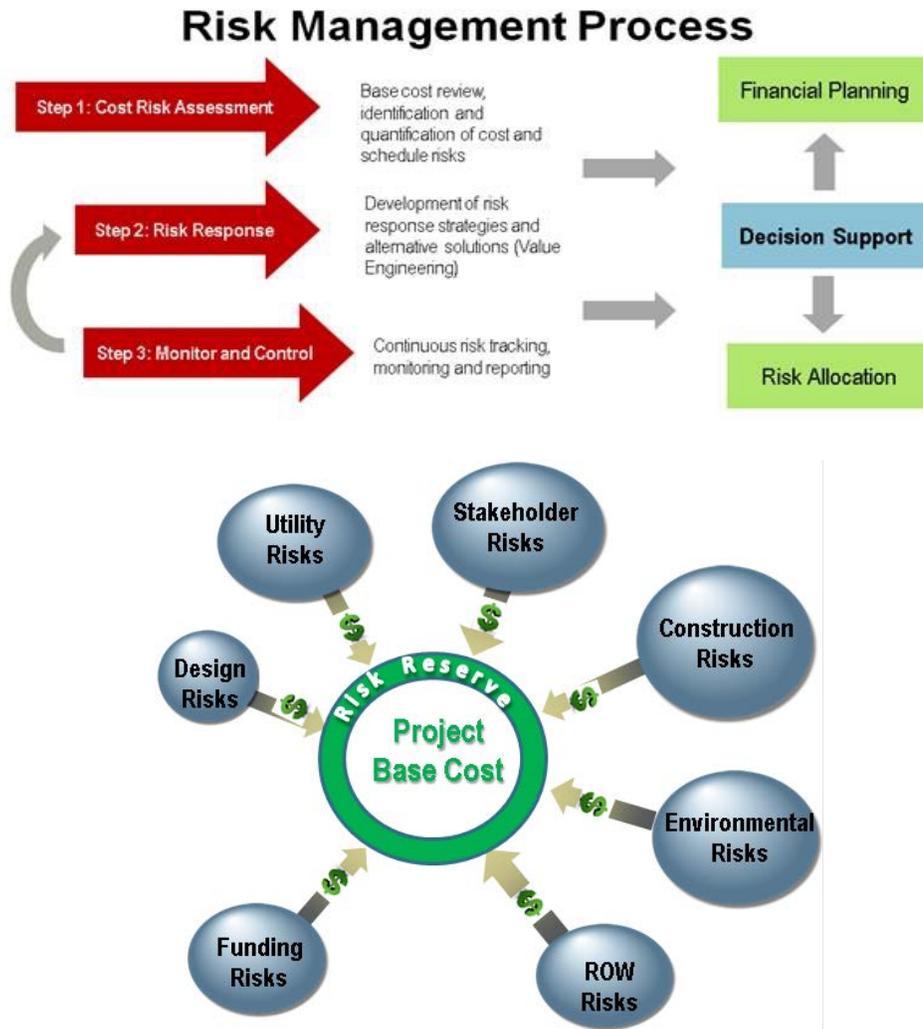
In 2016, HART adopted a new Risk Management System that focuses on mitigation strategies to assist the project teams in project delivery. The risk management program has recently performed a bottoms-up risk assessment of every project in the H RTP program in support of budget and schedule refinement and development. This process evaluated the base cost and

² Responsibility for intermodal O&M is currently the subject of Proposed Charter Amendment Question No. 4: “Should a unified multi-modal transportation system be created by: . . . Placing operations and maintenance responsibilities for bus, paratransit and rail solely in the Department of Transportation Services...?” See www.honoluluchartercommission.org.

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schedule of each of the approximately 38 individual projects in the program and then applied a network risk model that was created to define and determine how a discrete risk on one project affects or has the potential to affect other projects in the program. By monetizing the potential risks and impacts, including impacts to schedule, the risk management program assists the project management teams in decision making, costs containment and risk mitigation.

HART is confident its new Risk Management System will empower its program managers and project director to think and act proactively, thereby anticipating risks, costs associated with risks and potential schedule impacts in advance. Armed with such knowledge, decision makers will be poised to mitigate risks and avoid costly change orders, claims and contract amendments.



COORDINATION WITH ELECTED OFFICIALS AND BUSINESS/COMMUNITY OUTREACH WITH STAKEHOLDERS

Coordination with Elected Officials

Honolulu’s Mayor, City Council leadership, the HART Board of Directors and HART’s management team have briefed leadership and members of the state legislature to initiate discussions regarding various options to generate additional non-federal funding for the Project. While legislators were open to meet and discuss, they clearly indicated the need for more information regarding HART’s Project Cost Estimate, Schedule, Financial Plan and Budget, drawdown of federal funds, GET and cash flow. HART has committed to work with all legislators (state and city) to provide them the information and data they need to make informed decisions.

To date, the following meetings have occurred between HART and elected officials to share HRTP information and provide a status update:

August 22, 2016	Mayor Kirk Caldwell
August 22, 2016	Council Chair Ernest Y. Martin
August 22, 2016	Council member Brandon Elefante
August 23, 2016	Council member and Budget Chair Ann Kobayashi and Council member Carol Fukunaga
August 23, 2016	Council member Kymberly Pine
August 24, 2016	Council member Ron Menor
August 24, 2016	Council member and Transportation Chair Joey Manahan
August 31, 2016	Council Vice-Chair Ikaika Anderson
August 31, 2016	State House Speaker Joseph Souki
September 1, 2016	Council member Trevor Ozawa
September 2, 2016	State Senate President Ronald Kouchi
September 2016	State Legislators (House and Senate)

Business/Community Outreach with Stakeholders

Since traveling to San Francisco to meet with the FTA in August 2016, the HART Acting Executive Director, the HART Board Chair, the HART Deputy Executive Director, the HART Project Director and the HART Director of Government Relations have met with and made or scheduled presentations to different business and community stakeholders, including but not limited to Move Oahu Forward, the Hawaii Business Roundtable, the American Society of Civil Engineers, the American Council of Engineering Companies and its local Hawaii chapter, neighborhood boards and community associations, as well as labor organizations, including but not limited to the Laborers-Employees Cooperation and Education Trust, and other project stakeholders. The purpose of the meetings was to convey the City's commitment to construction of the MOS and the strength of the City's partnership with the FTA. The feedback from the meetings has been positive and encouraging, as there is overwhelming support for the City to pursue the funding options necessary to construct the MOS to Ala Moana Center.

INTERIM PLAN (PROPOSED PROCESS)

During the August 30, 2016 meeting with the FTA, City and HART leadership spoke with one voice in strong support of submitting a financial Recovery Plan by June 30, 2017, a plan that honors the City's commitment to Oahu communities, residents and transit riders by building a functional rail system between East Kapolei and Ala Moana Center (the MOS).

The two plans that follow describe the City's process to deliver a Recovery Plan consistent with the City's priority and FTA guidelines and objectives:

- 1) "Plan A" represents the City's financial Recovery Plan in support of building the MOS between East Kapolei and Ala Moana Center.

As recently as Wednesday, September 28, 2016, Council Chair Ernest Y. Martin and Council Transportation Chair Joey Manahan noted:

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We support HART's recovery plan to complete the rail line to Ala Moana Shopping Center, as agreed to in the Full Funding Grant Agreement (FFGA). This project will serve as the backbone of an island-wide multimodal transportation network that will create economic opportunities and more housing choices while providing a much needed alternative to residents battling some of the worst traffic congestion in the country. The Honolulu City Council is committed towards continuing work with HART, the administration, the private sector and our partners in the state and federal government to secure additional funding for the project.

On Thursday, September 29, 2016, during HART's project update meeting with Mayor Kirk Caldwell, the Mayor reaffirmed his unwavering commitment to rail and to building the entire 20-mile, 21-station route, from Kapolei to Middle Street to Downtown and to Ala Moana. Mayor Caldwell emphasized that he was "equally committed to securing the funding sources needed to complete the project in its entirety."

With the strong support of the Mayor and the Honolulu City Council, HART will continue to work aggressively to contain program costs, pace program expenditures, improve program management and mitigate program risks while working collaboratively with state and city leaders to secure the additional program funding necessary to submit a financial Recovery Plan to the FTA that assures the completion of the MOS.

2) "Plan B" represents the build to budget option, describing the process the City will undertake to deliver a transit system with independent utility within the program's existing budget. As the full buildout of the rail system from East Kapolei to Middle Street does not qualify as a system of independent utility within FTA guidelines, Plan B will necessarily require the City defer stations, defer other project components and stop the guideway short of Ala Moana Center to reach a logical termini within the existing budget, all of which will negatively impact ridership and require additional planning and environmental studies. As such, a Plan B option is strongly disfavored by the City.

Although not described herein, as noted by Administrator Flower's in her letter dated July 16, 2016, there is an option to combine Plan A and Plan B with an outcome based

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on the receipt of additional revenue combined with mitigation considerations which will result in some negative impact to the current HRTTP project design and functionality.

Plan A - The City's Preferred Financial Recovery Plan

Under Plan A, the City is taking steps to secure a commitment of additional financial resources during the 2017 state and city legislative processes. Between October 2016 and January 2017, the City and HART leadership will continue to meet with legislators, community and business groups and residents to reinforce the City's commitment to a multimodal transit system between East Kapolei and Ala Moana Center.

The City Center Guideway and Stations (CCGS) segment is the last major component of the MOS that is not currently under contract due to budgetary constraints. HART is actively working on finalizing CCGS documents and specifications for the design-build contract including, but not limited to, the finalization of plans and designs for the relocation of utilities running through the CCGS corridor.

Based on the City's strong support for Plan A, assuming HART is able to secure additional financial resources, HART projects an award of the CCGS contract in mid to late 2018. In the meantime, HART is continuing with right-of-way (ROW) acquisitions, sensitive to Council's and the HART Board of Directors' concerns that HART work proactively with business owners to avoid prematurely displacing or interrupting businesses in advance of actual construction. HART shares these concerns and has agreed to proceed accordingly.

HART is still refining the total cost and schedule for the program, which includes the presently unfunded CCGS. The refinement process incorporates HART's new risk management assessment on all contracts and projects, including the CCGS base cost and schedule. HART has also called upon the services of its On-Call Contractor to facilitate areas needing special attention including, but not limited to, verification of existing utility as-built drawings and relocation of specific utility lines.

As the outcome of the state and city legislative processes will not be known until mid-2017, HART will continue to pace expenditures on existing contracts and work to contain costs. HART will also forego the Pearl Highlands Transit Center (parking

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garage, transit center and H-2 off-ramp) procurement until additional funding resources are secured to complete the MOS. Consequently, to effectively evaluate the feasibility of this Plan A option, an extension to deliver the final Recovery Plan until June 30, 2017 remains an operative request from the City as this is clearly the preferred option to meet the objectives of the FFGA.

Plan B - Build to Budget

If no additional federal and non-federal funds are made available, HART must develop a strategy to complete a project of independent utility within its current estimated revenue of \$6.8 billion. Building a system, as planned and designed, from East Kapolei to Middle Street has already been determined as one lacking independent utility, meaning Middle Street is not a logical terminus within FTA guidelines for the purpose of amending the FFGA and retaining the FFGA federal share of \$1.55 billion. As a result, absent a financial Recovery Plan, HART must de-scope the existing program and proceed with Plan B.

HART has already completed Rough Order of Magnitude (ROM) cost estimates for various Plan B options which were presented to the HART Board of Directors on June 8, 2016 for discussion purposes only.³ The HART presentation at that time included estimated daily boardings at 21 stations along the 20 mile guideway in 2030, totaling an expected 119,582 daily boardings. The ridership estimates provided to the Board also differentiated between those riders who were expected to arrive at a station by car and park, be dropped off, arrive by transit (bus/paratransit) or walk/bike to the rail station. The cost and ridership estimates, along with general pros and cons for program de-scoping options provided to the Board on June 8, 2016, demonstrate that HART has an understanding of the Plan B task. Further, HART acknowledges that the Plan B process will need to be refined and studied at a much more discerning and in-depth level. (*Exhibit F*)

For example, HART is presently undertaking a detailed cost estimate and schedule analysis of one Plan B option, an alignment that would end at the Downtown Station,

³ Cost estimates to complete the project to various stations between Middle Street and Ala Moana Center have been revised since the June 8, 2016 presentation to the HART Board.

