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**From:** Ronald.Fisher@dot.gov  
**To:** Hamayasu, Toru  
**Sent:** 7/2/2008 10:54:50 AM  
**Subject:** FW: questions on Honolulu HCT financial plan  
**Attachments:** Honolulu Financial Assessment 6-18-08.doc

Toru,  
Attached is the review by our consultant of the Honolulu financial plan. As you'll see the plan meets our rating of acceptable by a very thin margin. Below I suggested updating the plan with the latest information, which I think should be done. Obviously if any of the updated information makes the plan worse, we need to know that now. Let me know how you wish to proceed.  
Ron

-----Original Message-----

**From:** Fisher, Ronald <FTA>  
**Sent:** Thursday, June 26, 2008 2:09 PM  
**To:** Hamayasu, Toru  
**Cc:** Ryan, James <FTA>  
**Subject:** FW: questions on Honolulu HCT financial plan

Toru,  
Hope all's well. Below Ben Porter, who did the financial assessment on Honolulu's project for us, identifies that the fare increases assumed in the financial plan are considerably higher than what was assumed for inflation. My understanding is that the fare assumed in the travel forecasts increases with inflation. Regardless of whether my understanding is correct, the travel forecasts should assume the same fare increase as assumed in the financial plan. Please ensure that is done for the travel forecasts that we review July 10.

We should get our assessment of your financial plan to you by next week. As I have mentioned to you, the project barely meets an acceptable rating. One of the reasons for that is your assumptions on the revenue side are on optimistic side. If other plausible revenue sources were suggested, the plan's rating would improve.

You might want to consider updating the plan based on our comments to you next week - I think we could rate that update (I need to check on the availability of our oversight funding), which may result in a better rating. My sense is the plan will need such a modification eventually and it may be in your best interest to do that update now.

Ron

-----Original Message-----

**From:** Fisher, Ronald <FTA>  
**Sent:** Thursday, June 19, 2008 10:36 AM  
**To:** Ben Porter  
**Cc:** Day, Elizabeth <FTA>  
**Subject:** RE: questions on Honolulu HCT financial plan

Thanks. This shows that the 2030 fare increases 114% while the CPI increases 71%. I will notify the travel forecasters that that fare increase needs to be reflected in their 2030 forecast, and the result used for fare revenues in the financial plan. That will, of course, change what they have presented to you in the financial plan you have reviewed. I'm hoping the change will not be so significant as to change the rating. I will relate this need for a financial plan change to the project sponsor.

-----Original Message-----

**From:** Ben Porter [mailto:bporter@porter-inc.com]  
**Sent:** Wednesday, June 18, 2008 8:50 PM

AR00144563

To: Fisher, Ronald <FTA>  
Cc: Day, Elizabeth <FTA>  
Subject: Re: questions on Honolulu HCT financial plan

Ron:

Attached is a PDF file with annual values and annual %-change for the Honolulu CPI, average fare, and linked trips. Each item is footnoted to explain its source and derivation. I don't know how these compare with the ridership forecast because I've not seen that information. The financial plan states that fares were adjusted to adhere to a Council policy requiring a fare recovery ratio of between 27% and 33%.

As you will see, this leads to some illogical ridership levels with respect to changes in fares.

Please let me know if you have any questions.

best regards,  
Ben Porter