



Hawai'i Convention Center  
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**kahua pa'a** web [hawaii tourismauthority.org](http://hawaii tourismauthority.org)

**David Y. Ige**  
*Governor*

**George D. Szigeti**  
*President and Chief Executive Officer*

Statement of  
**George D. Szigeti**  
Chief Executive Officer  
Hawai'i Tourism Authority

on

**Informational Briefing on Honolulu Rapid Transit System**

Senate Committee on Transportation and Energy;  
Senate Committee on Public Safety, Intergovernmental, and Military Affairs;  
Senate Committee on Ways and Means;  
House Committee on Transportation; and  
House Committee on Finance

Monday, August 14, 2017

10:00am

Auditorium

Chairs Inouye, Nishihara, Dela Cruz, Aquino, and Luke;  
Vice-Chairs Espero, Wakai, Keith-Agaran, Quinlan, and Cullen; and Committee Members:

The Hawai'i Tourism Authority (HTA) offers, for the informational briefing on Honolulu's rapid transit system, the following **testimony opposing any potential increase of the Transient Accommodations Tax (TAT) as a source of rail funding**. Given the various interests and concerns surrounding the issue, we recognize the importance of increased dialogue between the various stakeholders involved. HTA appreciates the Legislature's efforts to obtain additional information and facts in preparation for the legislative special session.

HTA opposes any potential increase of the TAT and would like to communicate its support of stability in the visitor industry. Many stakeholders in the state's largest and most critical industry are concerned that changes to the industry's taxation structure can potentially harm inventory and infrastructure. Forcing our visitors to bear an additional tax burden would result in unintended negative consequences and put additional negative pressure on the visitor industry in a myriad of ways. With the price-sensitive nature of our tourism market, increases in visitor costs could drive travelers to competing locations. Keeping taxes at their current rates can only make Hawaii vacations more attractive, while raising taxes would be counter-productive.

Together with government officials, industry stakeholders and community partners, HTA has a common goal to ensure that Hawai'i's visitor industry remains successful and viable well into the future. From marketing Hawai'i worldwide, HTA knows firsthand that Hawai'i faces stiff competition in a volatile industry from other global destinations. As Hawai'i competes in the global tourism market, ensuring safe, enjoyable, and affordable visitor experiences is critical.

Mahalo for the opportunity to oppose potential TAT increases as a source of rail funding.



HCOM STATEMENT BEFORE THE SENATE TRANSPORTATION AND ENGERY AND  
THE HOUSE OF REPRESENTATIVES TRANSPORATION COMMITTEES  
MONDAY, AUGUST 14, 2017  
10:00 A.M.

The Hawai'i Council of Mayors ("HCOM"), by majority vote, remains steadfast in its support of Honolulu's rail project, and continues to believe the best way to fund the current shortfall is to provide a extension of Oahu's half-percent GET surcharge another 10 years.

HCOM believes it's unfair to increase the Transient Accommodations Tax by 1.00 percent to pay for rail, since this added charge will be paid by visitors to all of our islands, but used exclusively on O'ahu. This proposal adds to the unfairness in the distribution of the TAT to the County governments.

Harry Kim, Mayor  
County of Hawai'i

Kirk Caldwell, Mayor  
City and County of Honolulu

Bernard Carvalho, Jr., Mayor  
County of Kaua'i

Alan Arakawa, Mayor  
County of Maui



Mayor Harry Kim  
County of Hawaii  
25 Aupuni Street  
Hilo, Hawai'i 96720



Mayor Kirk Caldwell  
City and County of Honolulu  
530 South King Street, Rm. 306  
Honolulu, Hawai'i 96813



Mayor Bernard Carvalho, Jr.  
County of Kaua'i  
4444 Rice Street  
Lihu'e, Hawai'i 96766



Mayor Alan Arakawa  
County of Maui  
200 South High Street, 9<sup>th</sup> Floor  
Wailuku, Hawaii 96793

**OFFICE OF THE MAYOR  
CITY AND COUNTY OF HONOLULU**

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KIRK CALDWELL  
MAYOR

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

August 11, 2017

SENATE COMMITTEE ON TRANSPORTATION AND ENERGY;

SENATE COMMITTEE ON PUBLIC SAFETY,  
INTERGOVERNMENTAL, AND MILITARY AFFAIRS;

SENATE COMMITTEE ON WAYS AND MEANS;

HOUSE COMMITTEE ON TRANSPORTATION;

and

HOUSE COMMITTEE ON FINANCE

Monday, August 14, 2017

10:00 a.m.

State Capitol, Auditorium

Dear Chair Inouye, Chair Nishihara, Chair Dela Cruz, Chair Aquino, Chair Luke, and Members of the Committees:

Thank you for holding this informational briefing.

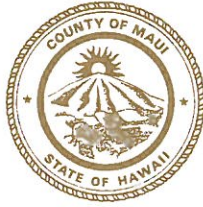
- We appreciate the opportunity to testify.
- From the report in media last week, there has been a tremendous amount of hard work put into preparing for this briefing.
- And we are grateful to provide information on the options you are considering.

When it comes to funding the remainder of the rail project, there are three critical considerations we hope will be top of mind throughout this briefing and the upcoming special session.

One and most important, funding must be adequate to fully fund the project all the way to Ala Moana Center.

- The FTA will allow nothing less, and will put our funding plan through stress-testing to ensure it. Projections about how much any funding source will produce must, therefore, be conservative and based on sound economic modeling and historical evidence.

ALAN M. ARAKAWA  
MAYOR



KEITH A. REGAN  
MANAGING DIRECTOR

## OFFICE OF THE MAYOR

Ke'ena O Ka Meia  
COUNTY OF MAUI – Kalana O Maui

### STATEMENT OF MAYOR ALAN ARAKAWA COUNTY OF MAUI

BEFORE THE SENATE COMMITTEE ON TRANSPORTATION AND ENERGY

AND

THE HOUSE OF REPRESENTATIVES COMMITTEE ON TRANSPORTATION

Monday, August 14, 2017, at 10:00 a.m.  
State Capitol Auditorium

RELATING TO INFORMATIONAL BRIEFING

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As Mayor of Maui County, I am united with the Hawaii Council of Mayors as we collectively believe that the best way to fund Honolulu's rail project shortfall is to provide an extension of Oahu's half-percent GET surcharge for another 10 years.

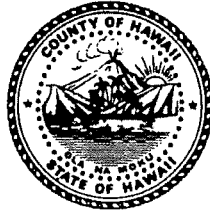
We believe that it would be blatantly unfair to increase the TAT by 1.00% to pay for the rail as this additional charge would be paid for by visitors to all of our islands, despite that the rail will be used exclusively on Oahu.

While in support of HCOM's statement, I would also add that, overall, while the state seeks more money to pay for rail, it continues to reduce services to the counties. Our residents are left facing increasing traffic and dangerous conditions from West Maui because the state refuses to finish a true Lahaina by-pass; our lifeguards are left guarding state beaches without state protection from frivolous lawsuits; and, most recently, our children are left stranded trying to get to school or get back home from school, because the state DOE cannot figure out its transportation issues.

Why are we seeing less services and more taxes? The situation is intolerable and cannot continue.