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arguably a logical termini of a system with independent utility. Initial ROM cost estimates indicate that constructing the guideway to the Downtown Station necessarily means the deferral of the Pearl Highlands Transit Center (parking garage, transit center and H-2 off-ramp), along with the deferral of the Kalihi, Kapalma, Iwilei and Chinatown stations. In addition, a Plan B to Downtown necessarily defers Civic Center, Kakaako and Ala Moana Center stations. While the City would plan to add these project components and stations back when funds are available in the future (a date uncertain), the current impact to the system is calculable and would be quantified and described in detail (loss of ridership and fare-box, disengagement of communities and transit riders, negative impact to Transit Oriented Development (TOD) opportunities including affordable housing opportunities, disruption to communities associated with construction on multiple versus single occasions, increased future construction costs for deferred project components and stations, need for additional bus/paratransit service in affected communities at a higher per-mile cost, etc.).

HART plans on commencing its cost and schedule analysis during October 2016, including a ridership study that will provide the necessary input for the feasibility of project de-scoping options, with completion anticipated in April 2017. Based on the results of these studies, HART will develop the scope of work to retain a consultant to assess the National Environmental Policy Act (NEPA) and Chapter 343, Hawaii Environmental Policy Act (HEPA) impacts of project de-scoping options with mitigations considerations. The scope of work should be completed by the first quarter of 2018, to be followed by the NEPA and HEPA planning/environmental studies and alternative analyses, a period of twenty-four (24) to thirty-six (36) months. All dates are approximate.

Recognizing the FTA's concern that pursuing a Plan A option might negatively impact successful implementation of Plan B, HART is monitoring its cash flow rate and is taking immediate steps to pace future expenditures to the fullest extent possible. HART is also focusing on cost containment in anticipation of June 30, 2017 Recovery Plan submittal date. For example, the Pearl Highlands Transit Center procurement is on hold pending a determination of a Plan A versus Plan B Recovery Plan.

As noted in the July 2016 PMOC report, HART has recently implemented cost containment and cost reduction measures as follows:

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1. Significant revision of HART's contract packaging strategy;
2. Development of a detailed cost reduction matrix that focuses on the remaining construction contracts (Value Engineering);
3. Review of interface milestones to help relieve schedule compression where possible;
4. Review of various options related to financing of the project;
5. Identification of items that could be considered O&M costs;
6. Development of a HART Decision Milestone Matrix.

Previous initiatives to contain and reduce costs include: Changes to the General Conditions including, but not limited to, simplifying subcontractor specialty license requirements and giving contractors more control over Maintenance of Traffic (MOT); Changes to Procurement (changing from design-bid-build to design-build procurements and re-packaging from one large design-build to two design-build procurements); Changes to Design Criteria, such as maximizing the use of precast and fabrication off-site for speed of construction and reduced MOT and relaxation of concrete mix specifications; and Changes to the Station Scopes, such as simplifying the design of parking lot canopies at Aloha Stadium and eliminating the Ewa entry and bridge at the UH West Oahu Station.

In summary, under a Plan B process, HART will accomplish the following:

- Develop cost and schedule analyses for Plan B project options under build to budget scenarios. The cost and schedule analyses will be comprehensive and include the anticipated increased costs for future project component and station construction that will be deferred in the Plan B scenarios (April 2017);
- Conduct a comprehensive ridership analysis to determine the negative impacts to ridership due to the deferral of project components and stations, including direct and indirect (disparate) impacts, along with the anticipated loss of fare-box revenue and the increased costs associated with additional bus service to compensate for those communities not having access to rail (April 2017);

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- Determine which project components and stations need to be deferred to deliver a system with independent utility within the program budget and quantify and describe the negative impacts to communities, businesses, TOD opportunities and residents associated with said deferrals and de-scoping (June 2017);
- Develop a sequencing schedule for the Plan B scenarios which disrupt communities, businesses and residents through multiple construction project necessitated by the later construction of deferred project components and stations (June 2017);
- Draft NEPA/HEPA Scopes of Work (April 2017 – October 2017);
- Conduct the NEPA/HEPA studies necessitated by the de-scoped program (October 2017 – March 2020).

CONCLUSION

HART is confident it can submit a financial Recovery Plan (Plan A) or a build to budget Recovery Plan (Plan B), or a combination thereof, by June 30, 2017 while preserving the City's strongly preferred option of constructing the MOS from East Kapolei to Ala Moana Center.

We invite any questions you may have regarding this Interim Plan and look forward to the FTA's earliest reply regarding the City's request for a June 30, 2017 Recovery Plan submittal date.



HART

U.S. Department
of Transportation
**Federal Transit
Administration**

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REGION IX
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JUN 6 2016

The Honorable Kirk Caldwell
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City and County of Honolulu
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Honolulu, Hawaii 96813

Mr. Daniel A. Grabauskas
Executive Director and Chief Executive Officer
Honolulu Authority for Rapid Transportation
1009 Alakea Street, Suite 1700
Honolulu, Hawaii 96813

Re: Recovery Plan for Completion
of the Honolulu Rail Project

Dear Mayor Caldwell and Mr. Grabauskas:

As you are aware, the recent Risk Report for the Honolulu Rail Transit Project ("Project") indicates the total cost to complete the Project will range between \$7.73 billion and \$8.01 billion, with an estimated completion date of December 2024. These costs and the schedule extend far beyond the costs and schedule set forth in the December 2012 Full Funding Grant Agreement (FFGA) between the Federal Transit Administration (FTA) and grant recipient, the City and County of Honolulu. In accordance with the terms and conditions of the FFGA, I write today to require the City and County of Honolulu and the Honolulu Authority for Rapid Transportation (HART) to submit a *Recovery Plan* for completion of the Project which demonstrates HART is taking every reasonable measure to mitigate the cost overruns and minimize the delay in opening the Project to revenue operations. The FTA Acting Administrator Carolyn Flowers and I will expect your *Recovery Plan* on or before August 7, 2016.

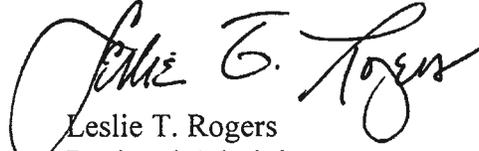
We appreciate the many challenges HART has faced in the design and construction of the Project, among them, the unfavorable market conditions, unanticipated costs for utility relocation, and delays attributable to litigation. Still, HART can do more to contain costs and mitigate the slippage in schedule. Most importantly, HART must re-baseline the Project budget and schedule to reflect current conditions, identify a permanent risk manager, update the Project Management Plan, and streamline its organizational structure with clear roles and responsibilities. Moreover, we urge HART to engage a peer review with industry experts to recalibrate a critical path for Project completion that is entirely consistent with your expected financial resources.

EXHIBIT A

As FTA seeks to protect the public's very substantial investment under the FFGA, and HART seeks to deliver a rail transit system of enormous and lasting benefits to the island of Oahu, we call on you to redouble your efforts to complete the Project as quickly and efficiently as possible. The

Acting Administrator will contact you in the near future to gauge your progress on the *Recovery Plan*. In the interim please do not hesitate to contact me should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Leslie T. Rogers". The signature is written in a cursive, flowing style with a large initial "L".

Leslie T. Rogers
Regional Administrator

HART

OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813
PHONE: (808) 768-4141 • FAX: (808) 768-4242 • INTERNET: www.honolulu.gov

JUN 29 4:04 PM '16

KIRK CALDWELL
MAYOR



ROY K. AMEMIYA, JR.
MANAGING DIRECTOR
GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

June 24, 2016

The Honorable Carolyn Flowers
Acting Administrator
Federal Transit Administration (FTA)
U.S. Department of Transportation
1200 New Jersey Avenue, S.E.
Washington, District of Columbia 20590

The Honorable Leslie Rogers
Regional Administrator
Federal Transit Administration (FTA), Region IX
U.S. Department of Transportation
90 7th Street, Suite 15-300
San Francisco, California 94103-6701

Dear Administrator Flowers and Regional Administrator Rogers:

This letter responds to Administrator Roger's letter of June 6, 2016 requesting the City and County of Honolulu (City) and the Honolulu Authority for Rapid Transportation (HART) submit a *Recovery Plan* for completion of the Honolulu Rail Transit Project (Project) to the FTA by August 7, 2016.

We appreciate the FTA acknowledging the many challenges HART has faced in the course of implementing the Project and we share the FTA's objective to contain future construction costs and mitigate the slippage in schedule the Project has experienced to date. We want to assure the FTA, as our federal partner, that we intend to submit a *Recovery Plan* that accurately reflects the City's preferred path forward in constructing the Project. We also want to emphasize that while the *Recovery Plan* is important to the City and FTA for recalibrating this Project, it in no way reduces the City's commitment to 20 miles and 21 stations under the minimum operable segment (MOS).

Request for Extension of Time to Provide a *Recovery Plan*

While we acknowledge the FTA's desire to receive a *Recovery Plan* by August 7, 2016, the size of the potential funding gap in the Project is such that additional time is needed to carefully assess all options. As such, the City proposes June 1, 2017 for the submission of its *Recovery Plan*.

EXHIBIT B

The Honorable Carolyn Flowers
The Honorable Leslie Rogers
June 24, 2016
Page Two

A June 1, 2017 date will provide the City the time it needs to more fully develop and cost Project options based not only on the resources available today, but resources the City intends to aggressively pursue between now and the first half of CY2017. It is the City's unwavering commitment to rail that drives our request for more time to submit a *Recovery Plan* that is thorough, achievable and, frankly, honors our commitment.

Assurance of Project Progress – Work Plan

To assure you our request to submit the City's *Recovery Plan* by mid-2017 in no way adversely affects our continued progress on the Project, please find the City's Project Work Plan through mid-2017 attached hereto.

In closing, thank you Administrator Flowers and Regional Administrator Rogers for your continued willingness to work with the City on a plan to complete the Honolulu Rail Transit Project and provide safe, effective and affordable mass transportation services to our communities on Oahu.

Sincerely,



Kirk Caldwell
Mayor

Attachment

- cc. Ms. Colleen Hanabusa, Chairwoman, HART Board of Directors
HART Board of Directors
Mr. Dan Grabauskas, Executive Director
Honorable Ernest Y. Martin, Chair and Presiding Officer and Members
Honorable David Ige, Governor
Honorable Brian Schatz, U.S. Senator
Honorable Mazie Hirono, U.S. Senator
Honorable Tulsi Gabbard, U.S. Representative
Honorable Mark Takai, U.S. Representative
Honorable Ron Kouchi, State Senate President
Honorable Joseph Souki, State House Speaker

EXHIBIT B

The Honorable Carolyn Flowers
The Honorable Leslie Rogers
June 24, 2016

WORK PLAN

- Complete construction of West Side Stations and Guideway (East Kapolei to Aloha Stadium) to have interim service beginning in 2021.
- Continue land acquisition activities necessary for Dillingham Boulevard to enable an advanced utility relocation and road widening project. On-going
- Continue potholing and other pre-construction activities in support of design completion and reduce any further construction risks. On-going
- Continue with completion of design for utility relocation work on the City Center Guideway and Stations alignment including underground of 138 KV. On-going
- Continue outreach to community and businesses along City Center Guideway & Stations alignment route. On-going
- Award Airport Guideway and Stations contract. Q3 2016.
- Complete installation and testing of signaling equipment in the Yard and Yard Control Bungalow. Q4 2016
- Complete Testing and Commissioning of Traction Power Substations at Yard TPSS and Waipahu TPSS. Q4 2016
- Complete Static testing of Train 1. Q4 2016
- Begin Train Signaling and Communications cable installation on Guideway. Q4 2016
- Complete power cabling installation on Train test track between Waipahu Station and West Loch Station. Q1 2017
- Receive second train at Rail Operations Center. Q1 2017
- Begin Train testing in Yard on Yard Test Track. Q1 2017
- Begin Train testing on Guideway. Q2 2017
- Potentially issue an advance utility relocation and roadway widening contract for the Dillingham Blvd segment. Q2 2017

EXHIBIT C



U.S. Department
of Transportation

Administrator

1200 New Jersey Avenue, SE
Washington, DC 20590

**Federal Transit
Administration**

JUL 21 2016

The Honorable Kirk Caldwell
Mayor of Honolulu
530 South King Street, Suite 300
Honolulu, HI 96813

Dear Mayor Caldwell:

Thank you for your June 24 letter seeking an extension of time for submittal of a Recovery Plan for the Honolulu Rail Transit Project (Project). The Federal Transit Administration (FTA) is amenable to an extension, but must insist that the City and County and the Honolulu Authority for Rapid Transportation (HART) provide FTA with such a plan no later than the end of this calendar year. Also, no later than the end of this August, HART and FTA must meet to discuss the immediate milestones and deliverables for an interim plan on how the Project will move forward, and I will expect that plan by the end of September 2016.

