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MUFI HANNEMANN
MAYOR



June 10, 2010

The Honorable Daniel K. Inouye
United States Senate
SH-722 Hart Senate Office Building
Washington, D. C. 20510-1102

Dear Senator Inouye:

As a result of delays in the Honolulu High-Capacity Transit Corridor Project associated with routing issues raised by the Federal Aviation Administration (FAA) at the Honolulu International Airport, and a likely indefinite delay associated with Governor Lingle's announced decision to withhold her approval from the State Environmental Impact Statement (State EIS) until she conducts a review of the rail project's environmental and financial plans, the Honolulu Rail Transit project is confronting a possible project implementation delay of nearly one year. I am writing to you today to seek your assistance to include a provision in the FY 2011 Transportation and HUD Appropriations Bill that would facilitate the City's ability to recapture some of the time lost due to these delays. This provision will assure that local funds expended by the City on engineering, final design, and construction of initial elements of the project in advance of a Full Funding Grant Agreement (FGGA) from the Federal Transit Administration (FTA) be counted as a part of the City's local share of the overall project.

While the rail transit project's routing issues with the FAA have been settled and the federal Final Environmental Impact Statement is about to be circulated for comment, the cumulative cost of delays to the project since December 2009 could approach \$50 million. More important than the increase in the cost of the project, Honolulu commuters and those dependent on transit services could go yet another year without seeing the economic benefits of the project associated with construction and related jobs, not to mention having access to the transportation benefits the rail project will ultimately provide.

Under the standard FTA New Starts process, construction of the rail project does not normally begin until an FFGA is executed between the City and the FTA (currently anticipated in mid- to late 2011). However, other New Starts projects have begun construction in advance of the execution of an FFGA utilizing local funds on the initial elements or first phases of the project, while assuring that the use of those local funds to be included in the local match requirements of the "federalized" project.

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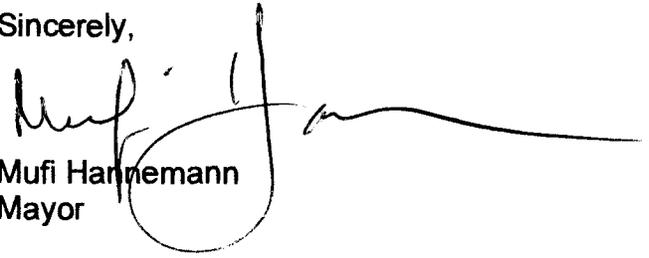
Examples of such projects include extensions to the Miami Metrorail, the San Francisco Muni Third Street Light Rail Project and, most recently, the Detroit Woodward Corridor. The Honolulu Transit Project is seeking a provision similar to those provided for these projects in the FY 2011 Transportation and Housing and Urban Development and Related Agencies Appropriations Bill.

In essence, the City is proposing to utilize City funds that have already been collected from Oahu taxpayers on the first elements of engineering, final design, and construction of the project in advance of obtaining an FFGA, yet assuring that these expenditures on the first elements of engineering, final design, and construction be included in the calculation of the non-New Starts, local overmatch funds for the rail project as proposed by the City. Thus, City funds would be used to build the West Oahu Farrington Highway Guideway, Stations, Maintenance and Storage Facility, and related elements of the project.

The statutory provision that Honolulu is seeking is limited solely to the inclusion of local funds expended for these initial engineering, final design, and construction elements of the project in the non-New Starts, local match calculation. This provision would not affect the project's compliance with any other federal law, including the National Environmental Policy Act, or any other FTA statutory or regulatory provisions. I have attached a draft of the proposed provision that we are seeking in the FY 2011 Transportation & HUD Appropriations bill. It was crafted based upon the precedents I listed above.

I am grateful to you for your continued support of the Honolulu Rail Transit Project. The project would not be at today's advanced stage of development without your strong support. For that we are truly grateful. Please let me know if you have any questions.

Sincerely,


Mufi Hannemann
Mayor

Attachment