The current distribution of the TAT to the counties is patently unfair and I must once again strongly urge that the legislature adopt the findings of the State-County Functions Working Group, which was created by this body in 2014 to evaluate the duties and responsibilities of the state and county and to determine an appropriate allocation of the TAT between the counties and state governments. The working group, chaired by former state supreme court justice Simeon Acoba, expended countless hours analyzing the function of the TAT and determined a fair breakdown of how the tax revenues should be allocated. This legislative body should not ignore the findings and counsel of its own working group.

Harry Kim  
Mayor



Wil Okabe  
Managing Director

Barbara J. Kossow  
Deputy Managing Director

## County of Hawai'i

### Office of the Mayor

25 Aupuni Street, Suite 2603 • Hilo, Hawai'i 96720 • (808) 961-8211 • Fax (808) 961-6553  
KONA: 74-5044 Ane Keohokalole Hwy., Bldg. C • Kailua-Kona, Hawai'i 96740  
(808) 323-4444 • Fax (808) 323-4440

Committee on Transportation and Energy  
Committee on Public Safety, Intergovernmental, and Military Affairs  
Committee on Ways and Means  
Committee on Transportation  
Committee on Finance

August 11, 2017

Special Session 2017 – Rail Tax Surcharge

Dear Senator Lorraine Inouye, Senator Clarence Nishihara, Senator Donovan Dela Cruz, Representative Henry Aquino, Representative Sylvia Luke, and Committee members:

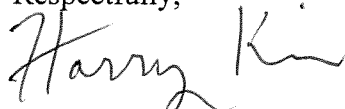
We understand that the upcoming Special Session will be considering many different proposals on how to help the City and County of Honolulu address the funding of their rail system. While we understand that this is not an easy decision, we want to ensure that the Legislature makes their decisions based on fairness. We understand that some of the options being considered include increasing GET and TAT for the entire state with all of the proceeds going to rail. These increased taxes would be collected on all islands, even though the rail system is only located on Oahu. That does not seem fair to tax those that don't even have access to the rail system. We do support the extension of the GET surcharge for Oahu. That seems to be the fairest method to ensure that those most likely to benefit from the system will pay for the system.

In addition, the TAT cap for the counties was not restored to \$103 million as in previous years. This reduced our TAT revenue by \$1.86 million. This is more than the entire budget for our Civil Defense department. Without these funds, a significant increase in real property taxes for our citizens was necessary. The same citizens that you also represent. We cannot burden our citizens any more for something that will not benefit them.

Taxing all for the benefit of one is not fair. All islands could see an increase in the TAT and GET but only one will benefit. We all will be seeing less TAT in our budgets. We respectfully request that you do whatever you can to provide the counties with their fair share of TAT and find another way to fund the rail system, such as continuing the additional GET for Oahu.

We appreciate your consideration as we all attempt to best serve our joint constituents, the people of Hawai'i.

Respectfully,

A handwritten signature in black ink that reads "Harry Kim". The signature is written in a cursive style with a large, sweeping "H" and a distinct "K".

Harry Kim  
Mayor

# Hawai'i State Association of Counties (HSAC)

Counties of Kaua'i, Maui, Hawai'i and City & County of Honolulu

74-5044 Ane Keohokalole Highway, Bldg A, Kailua-Kona, HI 96740



## MEMORANDUM

Date: August 11, 2017

To: Committee on Transportation and Energy  
Senator Lorraine R. Inouye, Chair  
Senator Will Espero, Vice Chair

Committee on Public Safety, Intergovernmental, and Military Affairs  
Senator Clarence K. Nishihara, Chair  
Senator Glenn Wakai, Vice Chair

Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

Committee on Transportation  
Rep. Henry J.C. Aquino, Chair  
Rep. Sean Quinlan, Vice Chair

Committee on Finance  
Rep. Sylvia Luke, Chair  
Rep. Ty J.K. Cullen, Vice Chair

From: Dru Mamo Kanuha, President  
Hawai'i State Association of Counties (HSAC)

Subject: A Resolution Supporting The Hawai'i State Legislature's Approval Of An Extension Of The Honolulu General Excise And Use Tax Surcharge To Enable The Completion Of The Minimum Operable Segment Of The Honolulu High-Capacity Transit Corridor Project To Ala Moana Center.

Aloha,

On behalf of the HSAC Executive Committee attached for your information and consideration is a resolution approved by the HSAC Executive Committee at its August 10, 2017 meeting, in regard to the Honolulu General Excise and Use Tax surcharge to enable the completion of the minimum operable segment of the Honolulu High-Capacity Transit Corridor Project.

Sincerely,

Dru Kanuha, HSAC President and Hawai'i County Council Member



DK/lw  
Att.



Hawai'i State Association of Counties (HSAC)  
Counties of Kaua'i, Maui, Hawai'i and City & County of Honolulu





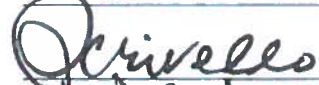

RESOLUTION

SUPPORTING THE HAWAII STATE LEGISLATURE'S APPROVAL OF AN EXTENSION OF THE HONOLULU GENERAL EXCISE AND USE TAX SURCHARGE TO ENABLE THE COMPLETION OF THE MINIMUM OPERABLE SEGMENT OF THE HONOLULU HIGH-CAPACITY TRANSIT CORRIDOR PROJECT TO ALA MOANA CENTER.

BE IT RESOLVED by the Hawaii State Association of Counties' Executive Committee that it supports the Hawaii State Legislature's approval of an extension of the Honolulu General Excise and Use Tax Surcharge as necessary to enable the completion of the Minimum Operable Segment of the Honolulu High-Capacity Transit Corridor Project to Ala Moana Center; and

BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the Governor, the Hawaii State House of Representatives, the Hawaii State Senate, the Council of each of the four Counties, and the Mayors of each of the four Counties.

INTRODUCED BY:

  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_

Committee Members

DATE OF INTRODUCTION:

August 10, 2017

**HONOLULU CITY COUNCIL  
CITY AND COUNTY OF HONOLULU**

530 SOUTH KING STREET, ROOM 202 • HONOLULU, HAWAII 96813  
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**Ron Menor**  
CHAIR & PRESIDING  
OFFICER

**Ikaika Anderson**  
VICE CHAIR

**Kymerly Marcos Pine**  
FLOOR LEADER

CITY AND COUNTY OF HONOLULU  
BEFORE THE  
SENATE COMMITTEE ON TRANSPORTATION AND ENERGY  
SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL,  
AND MILITARY AFFAIRS  
SENATE COMMITTEE ON WAYS AND MEANS  
HOUSE COMMITTEE ON TRANSPORTATION  
HOUSE COMMITTEE ON FINANCE

MONDAY, AUGUST 14, 2017, 10:00 A.M.