Please recognize, FTA is obliged to protect the public's very substantial investment in the Project, thus we need to know the City and County's intentions for resolving your planning, engineering, and financial issues as quickly as practicable.

For the future of the Project the City and County must make a fundamental choice to either reduce the scope of the Project, consistent with the financial resources currently available, or seek additional, non-Federal resources sufficient to complete the functional scope of work under our Full Funding Grant Agreement of December 2012, or undertake some combination of these. Your Recovery Plan must then be based on your decision whether to reduce the Project scope or seek additional, non-Federal resources, or both. Logically, your first step will be to identify a range of viable options for cost containment, new investments in the Project, perhaps an interim terminus or deferral of certain stations, and an analysis of the costs and estimated ridership associated with each such option. As local deliberations continue, FTA cautions the City and County to refrain from any procurements or other actions that would foreclose viable options for maximizing Project benefits or prejudice FTA's decision on a Recovery Plan.

My staff and I have several thoughts that should be discussed with HART during the month of August. Mr. Leslie Rogers, FTA Region IX Administrator, will call you to make arrangements for that purpose.

Sincerely yours,

A handwritten signature in blue ink that reads "Carolyn Flowers".

Carolyn Flowers
Acting Administrator

cc: Mr. Dan Grabauskas
Mr. Leslie Rogers

EXHIBIT D



GOV. MSG. NO. 1349

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

July 14, 2015

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on July 14, 2015, the following bill was signed into law:

HB134 HD1 SD2 CD1

RELATING TO TAXATION
ACT 240 (15)

Sincerely,

A handwritten signature in black ink that reads "David Y. Ige".

DAVID Y. IGE
Governor, State of Hawai'i

A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to address the
2 county surcharge on state general excise and use taxes.
3 More specifically, this Act:

4 (1) Authorizes the extension of the surcharge by any
5 county that has adopted an ordinance to establish the
6 surcharge prior to the effective date of this Act;

7 (2) Authorizes other counties to adopt ordinances
8 establishing the surcharge;

9 (3) For counties with a population greater than five
10 hundred thousand:

11 (A) Limits the use of surcharge revenues to "capital
12 costs"; and

13 (B) Expands the definition of "capital costs"; and

14 (4) Amends the definition of "public lands" to include the
15 air rights over any portion of state land upon which a
16 county mass transit project is developed after July
17 11, 2005.



1 SECTION 2. This Act shall not affect the validity or
2 effect of any surcharge on state tax adopted pursuant to Act
3 247, Session Laws of Hawaii 2005, prior to the effective date of
4 this Act.

5 SECTION 3. Section 46-16.8, Hawaii Revised Statutes, is
6 amended to read as follows:

7 " ~~[+]~~ §46-16.8 ~~[+]~~ County surcharge on state tax. (a) Each
8 county may establish a surcharge on state tax at the rates
9 enumerated in sections 237-8.6 and 238-2.6. A county electing
10 to establish this surcharge shall do so by ordinance; provided
11 that:

12 (1) No ordinance shall be adopted until the county has
13 conducted a public hearing on the proposed ordinance;

14 (2) The ordinance shall be adopted prior to December 31,
15 2005; and

16 (3) No county surcharge on state tax that may be
17 authorized under this ~~[section]~~ subsection shall be
18 levied prior to January 1, 2007 ~~[+]~~, or after December
19 31, 2022, unless extended pursuant to subsection (b).

20 Notice of the public hearing required under paragraph (1) shall
21 be published in a newspaper of general circulation within the



1 county at least twice within a period of thirty days immediately
2 preceding the date of the hearing.

3 ~~[(b)]~~ A county electing to exercise the authority granted
4 under this ~~[section]~~ subsection shall notify the director of
5 taxation within ten days after the county has adopted a
6 surcharge on state tax ordinance and, beginning no earlier than
7 January 1, 2007, the director of taxation shall levy, assess,
8 collect, and otherwise administer the county surcharge on state
9 tax.

10 (b) Each county that has established a surcharge on state
11 tax prior to the effective date of this Act under authority of
12 subsection (a) may extend the surcharge from January 1, 2023,
13 until December 31, 2027, at the same rates. A county electing
14 to extend this surcharge shall do so by ordinance; provided
15 that:

16 (1) No ordinance shall be adopted until the county has
17 conducted a public hearing on the proposed ordinance;
18 and

19 (2) The ordinance shall be adopted prior to July 1, 2016,
20 but no earlier than July 1, 2015.



H.B. NO. 134
H.D. 1
S.D. 2
C.D. 1

1 A county electing to exercise the authority granted under
2 this subsection shall notify the director of taxation within ten
3 days after the county has adopted an ordinance extending the
4 surcharge on state tax. Beginning on January 1, 2023, the
5 director of taxation shall levy, assess, collect, and otherwise
6 administer the extended surcharge on state tax.

7 (c) Each county that has not established a surcharge on
8 state tax prior to the effective date of this Act may establish
9 the surcharge at the rates enumerated in sections 237-8.6 and
10 238-2.6. A county electing to establish this surcharge shall do
11 so by ordinance; provided that:

- 12 (1) No ordinance shall be adopted until the county has
13 conducted a public hearing on the proposed ordinance;
14 (2) The ordinance shall be adopted prior to July 1, 2016,
15 but no earlier than July 1, 2015; and
16 (3) No county surcharge on state tax that may be
17 authorized under this subsection shall be levied prior
18 to January 1, 2018, or after December 31, 2027.

19 A county electing to exercise the authority granted under
20 this subsection shall notify the director of taxation within ten
21 days after the county has adopted a surcharge on state tax



1 ordinance. Beginning on January 1, 2018, the director of
2 taxation shall levy, assess, collect, and otherwise administer
3 the county surcharge on state tax.

4 (d) Notice of the public hearing required under subsection
5 (b) or (c) before adoption of an ordinance establishing or
6 extending the surcharge on state tax shall be published in a
7 newspaper of general circulation within the county at least
8 twice within a period of thirty days immediately preceding the
9 date of the hearing.

10 ~~[(e)]~~ (e) Each county with a population greater than five
11 hundred thousand that adopts or extends a county surcharge on
12 state tax ordinance pursuant to subsection (a) or (b) shall use
13 the surcharges received from the State for:

- 14 (1) ~~[Operating or capital]~~ Capital costs of a locally
15 preferred alternative for a mass transit project; and
16 (2) Expenses in complying with the Americans with
17 Disabilities Act of 1990 with respect to paragraph
18 (1).

19 The county surcharge on state tax shall not be used to build or
20 repair public roads or highways, bicycle paths, or support



1 public transportation systems already in existence prior to July
2 12, 2005.

3 ~~[(d)]~~ (f) Each county with a population equal to or less
4 than five hundred thousand that adopts a county surcharge on
5 state tax ordinance pursuant to ~~[subsection (a)]~~ this section
6 shall use the surcharges received from the State for:

- 7 (1) Operating or capital costs of public transportation
8 within each county for public transportation systems,
9 including public roadways or highways, public buses,
10 trains, ferries, pedestrian paths or sidewalks, or
11 bicycle paths; and
- 12 (2) Expenses in complying with the Americans with
13 Disabilities Act of 1990 with respect to paragraph
14 (1).

15 ~~[(e)]~~ (g) As used in this section, "capital costs" means
16 nonrecurring costs required to construct a transit facility or
17 system, including debt service, costs of land acquisition and
18 development, acquiring of rights-of-way, planning, design, and
19 construction, and including equipping and furnishing the
20 facility or system. For a county with a population greater than
21 five hundred thousand, capital costs also include non-recurring



1 personal services and other overhead costs that are not intended
2 to continue after completion of construction of the minimum
3 operable segment of the locally preferred alternative for a mass
4 transit project."

5 SECTION 4. Section 171-2, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "§171-2 Definition of public lands. "Public lands" means
8 all lands or interest therein in the State classed as government
9 or crown lands previous to August 15, 1895, or acquired or
10 reserved by the government upon or subsequent to that date by
11 purchase, exchange, escheat, or the exercise of the right of
12 eminent domain, or in any other manner; including lands accreted
13 after May 20, 2003, and not otherwise awarded, submerged lands,
14 and lands beneath tidal waters that are suitable for
15 reclamation, together with reclaimed lands that have been given
16 the status of public lands under this chapter, except:

- 17 (1) Lands designated in section 203 of the Hawaiian Homes
18 Commission Act, 1920, as amended;
- 19 (2) Lands set aside pursuant to law for the use of the
20 United States;
- 21 (3) Lands being used for roads and streets;



- 1 (4) Lands to which the United States relinquished the
2 absolute fee and ownership under section 91 of the
3 Hawaiian Organic Act prior to the admission of Hawaii
4 as a state of the United States unless subsequently
5 placed under the control of the board of land and
6 natural resources and given the status of public lands
7 in accordance with the state constitution, the
8 Hawaiian Homes Commission Act, 1920, as amended, or
9 other laws;
- 10 (5) Lands to which the University of Hawaii holds title;
- 11 (6) Lands to which the Hawaii housing finance and
12 development corporation in its corporate capacity
13 holds title;
- 14 (7) Lands to which the Hawaii community development
15 authority in its corporate capacity holds title;
- 16 (8) Lands to which the department of agriculture holds
17 title by way of foreclosure, voluntary surrender, or
18 otherwise, to recover moneys loaned or to recover
19 debts otherwise owed the department under chapter 167;
- 20 (9) Lands that are set aside by the governor to the Aloha
21 Tower development corporation; lands leased to the



1 Aloha Tower development corporation by any department
2 or agency of the State; or lands to which the Aloha
3 Tower development corporation holds title in its
4 corporate capacity;

5 (10) Lands that are set aside by the governor to the
6 agribusiness development corporation; lands leased to
7 the agribusiness development corporation by any
8 department or agency of the State; or lands to which
9 the agribusiness development corporation in its
10 corporate capacity holds title; and

11 (11) Lands to which the high technology development
12 corporation in its corporate capacity holds title[-];
13 provided that, except as otherwise limited under federal law and
14 except for state land used as an airport as defined in section
15 262-1, public lands shall include the air rights over any
16 portion of state land upon which a county mass transit project
17 is developed after July 11, 2005."

18 SECTION 5. Section 237-8.6, Hawaii Revised Statutes, is
19 amended by amending subsection (b) to read as follows:

20 "(b) Each county surcharge on state tax that may be
21 adopted or extended pursuant to section [~~46-16.8(a)~~] 46-16.8



1 shall be levied beginning in the taxable year after the adoption
2 of the relevant county ordinance; provided that no surcharge on
3 state tax may be levied [~~prior~~]:

4 (1) Prior to:

5 (A) January 1, 2007[-], if the county surcharge on
6 state tax was established by an ordinance adopted
7 prior to December 31, 2005; or

8 (B) January 1, 2018, if the county surcharge on state
9 tax was established by the adoption of an
10 ordinance after June 30, 2015, but prior to July
11 1, 2016; and

12 (2) After December 31, 2027."

13 SECTION 6. Section 238-2.6, Hawaii Revised Statutes, is
14 amended by amending subsection (b) to read as follows:

15 "(b) Each county surcharge on state tax that may be
16 adopted or extended shall be levied beginning in the taxable
17 year after the adoption of the relevant county ordinance;
18 provided that no surcharge on state tax may be levied [~~prior~~]:

19 (1) Prior to:



1 (A) January 1, 2007[-], if the county surcharge on
2 state tax was established by an ordinance adopted
3 prior to December 31, 2005; or

4 (B) January 1, 2018, if the county surcharge on state
5 tax was established by the adoption of an
6 ordinance after June 30, 2015, but prior to July
7 1, 2016; and

8 (2) After December 31, 2027."

