

An Update on the Honolulu High-Capacity Transit Corridor Project

Rail Transit: Affordable to Build and Maintain

Aloha! The economy is on everyone's mind. This month's issue will explain the impact rail transit would have on Honolulu's economy, why rail transit is affordable and how much it would cost to operate and maintain the system in the future.

How will rail transit benefit Hawaii's economy?

Rail transit, poised to break ground in late 2009, will generate an estimated 11,000 jobs in construction and related industries. Transit-oriented development – the creation of shops, services, and housing in the vicinity of transit stations – will attract new investment and create even more jobs. More jobs and businesses help fund state and city services. And the reduction of commute times and easing of parking pressures will benefit employers and employees island-wide.

The initial route from East Kapolei to Ala Moana Center can be paid for with already identified funding sources.

According to APTA's report, *Dollars & Sense: The Economic Case for Public Transportation in America*, "Every dollar taxpayers invest in public transportation generates \$6 or more in economic returns."

How much will it cost to build, and how will we pay for it?

Rail transit is the most cost-effective option among those studied, including expanding bus service or building a HOT lane viaduct. The initial route from East Kapolei to Ala Moana Center can be paid for with already identified funding sources.

Funding comes from the 1/2% GET surcharge and the Federal Transit Administration's New Starts program. \$15.5 million for the planning phase has been appropriated by Congress for this year, and another \$20 million is in the pipeline. A key to current and future federal support is the commitment Honolulu has already made for local funding, with more than \$250 million banked for the project. Federal funding is expected to

increase significantly as the project moves to construction.

Construction costs are estimated using the building industry's best practices. Costs are based on engineers' calculations of current and comparable construction costs in Hawai'i. The cost estimate will be adjusted and updated with inflation as the project advances. Nearly a billion dollars in contingency – almost a quarter of the total budget (see chart) – is included in the total cost to absorb any future uncertainties.

Even when adjusted for inflation and allowing for fluctuations in the economy, Honolulu transit can be built within budget.

How much will operations and maintenance cost?

Rail transit will cost 40% less to operate and maintain per passenger-mile than buses.

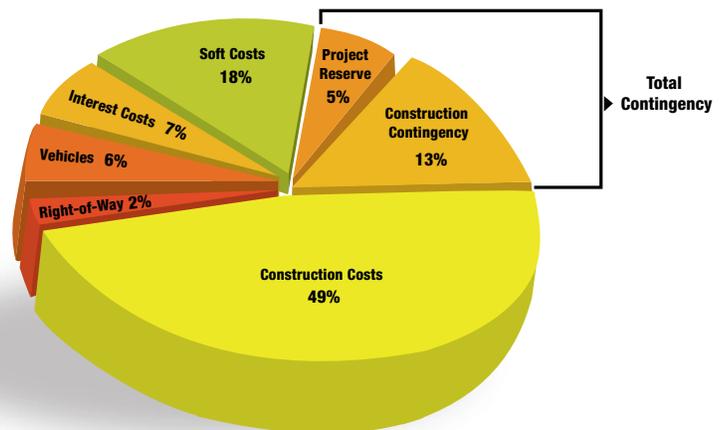
In Honolulu, operating and maintenance costs for our rail system are estimated to be about \$60 million per year in today's dollars. By comparison, we currently spend approximately \$180 million each year for operating and maintenance costs of TheBus.

One reason is that each 300-passenger train typically requires just a single operator, while it would take more than four buses – each with their own driver – to match that passenger capacity. Another is that rail transit's modern electric-motor technology is more efficient than the diesel engines used in buses. Of course, steel wheels hold up much longer than rubber tires – Honolulu currently spends more than \$600,000 per year for new bus tires alone. Train cars also have a much longer lifespan than buses.

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Projected costs are reviewed regularly by the Federal Transit Administration's auditors. The cost savings of rail transit have been observed time and time again in transit systems nationwide. In almost every case, rail transit demonstrates that, in corridors like Honolulu's, it can save on ongoing operational expenses as compared to those of bus-only systems.

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BALANCING THE BUDGET

	2006 Dollars (in millions)	Year-of-Expenditure Dollars (in millions)	2006 Dollars (in millions)	Year-of-Expenditure Dollars (in millions)
Capital Costs	3,470	4,570	City GET Revenue	3,020
Net Interest Costs	250	410	Federal Funding	700
Total Project Cost	3,720	4,980	Total Project Funding	3,720
				4,055
				925
				4,980



Honolulu On The Move

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Contact Us

You can reach us by calling the project hotline at **566-2299** or by submitting your comments to www.honolulutransit.org.

Call or email us if you would like to receive an electronic version of this newsletter or would like to be removed from our mailing list.

Why Is Rail Transit Considered Eco-Friendly?

Building rail transit has long been viewed by health experts as an excellent way to limit harmful vehicle emissions and improve air quality. Rail transit will enhance our environmental quality of life in numerous ways:

- Honolulu rail transit will be electrically-powered and benefit from the most promising advances in alternative energy sources, like H-power, wind, solar and bio-fuels.
- Rail is more energy-efficient than single-occupant cars and trucks, consuming 36% less energy per passenger-mile, according to the U.S. Department of Energy.
- It will take more than 25,000 cars and trucks off our highways and roads each day.

As the Sierra Club's report Missing the Train states, "We can move our workforce more efficiently and generate more jobs... through greater investment in public transportation sources. We will also enjoy benefits including better air and water quality, greater public health, less sprawl, and more independence for our aging population."

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How will we pay for operations and maintenance?

Passenger fares for rail transit will cover approximately 30% of operations and maintenance. The rest will be paid out of the City's annual budget, the same way we currently pay for TheBus, and how other public transit systems are funded nationwide.

Overall, the City's share of rail transit's operating and maintenance costs is projected to be 2-3% of the annual operating budget.

By comparison, Honolulu currently spends approximately twice that for its Cultural and Recreational programs.

Will rail transit increase property taxes?

The City has covered budget increases of several percentage points without resorting to tax hikes. Therefore, it is possible to absorb the 2-3% addition to the City's operating budget with no property tax increases.

Honolulu On the Move has produced a new brochure about our island's proposed rail transit system. It answers the most commonly asked questions while providing key information.

The brochure is also available online at www.honolulutransit.org, at Satellite City Halls and at state libraries. If you would like to order a copy, contact us at info@honolulutransit.org or call **566-2299**. Please leave your full name, address and contact phone number.