TO: THE HONORABLE LORRAINE R. INOUE, CHAIR  
THE HONORABLE WILL ESPERO, VICE CHAIR  
AND MEMBERS OF SENATE COMMITTEE ON TRANSPORTATION AND  
ENERGY

THE HONORABLE CLARENCE K. NISHIHARA, CHAIR  
THE HONORABLE GLENN WAKAI, VICE CHAIR  
AND MEMBERS OF SENATE COMMITTEE ON PUBLIC SAFETY,  
INTERGOVERNMENTAL, AND MILITARY AFFAIRS

THE HONORABLE DONOVAN M. DELA CRUZ, CHAIR  
THE HONORABLE GILBERT S.C. KEITH-AGARAN, VICE CHAIR  
AND MEMBERS OF SENATE COMMITTEE ON WAYS AND MEANS

THE HONORABLE HENRY J.C. AQUINO, CHAIR  
THE HONORABLE SEAN QUINLAN, VICE CHAIR  
AND MEMBERS OF HOUSE COMMITTEE ON TRANSPORTATION

THE HONORABLE SYLVIA LUKE, CHAIR  
THE HONORABLE TY J.K. CULLEN, VICE CHAIR  
AND MEMBERS OF HOUSE COMMITTEE ON FINANCE

FROM: COUNCIL CHAIR RON MENOR  
VICE CHAIR IKAIKA ANDERSON, CHAIR OF COMMITTEE ON  
TRANSPORTATION AND PLANNING  
COUNCILMEMBER JOEY MANAHAN, CHAIR OF COMMITTEE ON  
BUDGET  
COUNCILMEMBER KYMBERLY MARCOS PINE, CHAIR OF COMMITTEE  
ON ZONING AND HOUSING

SUBJECT: INFORMATIONAL BRIEFING TO PROVIDE PERTINENT INFORMATION IN  
PREPARATION FOR THE LEGISLATIVE SPECIAL SESSION

My name is Ron Menor, and I am submitting testimony as the Chair of the Honolulu City Council. Vice Chair Ikaika Anderson and Councilmembers Joey Manahan and Kymberly Marcos Pine and I are members of a Permitted Interaction Group which was established by the Council to address the rail issue. Thank you for this opportunity to testify.

As you know, current estimates, including both the capital and financing costs, for completing the Minimum Operable Segment ("MOS") of the Honolulu Rail Transit Project are anticipated to be more than \$2.5 billion higher than the amount of funding now available to complete the MOS. The City appreciates the fact that both houses of the Legislature are willing to convene a special session to determine how to pay for the completion of the MOS to Ala Moana Center.

Our preference continues to be that the General Excise and Use Tax Surcharge ("Surcharge") be extended for as long as is necessary to complete the MOS. We believe the Oahu Surcharge is the best revenue source for the completion of the rail project for the following reasons: (1) It is collected solely from businesses and users in the City; (2) It is already in place at both the State and City levels; (3) It is a stable and reliable source of revenue; and (4) It draws from an array of revenue sources and will not disproportionately impact any particular segment of our community. Moreover, the FTA has already approved the current excise tax surcharge as a dedicated and committed source of funding for rail, and it is a funding mechanism that is legally supportable.

I would also like to point out that the Hawaii State Association of Counties (HSAC) of which Vice Chair Anderson is a member recently adopted a resolution on August 10, 2017 supporting the Hawaii State Legislature's approval of an extension of the surcharge to enable the completion of the rail project to Ala Moana Center.

Although our preference would be an extension of the surcharge, the bottom line is that whatever funding measure the Legislature adopts, it must provide sufficient revenue to cover the full construction and finance costs to complete the MOS to Ala Moana Center. The failure to do so could result in an FTA determination that the City is in breach of its contractual obligations and the loss of up to \$1.55 billion in federal funding for the project.

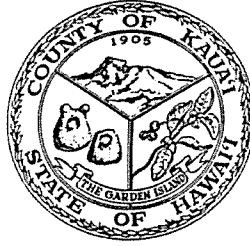
Furthermore, if the City is forced to use City revenue to cover any shortfall for capital costs, it will result in consequences that will be painful for our constituents. It should be noted that the Council adopted the City's FY18 budget in June, and we faced significant challenges in trying to find revenue for core City programs and services. We would also like to point out that shortening the route or scrapping the original rail plan and design at this stage of the project are not viable options.

Finally, the Council shares the Legislature's concerns about the need to ensure greater fiscal responsibility, accountability, and transparency in HART's management of the project. This is why the Council initiated an audit of HART in 2015 which resulted in recommendations by the City Auditor for improved cost containment and better management, and it is our understanding that HART has made significant progress in implementing them. The Council would be supportive of an additional audit of HART and the rail project.

Thank you for the opportunity to offer testimony on this important measure.

**COUNTY COUNCIL**

Mel Rapozo, Chair  
Ross Kagawa, Vice Chair  
Arthur Brun  
Mason K. Chock  
Arryl Kaneshiro  
Derek S.K. Kawakami  
JoAnn A. Yukimura



**OFFICE OF THE COUNTY CLERK**

Jade K. Fountain-Tanigawa, County Clerk  
Scott K. Sato, Deputy County Clerk

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E-mail: cokcouncil@kauai.gov

**Council Services Division**  
4396 Rice Street, Suite 209  
Līhu'e, Kaua'i, Hawai'i 96766

August 8, 2017

**TESTIMONY OF MEL RAPOZO**  
**COUNCIL CHAIR, KAUAI COUNTY COUNCIL**  
Informational Briefing  
Monday, August 14, 2017  
10:00 a.m.  
Auditorium

Dear Chair Inouye, Chair Nishihara, Chair Dela Cruz, Chair Aquino, Chair Luke, and Members of the Committee:

Thank you for this opportunity to provide testimony in strong opposition to funding the City & County of Honolulu Rapid Transit System with Transient Accommodations Tax (TAT) and General Excise & Use Tax Surcharge (GET) moneys generated from neighbor island counties. My testimony is submitted in my individual capacity as Council Chair of the Kaua'i County Council.

The County of Kaua'i relies on its allocation of TAT to help fund essential government services such as police, fire, ocean safety, emergency management, parks maintenance, and critical infrastructure development and upkeep to the benefit of residents and visitors alike, which is why I support and urge that the forty-five percent counties' allocation recommended by the State-County Functions Working Group (TAT) be implemented. The tourism industry is a major economic engine for the State and the Counties, and I would oppose raising the TAT and putting the entire State, including all neighbor island counties, at a competitive disadvantage in regards to tourism, and possibly creating a ripple effect with negative consequences for small businesses and residents.

Neighbor island residents already pay higher premiums for goods because of added costs for shipping. While a GET surcharge may be considered minimal, it creates a negative impact on the ability of those less fortunate, especially the elderly and homeless, to acquire just the basic necessities of food and shelter.

For the reasons stated above, I oppose funding the Honolulu Rail Project using TAT and neighbor island GET surcharge moneys. I urge the Hawai'i State Legislature to support and approve an extension of the Honolulu General Excise

Chair Inouye, Chair Nishihara, Chair Dela Cruz, Chair Aquino, Chair Luke, and  
Members of the Committee

Re: Informational Briefing Testimony

August 8, 2017

Page 2

and Use Tax Surcharge as necessary to enable completion of the Honolulu Rapid  
Transit System. Should you have any questions, please feel free to contact me or  
Council Services Staff at (808) 241-4188.

Sincerely,

A handwritten signature in black ink, appearing to read "Mel Rapozo". The signature is fluid and cursive, with the first name "Mel" being more prominent than the last name "Rapozo".

MEL RAPOZO

Council Chair, Kaua'i County Council

AMK:aa

**From:** [Mike White](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for August 14  
**Date:** Sunday, August 13, 2017 9:46:13 AM

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Aloha Committee Members,

Thank you for the opportunity to provide testimony regarding the upcoming Special Session to fund Oahu's rail.