9 SECTION 7. Act 247, Session Laws of Hawaii 2005, is
10 amended by amending section 9 to read as follows:

11 "SECTION 9. This Act shall take effect upon its approval;
12 provided that:

13 (1) If none of the counties of the State adopt an
14 ordinance to levy a county surcharge on state tax by
15 December 31, 2005, this Act shall be repealed and
16 section 437D-8.4, Hawaii Revised Statutes, shall be
17 reenacted in the form in which it read on the day
18 prior to the effective date of this Act;

19 (2) If any county does not adopt an ordinance to levy a
20 county surcharge on state tax by December 31, 2005, it
21 shall be prohibited from adopting such an ordinance



1 pursuant to this Act, unless otherwise authorized by
2 the legislature through a separate legislative act;
3 and

4 (3) If an ordinance to levy a county surcharge on state
5 tax is adopted by December 31, 2005:

6 (A) The ordinance shall be repealed on December 31,
7 2022; provided that the repeal of the ordinance
8 shall not affect the validity or effect of an
9 ordinance to extend a surcharge on state tax
10 adopted pursuant to Act , Session Laws of
11 Hawaii 2015;

12 (B) This Act shall be repealed on December 31,
13 [~~2022~~] 2027; and

14 (C) Section 437D-8.4, Hawaii Revised Statutes, shall
15 be reenacted in the form in which it read on the
16 day prior to the effective date of this Act [-];
17 provided that the amendments made to section
18 437D-8.4, Hawaii Revised Statutes, by Act 226,
19 Session Laws of Hawaii 2008, as amended by Act
20 11, Session Laws of Hawaii 2009, and Act 110,



1 Session Laws of Hawaii 2014, shall not be
2 repealed."

3 SECTION 8. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 9. This Act shall take effect on July 1, 2015.

APPROVED this 14 day of JUL , 2015



GOVERNOR OF THE STATE OF HAWAII





A BILL FOR AN ORDINANCE

RELATING TO THE TRANSPORTATION SURCHARGE.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Council Findings and Purpose. The purpose of this ordinance is to amend the ordinances pertaining to the county surcharge on general excise and use taxes.

Pursuant to Section 2 of Act 247, Session Laws of Hawaii, Regular Session of 2005, codified as HRS Section 46-16.8, Ordinance 05-27 established a one-half percent general excise and use tax surcharge to be used to fund the operating and capital costs of the locally preferred alternative for the City's mass transit project and related improvements to comply with the Americans with Disabilities Act (ADA), which was to take effect on January 1, 2007 and be repealed on December 31, 2022.

Among other things, Section 3 of Act 240, Session Laws of Hawaii, Regular Session of 2015, amended HRS Section 46-16.8 to provide for a five year extension of the general excise and use tax surcharge beyond December 31, 2022 to December 31, 2027, for any county that had established a tax surcharge prior to the Act's effective date and that enacts an ordinance to implement the extension; provided that the ordinance is enacted after holding a public hearing that satisfies certain notice requirements and is enacted after July 1, 2015, but prior to July 1, 2016. For the City, which prior to December 31, 2005 had enacted an ordinance to levy the general excise and use tax surcharge for the period between January 1, 2007 and December 31, 2022, Section 7 of Act 240 requires that that ordinance be repealed on December 31, 2022.

This Ordinance is intended to: (1) amend Ordinance 05-27, and (2) effectuate the extension of the general excise and use tax surcharge for Honolulu permitted under Section 3 of Act 240, while complying with the mandate that Ordinance 05-27 be repealed on December 31, 2022.

SECTION 2. Chapter 6, Article 60, Revised Ordinances of Honolulu 1990, is amended to read as follows:

"Article 60. Transportation Surcharge—Use of Funds

Sec. 6-60.1 Establishment of surcharge—Conditions.

Pursuant to Section 2 of Act 247, Session Laws of Hawaii, Regular Session of 2005, codified as Section 46-16.8 of the Hawaii Revised Statutes, there is hereby established a one-half percent general excise and use tax surcharge to be used for



A BILL FOR AN ORDINANCE

purposes of funding the operating and capital costs of public transportation within the City and County of Honolulu as specified herein. The excise and use tax surcharge [shall] will be levied beginning January 1, 2007. [Prior to the tax surcharge monies being expended as the local match for federal funds, the following shall occur:

- (1) The council has approved by ordinance a locally preferred alternative following an Alternatives Analysis; and
- (2) The council has received from the director of transportation services an operational, financial, development and route plan for the locally preferred alternative; and
- (3) There is a commitment of federal funds, whether for planning, land acquisition or construction, to further the locally preferred alternative.]

Sec. 6-60.2 Use of funds.

- (a) [All] As required by HRS Section 248-2.6(d), moneys received from the state derived from the imposition of the surcharge established under this article [shall] will be [deposited into the] a general fund [and] realization. Beginning July 1, 2015, moneys received from the surcharge may be expended for the following purposes authorized by state law:
 - (1) [Operating or capital] Capital costs of a locally preferred alternative for a mass transit project; and
 - (2) Expenses in complying with the Americans with Disabilities Act of 1990 with respect to [paragraph] subdivision (1).
- (b) No surcharge moneys may be expended on portions of the locally preferred alternative for mass transit project beyond the minimum operable segment established under resolution 08-261, and a maximum amount of \$4.815 billion of surcharge moneys levied from January 1, 2007 to December 31, 2022 may be expended on the minimum operable segment and associated debt financing costs.
- (c) Notwithstanding the restrictions detailed in subsection (b) above, any surcharge moneys collected in excess of the \$4.815 billion may be expended in the following order of priority:



A BILL FOR AN ORDINANCE

- (1) Contingency and other reserves as recommended by the Federal Transit Administration and as detailed in the Updated Final Financial Plan for the Full Funding Grant Agreement;
- (2) ADA accessibility improvements to the minimum operable segment of the locally preferred alternative for the mass transit project;
- (3) Planning and design costs for route expansion; and
- (4) Infrastructure improvements to rail station areas to support affordable housing, as permitted by State and Federal law,

provided that these additional surcharge expenditures may be expended only after the Honolulu Authority for Rapid Transportation provides for council review an update on the expenditures to date on the mass transit project and the anticipated use and amount of the additional surcharge expenditures above the \$4.815 billion limit.

- (d) No surcharge moneys may be expended for any purpose if the expenditure of such moneys will result in the project ending cash balance falling below the amount set forth in the Updated Final Financial Plan for the Full Funding Grant Agreement.
- (e) The Honolulu Authority for Rapid Transportation shall submit to the council no later than January 1, 2017, any and all costs associated with: 1) contingency and other reserves as recommended by the Federal Transit Administration and as detailed in the Updated Final Financial Plan for the Full Funding Grant Agreement; 2) ADA accessibility improvements to the minimum operable segment of the locally preferred alternative for the mass transit project; 3) planning and design costs for route expansion; and 4) infrastructure improvements to rail station areas to support affordable housing, as permitted by State and Federal law.
- (f) No moneys received from the surcharge [shall] may be used to build or repair public roads or highways or bicycle paths, or to support public transportation systems already in existence prior to July 12, 2005.
- (g) Prior to and as a prerequisite for any transfer of moneys received from the surcharge, the Honolulu Authority for Rapid Transportation shall submit to the council a quarterly updated cash balance summary that contains all revenues and expenditures, including both capital expenditures and operating and maintenance expenditures.



A BILL FOR AN ORDINANCE

- (h) At the close of each quarter, the Honolulu Authority for Rapid Transportation shall submit to the council:
- (1) A capital improvement program status report in substantially the same form as that submitted by the director of budget and fiscal services for the city's executive capital improvement program.
 - (2) A statement of cash balances for each revenue source and each category of project cost showing the cash balance at the start of the accounting period and the cash balance at the end of the period.
- (i) Within 30 days following the end of each fiscal year, the Honolulu Authority for Rapid Transportation shall submit to the council a report detailing all amounts invoiced by and paid to general contractors for the fiscal year just ended. The report must be organized by general contractor, separately reflect amounts billed by the general contractor for work done by its subcontractors, and include the following information:
- (1) The names of general contractors and their respective subcontractors;
 - (2) The type of services provided by each general contractor and subcontractor;
 - (3) A detailed description and justification for the work done by each general contractor and subcontractor; and
 - (4) The amount invoiced by and paid to each general contractor, and the amount invoiced by each subcontractor to the general contractor for the described work.
- (j) For purposes of this article, "capital costs" means the same as defined in HRS Section 46-16.8, as it may be amended, for a county with a population greater than 500,000.

Sec. 6-60.3 Repeal of surcharge.

Pursuant to Section 9 of Act 247, Session Laws of Hawaii, Regular Session of 2005, Section 6-60.1 [shall] will be repealed on December 31, 2022."

SECTION 3. Chapter 6, Article 60, Revised Ordinances of Honolulu 1990, is repealed.



A BILL FOR AN ORDINANCE

[Article 60. Transportation Surcharge—Use of Funds

Sec. 6-60.1 Establishment of surcharge—Conditions.

Pursuant to Section 2 of Act 247, Session Laws of Hawaii, Regular Session of 2005, codified as Section 46-16.8 of the Hawaii Revised Statutes, there is hereby established a one-half percent general excise and use tax surcharge to be used for purposes of funding the operating and capital costs of public transportation within the City and County of Honolulu as specified herein. The excise and use tax surcharge will be levied beginning January 1, 2007.

Sec. 6-60.2 Use of funds.

- (a) As required by HRS Section 248-2.6(d), moneys received from the state derived from the imposition of the surcharge established under this article will be a general fund realization. Beginning July 1, 2015, moneys received from the surcharge may be expended for the following purposes authorized by state law:
- (1) Capital costs of a locally preferred alternative for a mass transit project; and
 - (2) Expenses in complying with the Americans with Disabilities Act of 1990 with respect to subdivision (1).
- (b) No surcharge moneys may be expended on portions of the locally preferred alternative for mass transit project beyond the minimum operable segment established under resolution 08-261, and a maximum amount of \$4.815 billion of surcharge moneys levied from January 1, 2007 to December 31, 2022 may be expended on the minimum operable segment and associated debt financing costs.
- (c) Notwithstanding the restrictions detailed in subsection (b) above, any surcharge moneys collected in excess of the \$4.815 billion may be expended in the following order of priority:
- (1) Contingency and other reserves as recommended by the Federal Transit Administration and as detailed in the Updated Final Financial Plan for the Full Funding Grant Agreement;
 - (2) ADA accessibility improvements to the minimum operable segment of the locally preferred alternative for the mass transit project;



A BILL FOR AN ORDINANCE

- (3) Planning and design costs for route expansion; and
- (4) Infrastructure improvements to rail station areas to support affordable housing, as permitted by State and Federal law,

provided that these additional surcharge expenditures may be expended only after the Honolulu Authority for Rapid Transportation provides for council review an update on the expenditures to date on the mass transit project and the anticipated use and amount of the additional surcharge expenditures above the \$4.815 billion limit.

- (d) No surcharge moneys may be expended for any purpose if the expenditure of such moneys will result in the project ending cash balance falling below the amount set forth in the Updated Final Financial Plan for the Full Funding Grant Agreement.
- (e) The Honolulu Authority for Rapid Transportation shall submit to the council for no later than January 1, 2017, any and all costs associated with: 1) contingency and other reserves as recommended by the Federal Transit Administration and as detailed in the Updated Final Financial Plan for the Full Funding Grant Agreement; 2) ADA accessibility improvements to the minimum operable segment of the locally preferred alternative for the mass transit project; 3) planning and design costs for route expansion; and 4) infrastructure improvements to rail station areas to support affordable housing, as permitted by State and Federal law.
- (f) No moneys received from the surcharge may be used to build or repair public roads or highways or bicycle paths, or to support public transportation systems already in existence prior to July 12, 2005.
- (g) Prior to and as a prerequisite for any transfer of moneys received from the surcharge, the Honolulu Authority for Rapid Transportation shall submit to the council a quarterly updated cash balance summary that contains all revenues and expenditures, including both capital expenditures and operating and maintenance expenditures.
- (h) At the close of each quarter, the Honolulu Authority for Rapid Transportation shall submit to the council:
 - (1) A capital improvement program status report in substantially the same form as that submitted by the director of budget and fiscal services for the city's executive capital improvement program.



A BILL FOR AN ORDINANCE

- (2) A statement of cash balances for each revenue source and each category of project cost showing the cash balance at the start of the accounting period and the cash balance at the end of the period.
- (i) Within 30 days following the end of each fiscal year, the Honolulu Authority for Rapid Transportation shall submit to the council a report detailing all amounts invoiced by and paid to general contractors for the fiscal year just ended. The report must be organized by general contractor, separately reflect amounts billed by the general contractor for work done by its subcontractors, and include the following information:
- (1) The names of general contractors and their respective subcontractors;
 - (2) The type of services provided by each general contractor and subcontractor;
 - (3) A detailed description and justification for the work done by each general contractor and subcontractor; and
 - (4) The amount invoiced by and paid to each general contractor, and the amount invoiced by each subcontractor to the general contractor for the described work.
- (j) For purposes of this article, "capital costs" means the same as defined in HRS Section 46-16.8, as it may be amended, for a county with a population greater than 500,000.

Sec. 6-60.3 Repeal of surcharge.

Pursuant to Section 9 of Act 247, Session Laws of Hawaii, Regular Session of 2005, Section 6-60.1 will be repealed on December 31, 2022."]

SECTION 4. Chapter 6, Revised Ordinances of Honolulu 1990 ("Revolving Special Funds, Housing Mortgage Loans and Fees"), is amended by adding a new Article 60, to read as follows:

"Article 60. Transportation Surcharge—Use of Funds

Sec. 6-60.1 Establishment of surcharge—Conditions.

Pursuant to Section 2 of Act 247, Session Laws of Hawaii, Regular Session of 2005, codified as Section 46-16.8 of the Hawaii Revised Statutes, there is hereby



A BILL FOR AN ORDINANCE

established a one-half percent general excise and use tax surcharge to be used for purposes of funding the operating and capital costs of public transportation within the City and County of Honolulu as specified herein. The excise and use tax surcharge will be levied beginning January 1, 2007.

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 - (2) Expenses in complying with the Americans with Disabilities Act of 1990 with respect to subdivision (1).
- (b) No surcharge moneys may be expended on portions of the locally preferred alternative for mass transit project beyond the minimum operable segment established under resolution 08-261, and a maximum amount of \$4.815 billion of surcharge moneys levied from January 1, 2007 to December 31, 2027 may be expended on the minimum operable segment and associated debt financing costs.
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- (1) Contingency and other reserves as recommended by the Federal Transit Administration and as detailed in the Updated Final Financial Plan for the Full Funding Grant Agreement;
 - (2) ADA accessibility improvements to the minimum operable segment of the locally preferred alternative for the mass transit project;
 - (3) Planning and design costs for route expansion; and
 - (4) Infrastructure improvements to rail station areas to support affordable housing, as permitted by State and Federal law,



A BILL FOR AN ORDINANCE

provided that these additional surcharge expenditures may be expended only after the Honolulu Authority for Rapid Transportation provides for council review an update on the expenditures to date on the mass transit project and the anticipated use and amount of the additional surcharge expenditures above the \$4.815 billion limit.

- (d) No surcharge moneys may be expended for any purpose if the expenditure of such moneys will result in the project ending cash balance falling below the amount set forth in the Updated Final Financial Plan for the Full Funding Grant Agreement.
- (e) The Honolulu Authority for Rapid Transportation shall submit to the council for no later than January 1, 2017, any and all costs associated with: 1) contingency and other reserves as recommended by the Federal Transit Administration and as detailed in the Updated Final Financial Plan for the Full Funding Grant Agreement; 2) ADA accessibility improvements to the minimum operable segment of the locally preferred alternative for the mass transit project; 3) planning and design costs for route expansion; and 4) infrastructure improvements to rail station areas to support affordable housing, as permitted by State and Federal law.
- (f) No moneys received from the surcharge may be used to build or repair public roads or highways or bicycle paths, or to support public transportation systems already in existence prior to July 12, 2005.
- (g) Prior to and as a prerequisite for any transfer of moneys received from the surcharge, the Honolulu Authority for Rapid Transportation shall submit to the council a quarterly updated cash balance summary that contains all revenues and expenditures, including both capital expenditures and operating and maintenance expenditures.
- (h) At the close of each quarter, the Honolulu Authority for Rapid Transportation shall submit to the council:
 - (1) A capital improvement program status report in substantially the same form as that submitted by the director of budget and fiscal services for the city's executive capital improvement program.
 - (2) A statement of cash balances for each revenue source and each category of project cost showing the cash balance at the start of the accounting period and the cash balance at the end of the period.



A BILL FOR AN ORDINANCE

- (i) Within 30 days following the end of each fiscal year, the Honolulu Authority for Rapid Transportation shall submit to the council a report detailing all amounts invoiced by and paid to general contractors for the fiscal year just ended. The report must be organized by general contractor, separately reflect amounts billed by the general contractor for work done by its subcontractors, and include the following information:
- (1) The names of general contractors and their respective subcontractors;
 - (2) The type of services provided by each general contractor and subcontractor;
 - (3) A detailed description and justification for the work done by each general contractor and subcontractor; and
 - (4) The amount invoiced by and paid to each general contractor, and the amount invoiced by each subcontractor to the general contractor for the described work.
- (j) For purposes of this article, "capital costs" means nonrecurring costs required to construct a transit facility or system, including debt service, costs of land acquisition and development, acquiring of rights-of-way, planning, design, and construction, including equipping and furnishing the facility or system. "Capital costs" also include nonrecurring personal services and other overhead costs that are not intended to continue after completion of construction of the minimum operable segment of the locally preferred alternative for a mass transit project.

Sec. 6-60.3 Repeal of surcharge.

Pursuant to Section 7 of Act 240, Session Laws of Hawaii, Regular Session of 2015, Section 6-60.1 will be repealed on December 31, 2027."

SECTION 5. Ordinance material to be repealed is bracketed. New material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the reviser of ordinances need not include the brackets, the bracketed material or the underscoring.



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE 16-1
BILL 23 (2015), CD2, FD1

A BILL FOR AN ORDINANCE

SECTION 6. The repeal in SECTION 3 of this Ordinance takes effect on December 31, 2022. The enactment in SECTION 4 of this Ordinance takes effect on January 1, 2023. The other Sections of this Ordinance take effect upon approval.

INTRODUCED BY:

Ernest Martin

DATE OF INTRODUCTION:

March 12, 2015
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this 1 day of February, 2016.

Kirk Caldwell
KIRK CALDWELL, Mayor
City and County of Honolulu

EXHIBIT E

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

ORDINANCE 16-1

BILL 23 (2015), CD2, FD1

Introduced: 03/12/15

By: ERNEST MARTIN

Committee: BUDGET

Title: A BILL FOR AN ORDINANCE RELATING TO THE TRANSPORTATION SURCHARGE.

Voting Legend: * = Aye w/Reservations

04/01/15	SPECIAL COUNCIL	BILL PASSED FIRST READING AND REFERRED TO COMMITTEE ON LEGISLATIVE MATTERS. 7 AYES: ANDERSON, ELEFANTE, FUKUNAGA*, MANAHAN, MARTIN, MENOR, OZAWA. 1 NO: KOBAYASHI. 1 ABSENT: PINE.
		CC-299 MARTIN – RE-REFERRAL OF BILL 23 (2015) FROM COMMITTEE ON LEGISLATIVE MATTERS TO COMMITTEE ON BUDGET.
10/21/15	BUDGET	NO ACTION TAKEN.
11/18/15	BUDGET	CR-434 – BILL REPORTED OUT OF COMMITTEE FOR PASSAGE ON SECOND READING AND SCHEDULING OF A PUBLIC HEARING AS AMENDED IN CD1 FORM.
11/28/15	PUBLISH	PUBLIC HEARING NOTICE PUBLISHED IN THE HONOLULU STAR ADVERTISER.
12/05/15	PUBLISH	PUBLIC HEARING NOTICE PUBLISHED IN THE HONOLULU STAR ADVERTISER (2 ND NOTICE).
12/09/15	COUNCIL/PUBLIC HEARING	NOTE: PROPOSED CD1, FD1 (BE) POSTED ON THE AGENDA WAS NOT CONSIDERED. BILL FAILED TO BE AMENDED TO CD1, FD1 (KP). 4 AYES: ANDERSON, ELEFANTE, MENOR, PINE. 5 NOES: FUKUNAGA, KOBAYASHI, MANAHAN, MARTIN, OZAWA. CR-434 ADOPTED. BILL PASSED SECOND READING AS AMENDED, PUBLIC HEARING CLOSED AND REFERRED TO COMMITTEE ON BUDGET. 7 AYES: ELEFANTE*, FUKUNAGA, MANAHAN, MARTIN, MENOR*, OZAWA, PINE*. 2 NOES: ANDERSON, KOBAYASHI.
12/16/15	PUBLISH	SECOND READING NOTICE PUBLISHED IN THE HONOLULU STAR-ADVERTISER.
01/13/16	BUDGET	CR-10(16) – BILL REPORTED OUT OF COMMITTEE FOR PASSAGE ON THIRD READING AS AMENDED IN CD2 FORM.

EXHIBIT E

01/27/16 COUNCIL

NOTE: PROPOSED CD2, FD1 (KP) POSTED ON THE AGENDA WAS NOT CONSIDERED.

BILL AMENDED TO CD2, FD1 (EM).

9 AYES: ANDERSON, ELEFANTE, FUKUNAGA, KOBAYASHI, MANAHAN, MARTIN, MENOR, OZAWA, PINE.

CR-10(16) ADOPTED AND BILL 23 (2015), CD2, FD1 PASSED THIRD READING.

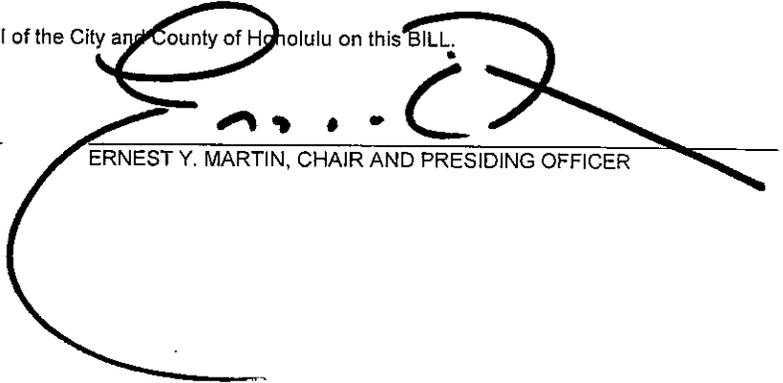
7 AYES: ELEFANTE, FUKUNAGA, MANAHAN, MARTIN, MENOR, OZAWA, PINE.

2 NOES: ANDERSON, KOBAYASHI.

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this BILL.



GLEN I. TAKAHASHI, CITY CLERK



ERNEST Y. MARTIN, CHAIR AND PRESIDING OFFICER



Honolulu Rail Transit Project Update

Options to HART's Current FFGA Scope

June 8, 2016

EXHIBIT F

H O N O L U L U R A I L T R A N S I T P R O J E C T

www.HONOLULUTRANSIT.ORG

HART

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Current Alignment

20 Miles – 21 Stations



EXHIBIT F

Original FFGA Requirements

- On December 19, 2012, HART signed a Full Funding Grant Agreement for a total Project cost of \$5,121,693,163 with a Federal contribution of \$1,550,000,000. The Revenue Service Date (RSD) was to be January 31, 2020.
- The Project description stated “The Honolulu Rail Transit Project (the Project) consists of design and construction of a 20-mile, grade separated fixed rail system from East Kapolei to the Ala Moana Center in Honolulu Hawai’i. From East Kapolei, the Project proceeds to the University of Hawai’i at West Oahu, then east to Pearl Harbor, the Honolulu International Airport and ends at Kona Street adjacent to Ala Moana Center. The Project will operate in an exclusive right-of-way and will be grade separated except for a 0.6 mile, at grade section near the Leeward Community College. The Project includes 21 stations, 80 rail vehicles and a Maintenance and Storage Facility”.
- In FTA’s Risk and Contingency Review in September, 2012 for the FFGA, the PMOC stated that HART’s cost estimate of \$5.122 billion, including \$644 million in total contingency, was acceptable.