I join my fellow county colleagues across the State and concur with the Hawaii State Association of Counties position to fund rail by extending the existing general excise tax surcharge for Oahu.

An extension of the GET surcharge will generate enough revenue to cover the expected shortfall. If additional funds are needed, a slight increase to the surcharge along with the extension would generate significantly more funds.

There is no justification to increase any statewide taxes to pay for Oahu's rail. Neighbor Island economies are far smaller and in need of support rather than further burden. Due to factors such as access and cost of travel beyond Honolulu, Oahu enjoys occupancies that are generally about 14 points higher than the neighbor island average -10 points ahead of Maui, 13 ahead of Kauai and nearly 20 points ahead of Hawaii.

Contrary to what the Department of Taxation reports say and many believe, Oahu does not generate 85% of the Statewide TAT. Kauai, Maui, and Hawaii Counties generate about 51 percent of TAT revenues compared to Oahu's 49%. For FY 2017 \$259 million was generated on the neighbor islands and \$249 million on Oahu.

To increase the TAT at this time is unwarranted. The State's share of this year's TAT will be about \$326 million, up \$96.7 million in just two years. Setting aside just that increased portion of the TAT for Rail and applying an annual growth rate of 5% would fund more than 95% of the projected Rail deficit without a rate increase.

The state share has grown by over \$300 million in the last ten years. Rather than increasing the tax rate when the state is enjoying rapid TAT revenue growth, other means of revenue generation remain on the table. Relatively simple amendments could result in significant growth in revenues.

Initiatives that should be pursued include:

- 1) Amending the current law to collect TAT from wholesalers and online travel companies (OTCs) such as Travelocity, Expedia, [Hotels.com](#), Orbitz and Priceline. In 2015, the Hawaii Supreme Court ruled that OTCs were subject to general excise tax (GET) and penalties on their respective portions of gross income from sales of visitor accommodations in Hawaii, but they were not subject to the TAT. Several states have rewritten TAT statutes to make remarketers responsible for TAT as well as operators. According to UH Economic Research Organization, the changes have withstood court challenges.

- 2) Reviewing the taxation methodology for the Transient Occupancy Tax which is charged on

all timeshare properties.

3) Work with the counties to create a mechanism to identify vacation rental properties working with companies such as Airbnb, VRBO, HomeAway and other platforms to ensure they are operating legally and paying appropriate taxes.

Increasing taxes statewide, especially on a tax like the TAT could have negative implications on the overall economy.

Most visitors have a fixed budget for their vacation and an increase in the room tax will simply lead to less spending on restaurants, retail, and activities. A one percent increase in the TAT this year, would direct nearly \$30 million to the State coffers instead of remaining in the Neighbor Island communities and economies.

Please do not use the TAT to fund Rail. It is unfair to expect Neighbor Islands to subsidize one of the most expensive projects in the state's history.

With all of these variables at play, I would like to reiterate the Hawaii State Association of Counties position that an extension of Oahu's GET surcharge is the best way to move forward.

You have many difficult funding challenges ahead of you, as do the counties. We on the neighbor islands look to all of you for thoughtfulness, fairness and leadership.

Thank you for your consideration.

Mahalo,

Mike White  
Council Chair  
County of Maui

200 S. High St., 7th Floor  
Wailuku, HI 96793  
Ph: 808-270-5507 | Fax: 808-270-5508  
E-mail: [mike.white@mauicounty.us](mailto:mike.white@mauicounty.us)

Visit me on the Web:  
[www.mauicouncil.org](http://www.mauicouncil.org)



**From:** [Stacy S. Crivello](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony on Funding for Rail  
**Date:** Friday, August 11, 2017 6:18:20 PM

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Dear Chair Inouye, Chair Nishihara, Chair Dela Cruz, Chair Aquino, Chair Luke and Members of the Committees,

Thank you for this opportunity to provide testimony on this important matter. I am in strong support of the Hawaii State Association of Counties' Resolution urging the legislature to approve an extension of the City and County of Honolulu's general excise and use tax surcharge to complete the Minimum Operable Segment (MOS) of the Honolulu High-Capacity Transit Corridor Project.

During the 2017 regular legislative session, the Hawaii State Legislature considered several funding sources to help the City and County of Honolulu complete the MOS including extension of the GET surcharge as well as increasing the Transient Accommodations Tax (TAT). Raising TAT puts the entire State, including all neighbor island counties, at a competitive disadvantage in regards to tourism, and could result in a ripple effect that may negatively impact small businesses in our community.

Comparatively the GET surcharge is a stable funding source imposed on business operations in the City and County of Honolulu, allowing HART to engage in long-term planning for their rail project.

I appreciate this opportunity to offer comment and urge your strong support of extending Honolulu's General Excise and Use Tax Surcharge as a means of funding rail.

Respectfully,

Stacy Helm Crivello  
Council Member  
Maui County Council

**From:** [Robert Carroll](#)  
**To:** [TRE Testimony](#)  
**Cc:** [Mike White](#); [Darlene Ane](#)  
**Subject:** Minimum Operative Segment of the Honolulu High-Capacity Transit Corridor Project to Ala Moana Center  
**Date:** Friday, August 11, 2017 4:02:40 PM

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Testimony regarding Minimum Operative Segment of the Honolulu High-Capacity Transit Corridor Project to Ala Moana Center

Informational Briefing

2017

Date: Monday, August 14<sup>th</sup>,

Time: 10:00a.m.

Place: Auditorium

State Capitol

415 South Beretania

Street

I would like to express my support and concurrence pertaining to the Hawaii State legislature approval of an extension of the Honolulu General Excise and Use Tax Surcharge as necessary to complete the Minimum Operative Segment of the Honolulu High-Capacity Transit Corridor Project to Ala Moana Center and as noted in the Hawaii State Association of Counties (HSAC) Resolution Introduced on August 10, 2017. Thank you.

**From:** [Kelly King](#)  
**To:** [TRE Testimony](#)  
**Cc:** [Mike White](#)  
**Subject:** Hearing Notice HEARING\_TRE-PSM-WAM-TRN-FIN\_08-14-17\_INFO\_ - HI State Legislature  
**Date:** Friday, August 11, 2017 4:08:14 PM

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Dear Honorable Committee Members,

I am writing in support of the position of the Hawaii State Association of Counties in regards to the funding for the Honolulu rail project. In consideration of the needs of neighbor island taxpayers who will have no traffic relief from this very valuable but geographically limited transit system, I sincerely request that funding for the rail be limited to the Oahu GE tax increase and not create further hardship for the residents of Maui, Kauai and Hawaii counties.

Mahalo nui loa,

Kelly Takaya King



**Kelly T. King, Councilmember**

South Maui Residency

County of Maui

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**From:** [Yukilei Sugimura](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony  
**Date:** Friday, August 11, 2017 3:28:21 PM

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Dear Chair Inouye, Chair Nishihara, Chair Dela Cruz, Chair Aquino, Chair Luke, and Members of the Committees:

Thank you for the opportunity to provide testimony on this important matter. I strongly support the Hawaii State Association of Counties position to extend Oahu's general excise tax surcharge to complete Oahu's rail system. This is the best way to move forward.