EXHIBIT F

History of Review by FTA

- Since then, HART has worked closely with the FTA in the management of the Project.
- During this time, Monthly Reviews were performed by the FTA's Project Management Oversight Contractor (PMOC) and Quarterly Reviews performed by the FTA's Regional Office.
- On August 14, 2014, FTA issued another Risk Refresh letter in which they recommended that HART increase their cost estimate to \$5.386 billion by adding \$265 million (\$139.5 million in adjustments and \$125.5 million in additional contingency).
- Both the FTA and the PMOC, as well as HART, were surprised at the increased costs to the Project in late 2014 due primarily to the extraordinary construction cost increases in Honolulu over the past five years.
- On May 10, 2016, FTA forwarded a copy of their recent 2016 Risk Refresh entitled FINAL DRAFT for comment. In this review, the FTA states the cost to be \$7.731 billion (p50) including an increase of \$856 million in contingency, an increase of \$2.609 billion over the original FFGA cost estimate. The FTA also gave a cost of \$8.016 billion (p65) by including \$1.141 billion in contingency.

EXHIBIT F

HART's Current Cost & Schedule Estimate

- To construct the Project as programmed in the FFGA,

- Projected Cost Estimate **\$7,967,000,000**

- Projected Schedule (same as FTA's estimate)

- ✓ Construction Completion **April, 2024**

- ✓ Revenue Service Date (RSD) **December, 2024**

EXHIBIT F

HART's Current Capital Revenue Estimate

- Projected Revenue Resources total **\$6.827 billion**:
 - GET Revenue totals \$4.977 billion
 - ✓ Growth rate lowered from 5.04% in original financial plan (June 2012) to 4.3%
 - ✓ Council on Revenues current Statewide GET projection reflects a 4.8% compounded annual growth rate from FY 2014 to FY2022
 - ✓ Range from \$4.903 billion at 4% to \$5.167 billion at 5.04%
 - Federal Grant provides \$1.551 billion
 - Beginning Balance of \$0.3 billion
 - ✓ Consists of GET revenues and interest income prior to the grant period (January 2007 to October 2009) net of City expenses

**Growth rate applied to 4 quarterly receipts through 1/31/2016*

EXHIBIT F

Estimated Daily Boardings 2030

WEST SIDE	Daily Boardings	EAST SIDE	Daily Boardings
East Kapolei	7,266	Pearl Harbor	5,552
UH West O'ahu	6,939	Airport	6,490
Ho'opili	1,995	Lagoon Drive	3,215
West Loch	5,526	Middle Street	2,895
Waipahu Center	3,167	Kalihi	3,701
Leeward CC	3,356	Kapalama	2,395
Pearl Highlands	11,750	Iwilei	4,028
Pearlridge	5,982	Chinatown	1,499
Aloha Stadium	4,334	Downtown	10,748
		Civic Center	3,933
		Kaka'ako	3,199
		Ala Moana	<u>21,612</u>
		EAST/WEST TOTAL	119,582

4-car train update

EXHIBIT F

Estimated Daily Boardings 2030

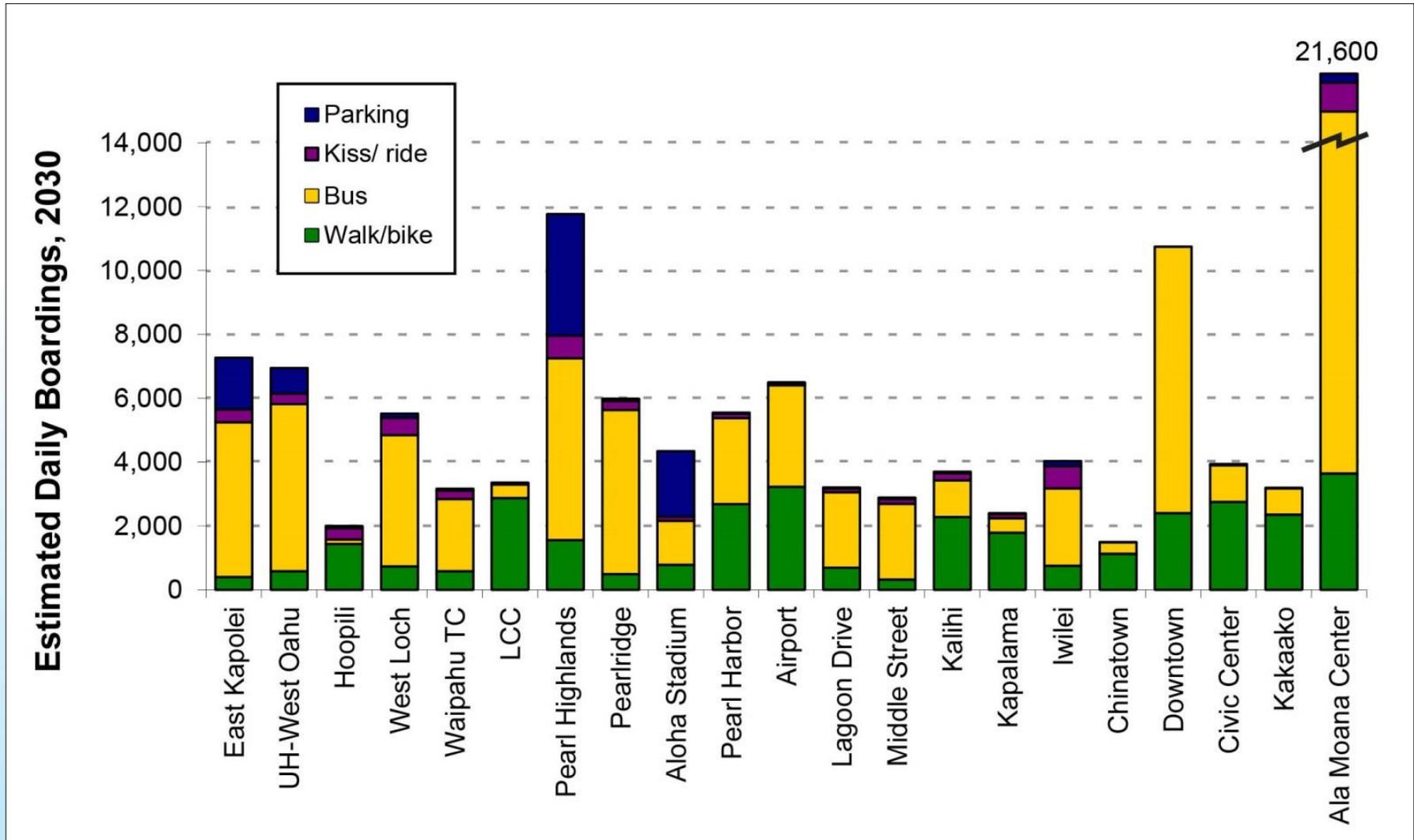


EXHIBIT F

Projected Cost vs. Projected Revenue

- Given the projected Project cost of **\$7.967 billion** and the projected revenue of **\$6.827 billion**, the Project as defined by the FFGA has a potential deficit of **\$1.140 billion**
- Without additional revenue, HART, after consultation with the FTA, needs to consider options for construction within the current projected revenues
- **Build to Budget vs. Budget to Build**

EXHIBIT F

Options

- #1 Build to Middle Street as planned plus “guideway only” to Ala Moana
- #2 Build to Middle Street as planned and continue with bus service
- #2a Build to Middle Street as planned and continue with at-grade rail system
- #3 Construct as far as funding allows (a la carte evaluation)
- #4 Public-Private Partnership (P3) Solicitations for all stations
- #5 Change alignment to Nimitz

EXHIBIT F

Option #1

**Build to Middle Street as planned;
Build 'guideway only' to Ala Moana
(no stations, except Ala Moana)**

Description of Changes

- Build 'guideway only' from Middle Street to Ala Moana
- Do not build any stations beyond Middle Street, except for the terminus station at Ala Moana

EXHIBIT F

Middle Street Transit Center Site



EXHIBIT F

Option #1

**Build to Middle Street as programmed;
Build “guideway only” to Ala Moana**

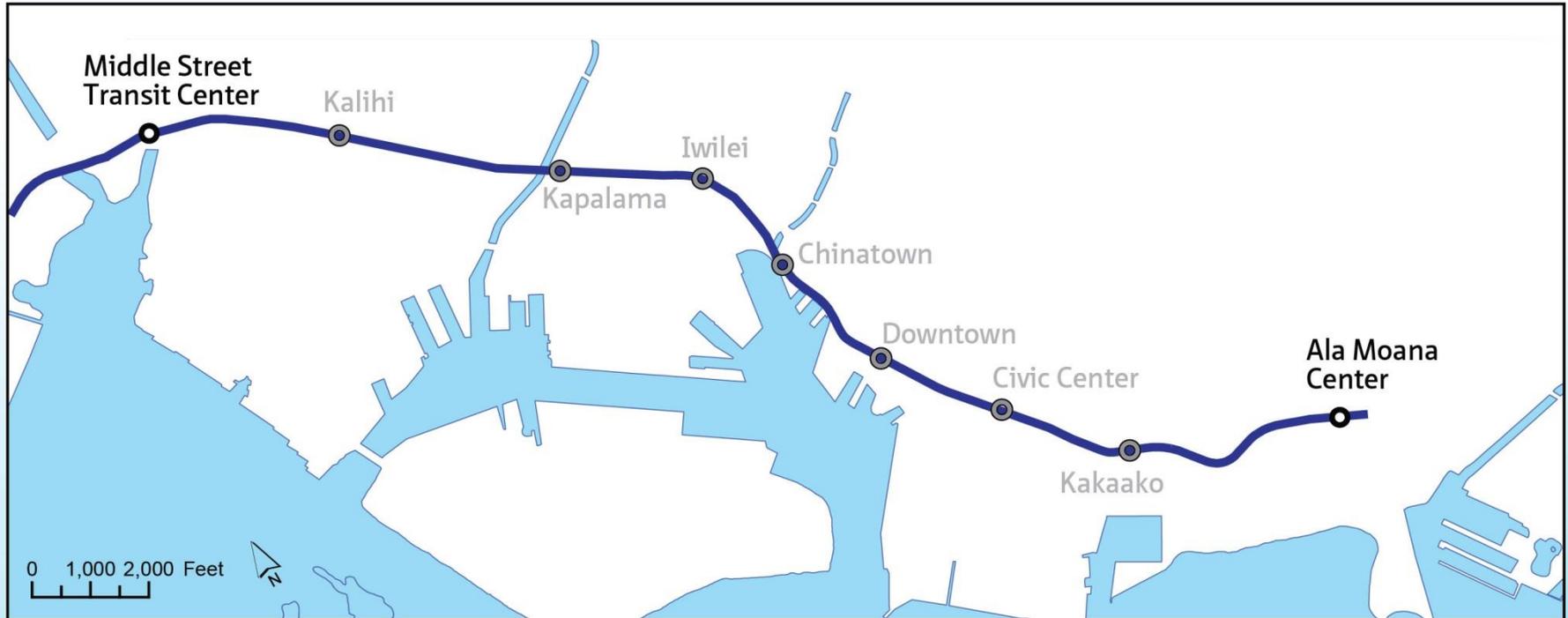


EXHIBIT F

Option #1

Build to Middle Street as programmed; Build 'guideway only' to Ala Moana

Pros

- 1) Saves initial cost of building seven stations
- 2) Construction impact will be temporarily lessened by deferral of stations
- 3) Will reduce number of railcars, but will not recoup full cost
- 4) Preserves guideway corridor

Cons

- 1) Deferral of stations will significantly impact ridership
- 2) Increased final costs to build remainder of stations later
- 3) Increased costs to buy remainder of railcars later
- 4) No significant savings of time
- 5) No rail service to Kalihi, Downtown or Kaka'ako
- 6) Significant changes to existing contracts
- 7) **Insufficient funds (\$7.59+B)**

EXHIBIT F

Option #2

Build to Middle Street as planned & continue with bus

Description of Changes

- Terminates elevated rail system after station
- Install crossover after station
- Initialize integration w/ bus transit center
- Move TPSS and other core system changes
- Construct Kiss and Ride facilities

EXHIBIT F

Option #2

Build to Middle Street as planned & continue with bus

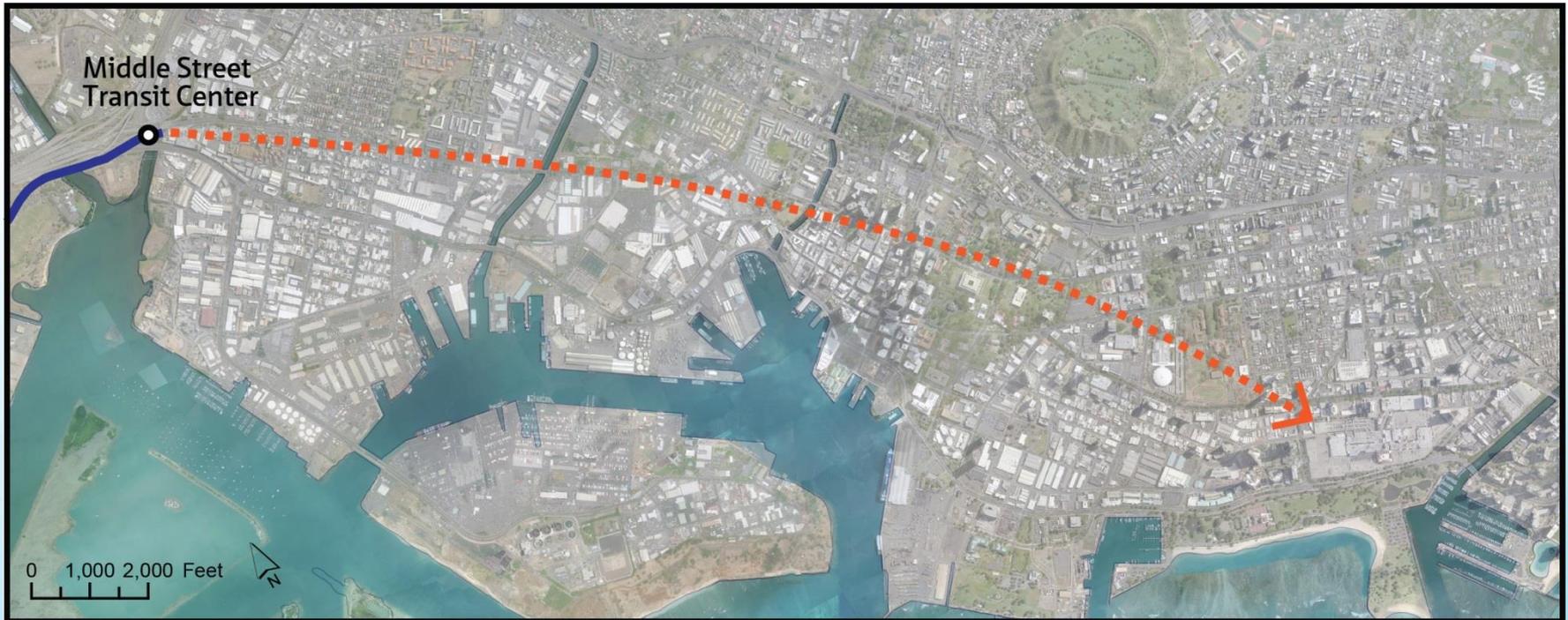


EXHIBIT F

H O N O L U L U R A I L T R A N S I T P R O J E C T

www.HONOLULUTRANSIT.ORG

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Option #2

Build to Middle Street as planned & continue with bus

Pros

- 1) Saves initial cost of building eight stations
- 2) Construction impact will be temporarily lessened by deferral of stations
- 3) Will reduce number of railcars, but will not recoup full cost

Cons

- 1) Change of travel modes discourages ridership
- 2) Requires more bus integration and increased bus service and cost
- 3) Increased costs of right-of-way acquisition later
- 4) Additional costs due to infrastructure changes and core system changes
- 5) Increased costs to build remainder of stations and guideway and buy railcars later

EXHIBIT F

Option #2a

Build to Middle Street as planned & continue with at-grade rail system

Description of Changes

- Terminates elevated rail system after station
- Install crossover after station
- Possible need for Supplemental EIS for change in technology
- Initialize integration with bus and new light rail system
- Acquire land, design and construct new light rail operations and maintenance facility
- Design and construct alignment for light rail including overhead electrical catenary system
- Move TPSS and other core system changes

EXHIBIT F

Option #2a

Build to Middle Street as planned & continue with at-grade rail system

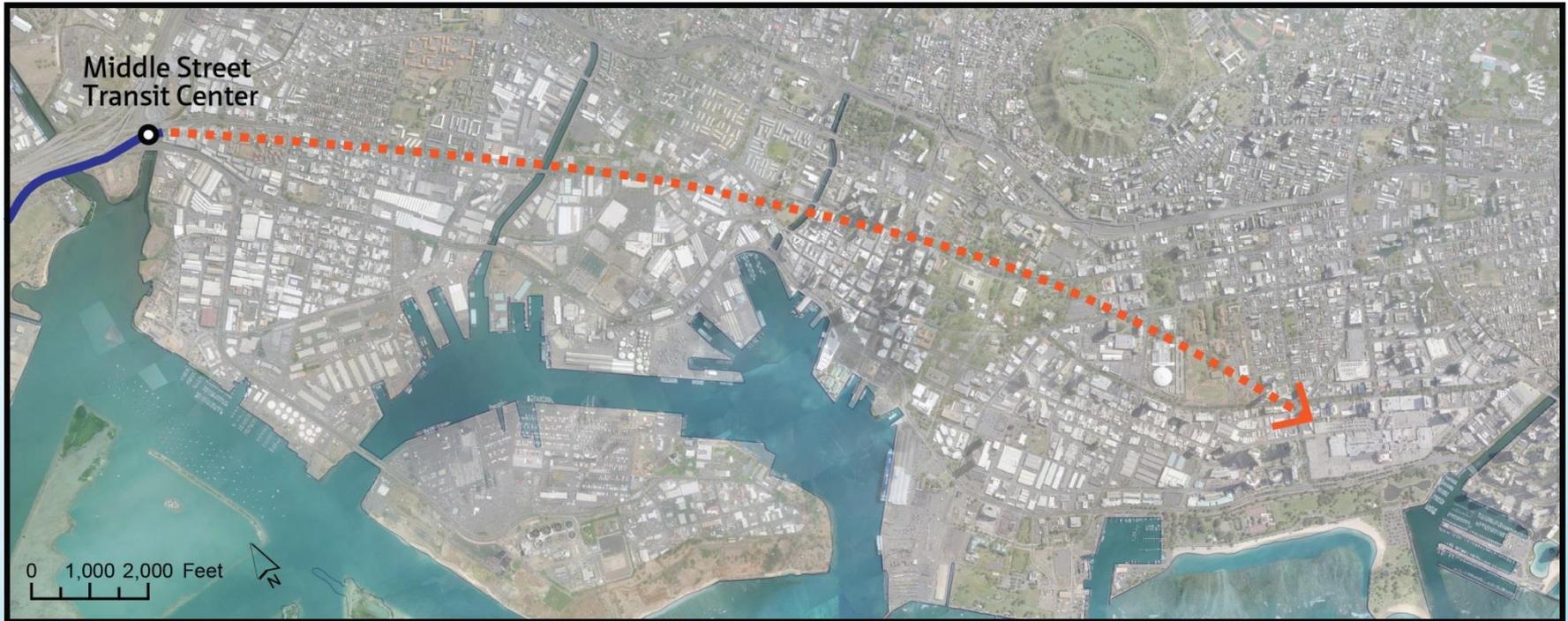


EXHIBIT F

H O N O L U L U R A I L T R A N S I T P R O J E C T

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HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Option #2a

Build to Middle Street as planned & continue with at-grade rail system

Pros

- 1) Provide a street running light rail system at grade
- 2) Size and cost of rail stations are minimized

Cons

- 1) Change of travel modes discourages ridership
- 2) Likely need for Supplemental EIS
- 3) Requires further bus and rail integration
- 4) Additional costs due to new rail system including land, design and train driver labor costs
- 5) New rail car costs and new rail maintenance and operations facility
- 6) Light rail intermixed with vehicles within the street network

EXHIBIT F

Option #3

Construct Project as far as funding allows (a la carte evaluation)

1. Cost to terminate guideway after each station
2. Additional changes may need to be considered:
 - Install crossover after station
 - Move TPSS and other core system changes
 - Initialize integration with bus
 - Make necessary site changes to be a terminus
3. Itemized costs that could be saved by deferring a specific station

EXHIBIT F

Option #3

Construct Project as far as funding allows

Cost to Complete Project to Each Station	
Middle Street	\$6.22B
Kalihi	\$6.57B
Kapalama	\$6.89B
Iwilei	\$7.15B
Chinatown	\$7.27B
Downtown	\$7.46B
Civic Center	\$7.63B
Kaka'ako	\$7.82B
Ala Moana	\$7.97B

EXHIBIT F

Option #3

Construct Project as far as funding allows

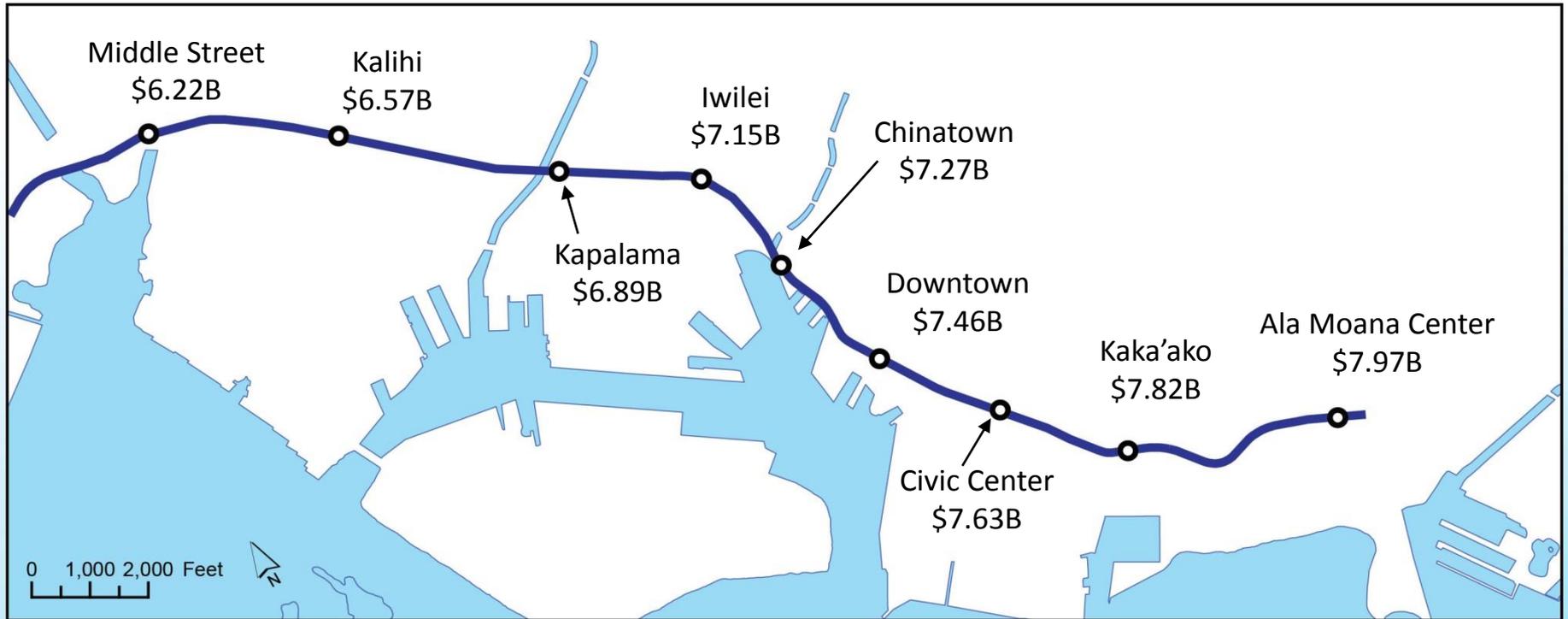


EXHIBIT F

Option #3

Construct Project as far as funding allows

Actual or Estimated Cost of Each Station

East Kapolei	\$	17.7M	Airport	\$	32.5M
UH West O'ahu	\$	22.2M	Lagoon Drive	\$	22.3M
Ho'opili	\$	14.1M	Middle Street	\$	45.9M
West Loch	\$	41.0M	Kalihi	\$	30.2M
Waipahu	\$	35.2M	Kapalama	\$	33.0M
Leeward CC	\$	12.0M	Iwilei	\$	31.8M
Pearl Highlands TC	\$	280.0M	Chinatown	\$	41.1M
Pearl Highlands	\$	47.1M	Downtown	\$	60.1M
Pearlridge	\$	36.4M	Civic Center	\$	37.4M
Aloha Stadium	\$	30.5M	Kaka'ako	\$	27.9M
Pearl Harbor	\$	26.0M	Ala Moana	\$	45.6M