I also understand that a statewide increase to the Transient Accommodations Tax is being considered. Kauai, Maui, and Hawaii County generates 51 percent of TAT revenues (\$247 million) while Oahu generates 49 percent (\$237 million). Given this split distribution, any increases to the tax for rail should only apply to Oahu. It is unfair to expect Neighbor Islands to pay for rail.

Before any new taxes are added, the Legislature should also consider all other means of revenue generation. One option would be to collect TAT from wholesalers and online travel companies such as Travelocity, Expedia, Hotels.com, Orbitz, and Priceline.

In 2015, the Hawaii Supreme Court ruled that online companies indeed were subject to general excise tax and penalties on their respective portions of gross income from sales of visitor accommodations in Hawaii. It was also ruled however, they were not subject to the TAT. Most of these companies still collect the TAT, but they pocket the funds instead of paying it to the State, which is legal, but not right.

I appreciate your consideration and reiterate my support of HSAC's position. I know you have a difficult task ahead of you to figure out a solution.

Sincerely,

Yuki Lei Sugimura  
Council Member  
Maui County Council



IN REPLY REFER TO:  
CMS-AP00-02224

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Krishniah N. Murthy  
INTERIM EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

**SENATE COMMITTEE ON TRANSPORTATION AND ENERGY;**

Damien T.K. Kim  
CHAIR

**SENATE COMMITTEE ON PUBLIC SAFETY,  
INTERGOVERNMENTAL, AND MILITARY AFFAIRS;**

Terrence M. Lee  
VICE CHAIR

**SENATE COMMITTEE ON WAYS AND MEANS;**

John Henry Felix  
Wes Frysztacki  
Ford N. Fuchigami  
Terri Fujii

**HOUSE COMMITTEE ON TRANSPORTATION;**

Glenn M. Nohara  
Ember Shinn  
Kathy Sokugawa  
Hoyt H. Zia

and

**HOUSE COMMITTEE ON FINANCE**

Monday, August 14, 2017  
10:00 a.m.  
State Capitol, Auditorium

Dear Chair Inouye, Chair Nishihara, Chair Dela Cruz, Chair Aquino, Chair Luke, and Members of the Committees:

The Honolulu Authority for Rapid Transportation (HART) appreciates the effort that went into the preparation of your Committees' PowerPoint presentation that will be discussed shortly. The presentation summarizes the history of the Honolulu Rail Transit Project and the challenges of the Honolulu Authority for Rapid Transportation (HART). These challenges have led members of this Legislature to question the validity of HART's financial numbers and the credibility of HART's ability to manage this Project.

While HART remains committed to constructing 20 miles with 21 stations as mandated in the June 2012 Full Funding Grant Agreement (FFGA) signed by the City, we are equally committed to addressing our ongoing challenges by reinforcing cost controls and containment systems, streamlining contract change procedures and taking immediate steps to deliver this Project with key personnel who have the management and technical capabilities to successfully get the job done.

Rail Transit System Update: As of June 2017, major contracts that have been awarded and their percentage of completion are as follows: West Oahu/Farrington Highway Guideway (99.3%); Kamehameha Highway Guideway (96.3%); Maintenance and Storage Facility (100%); Core Systems (42.4%); and Airport Section Guideway and Stations Group (AGS) (7.2%). More specifically, the Core Systems contractor has completed the base design development and is well into manufacturing and testing of all other subsystems. Train #1 (four-car consist) was delivered in March 2016 and Train #2 was delivered in May 2017. Finally, with the recent

award of the AGS Design Build contract, HART currently has over \$4.41 billion either completed or under contract as of the end of Fiscal Year (June 30, 2017), which includes 15.9 of the 20.1 miles of guideway and 13 of the 21 stations.

Value Engineering and Lessons Learned: HART has consistently sought to apply lessons learned and the principles of value engineering to design and construction contracts to improve overall project costs and schedule as further described in HART's April 28, 2017 Recovery Plan (see *Attachment 1 entitled Value Engineering and Lessons Learned*). Additionally, HART is taking steps to evaluate all consultant scopes, performances, qualifications, and technical competencies, as well as systematically evaluate soft costs in all program areas.

Additionally, HART has implemented a Contract Change Committee for all contract changes over \$500,000. This provides an opportunity for management to review the changes from a programmatic perspective. All change orders greater than \$1,000,000 continue to be subject to review by the HART Board's Finance Committee and approval of the HART Board of Directors. The implementation of the Contract Change Committee was made to institutionalize checks and balances for change orders by having reviews conducted by an entity independent from the project management team.

Audits and Peer Reviews: HART has been audited and has conducted peer reviews to strengthen the organization by receiving constructive and unbiased feedback from financial professionals and industry leaders. HART has either implemented or is in the process of implementing the recommendations and responses of the April 2016 Office of the City Auditor Audit (see *Attachment 2*), June 2016 Federal Transit Administration (FTA) Project Management Oversight Contractor Risk Refresh (see *Attachment 3*), and the January 2017 American Public Transportation Association Peer Review (see *Attachment 4*), with a focus on management and technical competency of the organization.

Additionally, annual performance audits of HART are a regular occurrence and are conducted for different purposes. HART is currently undergoing a Procurement Systems Review by the FTA that includes a review of the last two years of contracts, HART's Fiscal Year (FY) 2017 Budgets, FY2016 revenues and expenses and all procurement policies and procedures. In the Spring of 2018, FTA will conduct a Triennial Review focusing on seventeen (17) areas including financial management and capacity, technical capacity, procurement, legal, planning/program of projects and security. A yearly financial audit by an independent financial firm and yearly FTA review under the Improper Payments Elimination and Recovery Act of 2010 will also take place.

Debt Financing Required: The attached pages from the June 2012 Final Financial Plan for FFGA details the need to use debt instruments such as tax-exempt commercial paper (TECP) and general obligation (GO) bonds to finance the rail project, which was always and continues to be an integral part our financial plan(see *Attachment 5*). This section of the June 2012 Final Financial Plan for FFGA provides an explanation of how the project will be financed and the amounts required in the years when expenditures exceed revenues.

As you know, the project costs have increased substantially from the \$4.949 billion (excluding financing charges) reported in the FFGA to the current value of \$8.165 billion (excluding financing charges). See Attachment 6. Consequently, the amount required to fund and finance the project has also increased. Under a number of financing models requested and submitted to elected officials, the finance charges indicate a range from \$700 million to \$2 billion depending on the project funding plan. We will have a better estimate when a funding plan is finalized. *Attachment 7* illustrates the years when expenditures exceed revenues under the current \$8.165 billion value and *Attachment 8* compares actual general excise tax surcharge collection to forecast.

City Center Guideway and Station/Pearl Highlands Garage, Transit Center and Ramp Contracts: The City Center Guideway and Stations (CCGS), as well as the Pearl Highlands Garage, Transit Center and Ramp (PHGT) contract procurements are the last major contracts yet to be awarded. The current schedule for the CCGS is estimated to be 65 months long which is indicative of the complexity of the final 4.16-mile segment of the Project. Any delays in the procurement of the CCGS and PHGT contract procurement will impact the overall costs and schedule completion of the Project.