EXHIBIT F

Option #3

(a la carte examples)

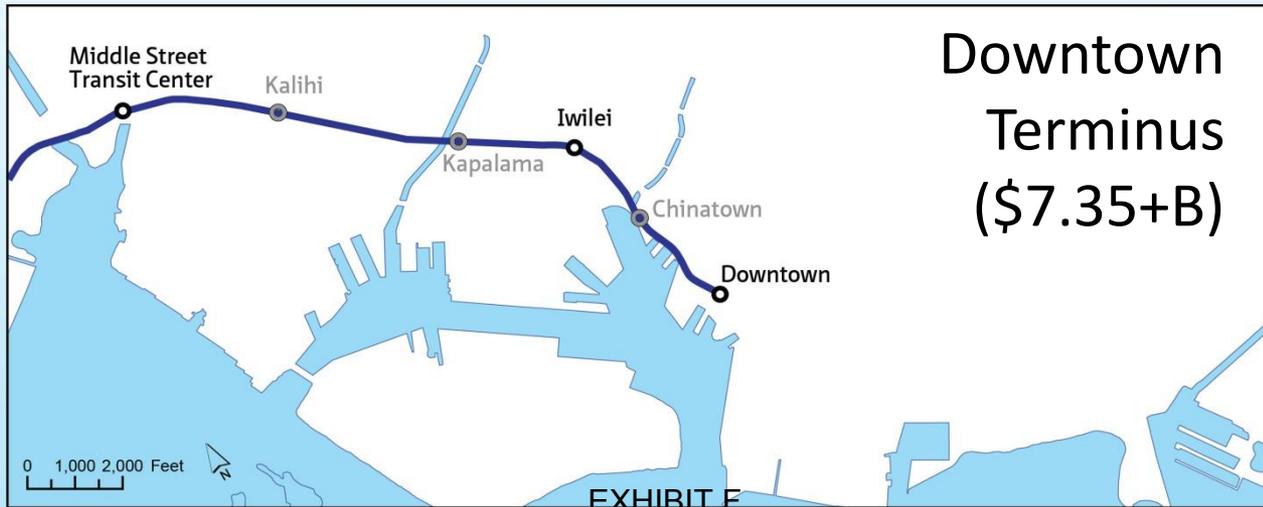
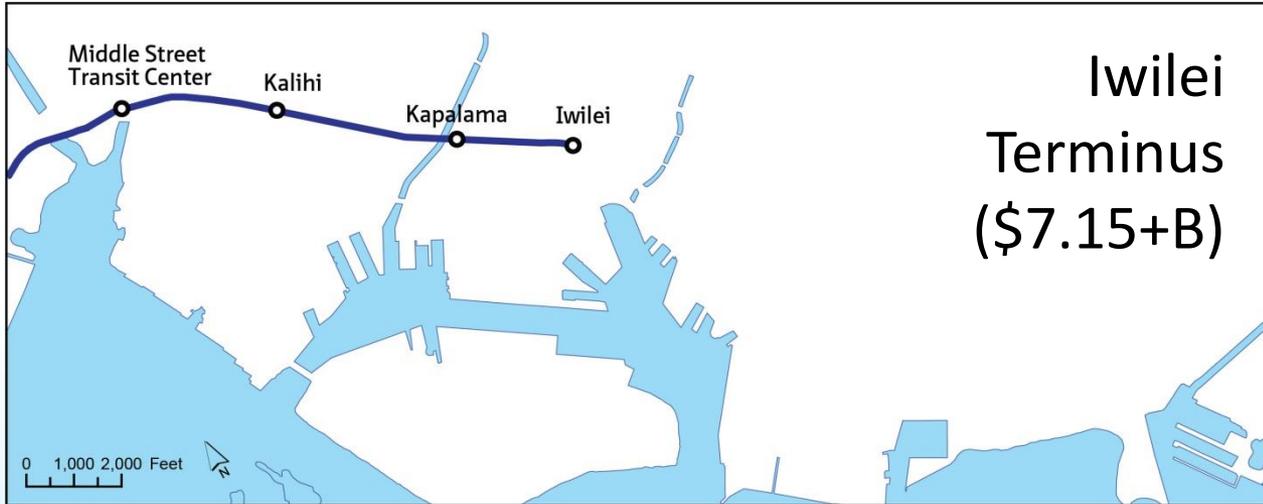
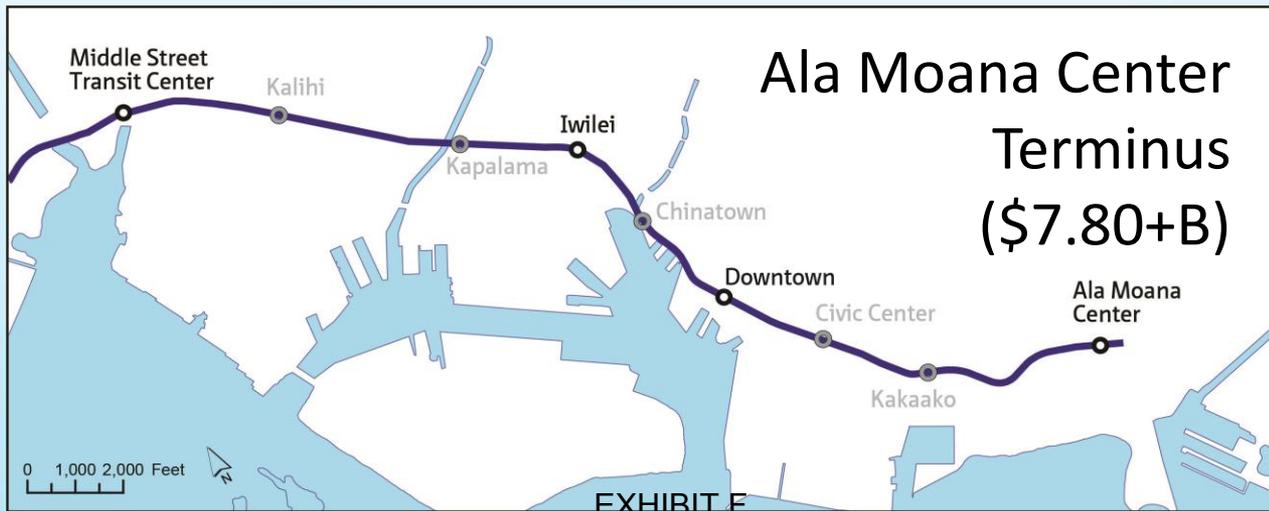
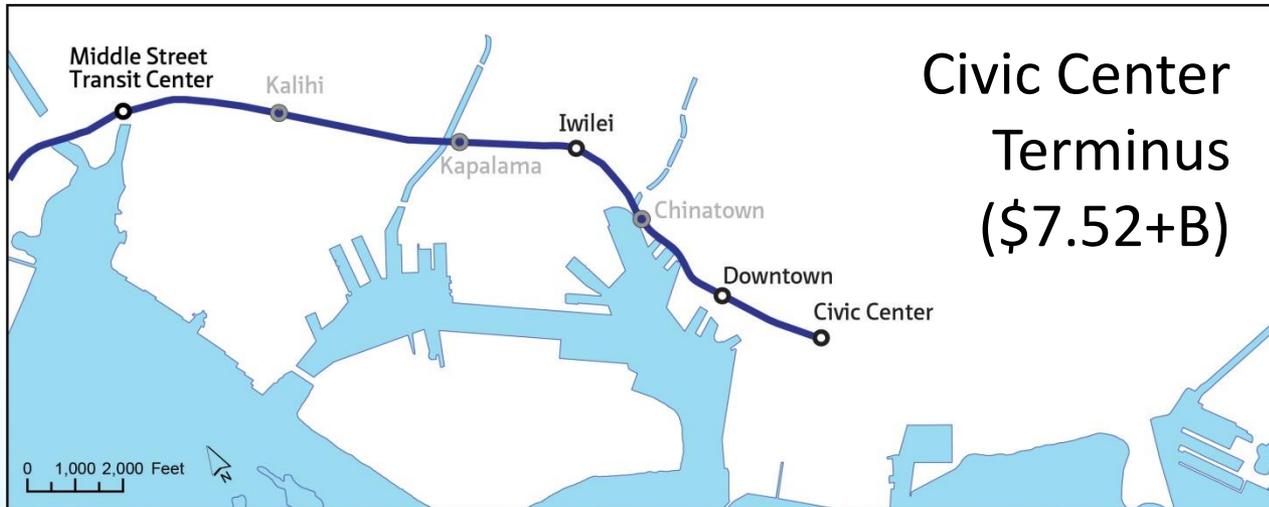


EXHIBIT F

Option #3

(a la carte examples)



Option #3

Construct Project as far as funding allows

Pros

- 1) Maximizes flexibility in use of current funding
- 2) Saves initial cost of not building guideway and/or some stations
- 3) Construction impact will be temporarily lessened by deferral of stations and guideway
- 4) Will reduce number of railcars, but will not recoup full cost

Cons

- 1) Change of travel modes discourages ridership
- 2) Requires more bus integration
- 3) Additional costs due to infrastructure changes and core system changes
- 4) Increased costs to build remainder of guideway and/or stations later and buy railcars later

EXHIBIT F

Option #4

Issue Public-Private Partnerships (P3) Solicitations for All Stations

- In an effort to reduce initial HART capital investments and get more buy-in by developers, issue P3 solicitations for all 21 stations.
- Decision would require change orders to existing contracts deleting nine stations; work has already begun on some of the contracts.

EXHIBIT F

Option #4

Issue P3 Solicitations for All Stations



EXHIBIT F

Option #4

Issue P3 Solicitations for All Stations

Pros

- 1) P3 Solicitations might result in lower costs for some stations

Cons

- 1) Requires stopping construction of nine west side stations, causing defaults for convenience by HART and high penalties
- 2) Impacts timing for new solicitations
- 3) Uncertainties on timing of availability of operational stations
- 4) Over \$900M in private capital would be needed to construct 21 stations

EXHIBIT F

Option #5

Change Alignment to Nimitz Highway

- Instead of guideway alignment proceeding down Dillingham, alignment proceeds from Middle Street Station down Nimitz Highway to Downtown Station.
- Significant environmental and ridership studies would need to be performed before design work could begin.
- Station selections would need to be evaluated .

EXHIBIT F

Option #5

Change Alignment to Nimitz Highway



EXHIBIT F

Option #5

Change Alignment to Nimitz Highway

Pros

- 1) Costs could potentially be less because of fewer stations
- 2) Continues access to downtown area without same utility issues along Dillingham

Cons

- 1) Potential seven to ten year delay due to FTA review and approval including EIS
- 2) Possible ridership impacts
- 3) New station location and right-of-way acquisition
- 4) Introduces new unknown utility and superfund challenges
- 5) HDOT jurisdiction

EXHIBIT F

Next Steps

- HART will take the feedback from today's presentation and update the presentation to be shared with the Mayor's Office and City Council. HART will refine the cost for the overall program as well as the analysis for any options the Board chooses.
- A Working Group will be formed to develop a plan for completing the Project in a manner that is in the best interest and benefit of the public.
- Advise current CCGS Priority-Listed Offerors of current status and potential timeline for remaining procurement.

EXHIBIT F

Mahalo!



EXHIBIT F

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