Conclusion: HART is committed to complete this Project to the forecasted budget and schedule but HART's ability to complete the Project depends on having access to sufficient funds to cover the gap between the revised estimated cost to complete the Project and the available funds. The FTA has directed HART to submit an updated financial plan by September 15, 2017, which is dependent on the State Legislature's decision regarding funding for the Project. HART supports the intent of funding action considered by the Legislature that would provide sufficient funding to deliver the total Project, as well as provide our Federal partners the confidence in Honolulu's ability and financial commitment to complete the Project as described in the Full Funding Grant Agreement.

We thank you for this opportunity to submit written testimony.

Enclosures

# VALUE ENGINEERING AND LESSONS LEARNED

- Developing a contract packaging strategy to lower costs by increasing competition.
- Moving towards Design-Build procurement and re-packaging where appropriate to lower costs.
- Revising contract language, in collaboration with various construction and procurement stakeholders, to provide clear direction and minimize disputes.
- Removing non-essential design and construction elements to reduce cost.
- Performing pre-construction Subsurface Utility Engineering (SUE) and geotechnical investigations.
- Reviewing various Project financing options.
- Allowing contractors more control over Maintenance of Traffic.
- Utilizing precast and offsite fabrication to reduce cost and schedule.
- Utilizing partnering to resolve construction issues in the field.
- Utilizing a Dispute Review Board to minimize or avoid potential impacts and prolonged litigation.



## **Update on City Auditor Comments and recommendations**

Many recommendations are tied in to how we project and update project expenditures. By completing the process below, we are confident the Auditor's concerns are addressed.

### **1. Improve Financial Management and Planning**

#### **Currently working on:**

- a. The Finance and Project Controls staffs are updating cost projections by contract. Additionally, they are working with the Right-of-Way group to estimate timing of real estate acquisitions. Expenditures will be projected by month and year. This will be an on-going process.

Monthly revenue and expenditure updates will be submitted to the Board.

- b. Finalize General Excise Tax (GET) forecast to be consistent with Council on Revenue projections. An updated financial plan, including estimated annual GET revenue, will be completed once the funding plan is known.
- c. The Honolulu Authority for Rapid Transportation (HART) is consistently using the City C2HERPS financial system to monitor expenditures and develop financial data. However, HART cannot discount the use of Contract Management System (CMS) because C2HERPS provides data when paid. It is just as important to know what expenditures are incurred, and CMS provides that information.

#### **Need further evaluation:**

- a. HART is in the process of evaluating the requirement to substitute/by-pass CMS and the inherent risk of replacing a mission critical system in mid-stream.

### **2. Improve Project Management and Contract Administration**

#### **Currently working on:**

- a. HART meets monthly with the Federal Transit Administration's Project Management Oversight Consultant (PMOC) in addition to holding weekly project managers and project status meetings. Among the things discussed in those meetings are:
  1. Project changes and how they affect overall costs.
  2. Project status.
  3. Project risks.
  4. Overall project costs including contingencies.
  5. Cost saving strategies.

## ATTACHMENT 2

- b. A Contract Change Committee was created. Committee members are: Director of Design and Construction, Director of Procurement (Chair), and Director of Project Controls. The Committee meets weekly (or as required) and reviews change orders from \$500,000 to \$1,000,000, changes affecting multiply contract, and changes affecting project schedule

Changes below \$500,000 requires review by the Deputy Director of Procurement, Deputy Director of Contracts, and/or Deputy Director of Construction Claims.

- c. Finance, Project Controls, and Procurement staff have begun the process of meeting with project managers to discuss project status and costs and anything that may affect the cost of the Project. Initial meetings have occurred with Airport Guideway and Stations project managers and Construction Engineering and Inspection.
- d. Beginning June 2017, all major contract invoices are now reviewed by the Director of Project Controls to ensure billings are consistent with Master Contract schedule.

### **3. Better Planning is Needed to Address and Manage Future Rail Project Costs**

- a. The Department of Transportation Services (DTS) is responsible for Operations and Maintenance (O&M). HART is working with DTS to develop an O&M Plan.

## ATTACHMENT 3

### PMOC June 2016 Risk Refresh Findings and Recommendations

#### Section 1.3 - General

1. Revised Revenue Service Date (RSD) to no earlier than December 2024.  
Response: The estimated target for full revenue service is December 2025. The targeted RSD has been captured in the PMOC Monthly Report since October 2016.

#### Section 1.3.1 – Management Capacity and Capability

1. Complete project management plan (PMP)  
Response: PMP to finalize when updated financial is known. This was reported in HART's July 20, 2017 Board of Directors meeting.
2. Identify and document a permanent risk manager.  
Response: Risk Manager, Mr. Paul Johnson joined HART this month (July 2017).
3. Reevaluate staffing plan to be more effective and fill gaps in technical capability.  
Response: This is an on-going process. Mr. Frank Kosich joined HART this month (July 2017) as the Director of Design and Construction position.
4. Strive to transition key management positions from consultants to HART in order to have greater ownership and stronger control of project.  
Response: HART has created a Personnel Evaluation Committee and is working with City Department of Human Resources department to evaluate technical salary requirements for these positions. City Corporation Council (COR) is currently reviewing the plan.
5. Update management plan to incorporate organizational changes.  
Response: Interim CEO revised organization chart in March 2017. Major change associated with Procurement Department reporting directly to CEO. Other changes are being evaluated and are expected to take place in August.
6. Actively monitor the management of the program to ensure that staff and consultants implement the approved plans and procedures.  
Response: Interim CEO recently communicated with project consultants to ensure project implementation is in accordance with approved plans and procedures and to be proactive.
7. Develop effective process to preserve critical technical capabilities during reduction in force.  
Response: Under development.
8. Provide training to key existing staff through the National Transit Institute (NTI)  
Response: NTI training was completed in June 2016.

## ATTACHMENT 3

9. HART Chief Financial Officer (CFO) must develop strict budgetary controls.  
Response: A new CFO was hired March 2017. The evaluation of controls is an on-going process. New budget to actual reports will be presented to the HART Board as a regular agenda item. Process to meet with project managers (PMs) is on-going. The goal is to meet quarterly. Reevaluation on monthly and annual project expenditures are on-going.
10. HART's project staff must focus more heavily on cost management.  
Response: See response to Q#9.

### Section 1.3.2 – Project Scope and Project Delivery Review

1. Improve definition of work to replace HECO overhead line for the City Center Guideway and Stations Design Build (DB) contract.  
Response: The City Center DB contract is on hold subject to funding. This will be incorporated in the RFP. The infrastructure (duct banks, manholes, etc) are being designed for addition to the City Center DB contract.
2. Push to resolve regulatory issues that are impeding progress on on-going construction.  
Response: This is on-going
3. HART must take a more proactive approach to getting contractors to establish and meet schedule.  
Response: HART will take steps to ensure contractors submit schedules in a timely manner including withholding invoice payment until schedule requirements are met.
4. Site access and permitting issues must be resolved early to avoid delays.  
Response: HART's Planning and Right-of-Way Departments are taking steps in their negotiation process with land owners to address this matter.
5. Continue to review and vet all potential Contract Change Orders (CCO).  
Response: HART has put in place a contract change procedures policy and established a Contract Change Committee (CCC).
6. Continue to review all post-Record of Decision (ROD) changes to ensure they do not have an impact on the environmental documentation, project scope, cost...  
Response: Ongoing.
7. Prioritize resolution of required third party agreements, real estate acquisitions...  
Response: HART priority is to execute outstanding agreements first then amendments to executed agreements.

**Section 1.3.3 – Project Schedule Review**

1. **Develop an updated Basis of Schedule (BOS) to the PMOC.**  
Response: An updated BOS dated April 2017 was submitted to FTA as part of the HART Recovery Plan in April 2017
2. **Re-evaluate management capacity and capability within project controls organization.**  
Response: A new project controls director joined HART at the end of 2016 to address management capability needs.
3. **Reconcile, revise, and align the Basis of Estimate (BOE) with the BOS.**  
Response: The revised BOE and BOS submitted to FTA as part of the Recovery Plan in April 2017 are updated and aligned.
4. **Require all construction contractors and third party scheduling parties to consistently apply calendars according to HART procedures.**  
Response: The current specifications direct use of 5-day work week and 7 day calendar days as Project level rather than Global Calendar. The schedule specifications for City Center DB are being drafted to standardize use of work days on the gFolobal calendar.
5. **Review staffing plan to ensure that schedule compression has not caused excessive staff requirements during peak periods.**  
Response: Staffing at the project level is overburdened. For example, Project Controls staff are not contract-specific and lend support to burdened areas resulting in workforce leveling. In addition, temporary Project Controls consultants are being utilized to supplement vacant positions until filled.
6. **HART should withhold partial or full payment of contractor monthly pay application if the contractor fails to submit timely and acceptable schedules.**  
Response: This is in-place. Finance staff met with project managers that payment will be held until schedule is approved by HART.
7. **Request that each contractor provide a separate grouping of activities specific to its punchlist and closeout activities. This is especially for the Airport and CCGS contracts.**  
Response: This will be written into the specifications in the CCGS contract.
8. **Reduce the number of constraint date in the Master Project Integrates Schedule (MPS).**  
Response: The April 2017 BOS and ongoing schedule submittals to PMOC contain minimal constraints and each one is described/explained as to why it remains in the Master Project Integrated Schedule.

## ATTACHMENT 3

9. Develop an overall MPS “schedule architecture” of standards and templates for all scheduling parties.

Response: A Master Project Integrated Schedule and BOS have been developed. A schedule architecture is being developed including naming standards and reports.

### 1.3.4–Schedule Risk Analysis

1. The revised revenue service date (RSD) should be no earlier than December 2024.  
Response: The estimated target for full revenue service is December 2025. The targeted RSD has been captured in the PMOC Monthly Report since October 2016

2. HART must better document patent and latent time contingencies included in construction contract schedules and MPS.

Response: HART has developed and included this item in the Risk Management Contingency Plan (RCMP) draft #2, submitted to PMOC in June 2017. This includes schedule contingency “Hold Points” for key schedule milestones that have been agreed upon by HART and PMOC.

3. HART should closely monitor the MPS longest and near critical paths.

Response: Agreed.

4. HART should revise its staffing plan to ensure schedule compression has not caused excessive staff requirements during peak demand of construction.

Response: With the expected NTP of City Center Design Build of August 2018 or later, HART scheduling staff positions should allow workload leveling with staff prior projects near completion transitioning to the new City Center project.

5. The PMOC and HART should engage in focused “schedule containment workshops” monthly.

Response: HART meets with PMOC monthly to discuss schedule containment.

6. HART should institute more aggressive and more consistent risk and contingency management efforts by project controls and risk manager.

Response: HART has institutionalized an aggressive risk and contingency management process that includes monthly reporting and careful scrutiny of new risks or risks that are trending above what has been established above the current contingency levels. All risks are reviewed monthly by the Program Risk Manager. Reports and discussions are held with the Risk Management Committee. The Risk Manager develops monthly reports depicting forecast of remaining contingency for each project within the program. This information is used for decision support to maintain the HART program forecasted budget.

### 1.3.5– Project Cost Estimates

1. Prepare cost estimates for all identified potential and possible changes (CCOs)

## ATTACHMENT 3

Response: HART transmitted the Basis of Cost Estimate to PMOC in March 2017. The Estimate at Completion (EAC) for each contract is reviewed and analyzed monthly to monitor all anticipated changes and contingency drawdown.

2. Focus on AGS and CCGS estimates to allow time for mitigation.  
Response: Estimates were revised and adjusted accordingly.
3. Refresh Right-of-Way (ROW) estimates to reflect current property cost...  
Response: Completed.
4. Prepare an Independent Cost Estimate (ICE) for the remaining (un-awarded) HECO work.  
Response: Unawarded HECO work ranges from 0% design to 30% design level and subject to HART-HECO negotiations on clearance requirements. ICE's completed to date include: CCGS 138kV Undergrounding ICE on 6/26/17, CCGS Cabling ICE on 5/18/17, AGS Cabling ICE 5/18/17, KHG 138kV Undergrounding on 11/4/16.
5. Refresh personnel manpower charts to account for new positions and a refined MPS to verify the cost included in SCC 80 soft costs.  
Response: This is ongoing.
6. Verify that budgets and any on-going estimates refreshes include adequate funds for escalation.  
Response: This is ongoing.
7. Review the March 2016 CPP to confirm that latent contingency is not included in contract values.  
Response: This is ongoing.

### 1.3.6-Cost Risk Analysis

1. HART's estimate falls short of the p65 FTA model by \$1.189 billion. HART should review its project estimate and determine how to reduce costs or increase revenue to close the gap.  
Response: HART has developed an EAC that gets updated by ongoing risk analysis, risk management, and value engineering exercises to minimize the gap. agement,
2. The recommended amount of budget increase reflects the condition of no viable Secondary Mitigation being presented.  
Response: Secondary Mitigation has been defined in the HART Recovery Plan of April 2017 and the RCMP.
3. Independent Risk Management must be institute on the project. The RCMP must be resurrected....  
Response: Independent Risk Management has been institutionalized on the HART project and program level. The RCMP has been revised with a second draft submitted to PMOC in June 2017.

## ATTACHMENT 3

- 4. Strong control must be put in place immediately to avoid future contingency reduction. Project statistics must be reported monthly.**  
**Response: Strong controls have been put into place with monthly reports to project and program managers including a forecast report that forecasts each package in the Contract Packaging Plan's (CPP) Estimate to Complete (EAC) including forecasted contingency (risk).**
- 5. Independent reporting of project cost and contingency levels should not be subject to politically-driven bias.**  
**Response: HART prepares an independent cost-based (bottoms up) estimate that uses local labor, equipment, and material pricing, along with reasonable productions, soft costs and escalation to develop unit prices in current dollars under the procurement timeframe, market factors and p80 level risk factors for contingency.**
- 6. The PMOC and HART should engage in a realistic, focused "cost containment workshop" on a monthly basis.**  
**Response: HART meets with PMOC monthly to discuss cost containment opportunities.**



**AMERICAN PUBLIC TRANSPORTATION ASSOCIATION**

**PEER REVIEW**

**FOR**

**Honolulu Authority for Rapid Transportation**

**Honolulu, HI**

**January 2017**

**HART Responses Updated**

**July 20, 2017**



**A service of the American Public Transportation Association  
performed by the  
North American Transit Services Association,  
a wholly owned subsidiary of APTA**

## 1.0 Technical Management Capacity and Capability

### 1.2 Recommendations

Success of projects of the complexity and magnitude of HART's Rail System depend heavily on the strength and competence of the management organization. Our team strongly recommends that HART takes the following steps immediately:

- The Director of Design and Construction is vacant and is a key position to urgently fill.  
**HART Response: HART concurs. The new Director of Design and Construction reported for duty on June 26, 2017. Recommendation Implemented.**
- Executive management should focus on strengthening the Project Controls team with additional experienced staff focused on scheduling, cost estimation, and trend reporting.  
**HART Response: HART concurs. Through a new sub-consultant, HART has added three senior specialists with backgrounds in cost, scheduling and document control to help resolve legacy process issues in Project Controls. Additional staff is being recruited for permanent HART staff. Recommendation Implemented.**
- Management should update the master staffing plan for overall project completion that includes the interim revenue service date, as well as the full line's revenue service date, including bringing on the appropriate staffing for service testing and pre-revenue operations  
**HART Response: HART concurs. With Charter Amendment #4 in November 2016, the City's Department of Transportation Services (DTS) was tasked to provide for the transfer of positions and legal rights and obligations relating to rail operations and maintenance from HART to DTS effective July 1, 2017. HART is working with DTS to develop the appropriate timing and staffing for service testing and pre-revenue operations.**
- The Board, with the support of management, should analyze options related to the one year personal services contract vs. Civil Service employment to assist with recruitment and retention, especially for critical positions. This action would include taking necessary steps to retain key employees and managers for the duration of the project as continuity of personnel is a key to success.  
**HART Response: HART concurs. The HART Board indicated that they would support this effort. The HART CEO met with the Mayor and the City's Department of Human Resources (DHR) concerning the possibility of changing from the one year personal service contracts in an effort to retain personnel. DHR proposed that HART create an internal committee to develop recommendations on pay levels for positions requiring special skills. HART's CEO is in the process of selecting the committee members for that task.**

- HART and City/County should determine long term O&M framework to influence decision on type of CEO to lead HART to successful delivery and revenue service. The focus of the CEO over the next five years will be the construction of the project. In addition, the CEO will be preparing for anticipated interim service beginning in 2020, which will be contracted but based on recent ballot decisions, would be managed or operated by the City/County. HART's role in revenue service seems undetermined.

**HART Response: HART concurs. The HART Board developed an analysis of the position with the Karras Group and is in the process of selecting a CEO. Recommendation Implemented.**

- The current project organization is not reflected in the Project Management Plan (PMP). HART should re-evaluate project organization in support of project delivery and update the PMP.

**HART Response: HART concurs. HART is working on updating the Project Management Plan and hopes to have an update after the legislature determines the funding for the project.**

- HART may want to analyze creating a separate Claims Department to resolve past claims which will allow the project team to focus on project delivery. The project team has to expend resources to resolve claims and anticipated claims at a level higher than anticipated during project delivery based on historical issues. These efforts can impede staff in their ability to deliver the project efficiently. A separate department to focus on the claims and coordinate with the delivery team may allow appropriate focus on for all project team members.

**HART Response: HART concurs. HART has established a separate Claims Department within the Procurement Department, but the field staff is still being diverted to assist in the claims review. Additional field staff is being recruited to remedy this situation. Recommendation Implemented.**

## 2.0 Contract Administration

### 2.2 Recommendations

- Master Project Schedule needs to be proactively shared with all project team stakeholders to create a sense of a team schedule
  - HART should have one Master Project Schedule and Budget and Project Controls is responsible for maintaining it
  - Distribute Master Schedule updates to Project Team on monthly basis.

**HART Response: HART concurs. HART has developed a Master Integrated Project Schedule which is updated and distributed on a monthly basis. Recommendation Implemented.**

- HART should analyze impact on consultant contract expirations and options to ensure this issue is managed proactively.

**HART Response: HART concurs. HART has already developed a budget and has projected the budget costs for all of the consultant contracts. The FTA’s PMOC is currently reviewing the projected consultant contract costs shown in the Recovery Plan. Recommendation Implemented.**

- Establish a monthly Project Trend Report Meeting that is focused on cost, schedule and quality.

**HART Response: HART concurs. HART is developing a monthly Project Trend Report that is focused on cost, schedule and quality. Currently, the projected date for the first report is October 2017.**

- HART should consider measures to force contractors to meet contract requirement to supply a schedule and timely updates.

**HART Response: HART concurs. HART has reviewed and updated the project General Conditions and Special Provisions to require contractors to meet contract requirements to supply a schedule and provide timely updates. Recommendation Implemented.**

- Team to improve communication and collaboration and cooperation (3 Cs).

**HART Response: HART concurs. HART holds Monday Project Management Coordination meetings with all departments to ensure communication and cooperation. HART also holds Friday Program Meetings to ensure that general project information is communicated to the managers to avoid “silos” within the organization. Recommendation Implemented.**

- Project Team to keep PMP updated and used as the overarching plan to manage the project.

**HART Response: HART concurs. As previously noted, the Project Management Plan is being updated and will be used as the plan to manage the Project.**

- Benchmark project staff size in relation to other major rail projects.

**HART Response: HART is reviewing different transit agencies, but few have similar characteristics of being construction managers without O&M responsibilities. To date, one similar transit agency has a larger staff without the numerous contracts that HART has in place. HART will continue to poll the industry.**

### **3.0 Change Order Process and Claims Management**

#### **3.2 Recommendations**

- HART may want to analyze impacts on proactively de-scoping current construction contracts or reaching a global settlement on change orders/claims to minimize future risk concerns.

**HART Response: HART concurs. HART developed a proposal with the cooperation of its contractor to de-scope a section of their contract where third party impediments were threatening to cause delays. The HART Board approved this change order in June 2017. This proposal allowed HART to mitigate the delay costs and will enable HART to complete**

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**the work with another contractor at a later time. Global settlements are always a last resort, but HART will consider them when appropriate. Recommendation Implemented.**

- HART may want to consider using a Dispute Resolution Board (DRB) to facilitate solutions with their contractors. Ideally a DRB on large complex contracts results in dispute avoidance. We understand that DRB language has been added into the Airport Guideway & Stations Design Build contract. Although the Panel did not review the contract language, in discussions with Procurement and Contracts it appears to be more of a process for flagging potential disputes and elevating them up in the contractors and HART organizations for resolution. This large contract in excess of \$800 million would benefit from a formal DRB process where each party selects a DRB member to represent them and then both agree on a third neutral member. The DRB is usually selected from retired industry leaders from the transit and construction industry. The Panel views this as a proactive claims avoidance tool that will be helpful in reducing future claims exposure.

**HART Response: HART concurs. Under its current Airport Guideway and Stations (AGS) contract, HART calls for a mediation process, but a Dispute Resolution Board can be considered on its next contract. At a Partnering session held in March 2017, the AGS contractor was open to the suggestion. HART is evaluating this change. Recommendation Implemented.**

- In order to ensure that cost and schedule Impacts for ongoing work and for future contracts are minimized, peer review team strongly recommends that HART dedicate a group of design engineers and contract administration team to do a thorough review of designs and contracts for remaining work on existing contracts and for future contracts. HART may also opt to have Claims consultants to be part of this review team.

**HART Response: HART concurs. Because of concern over increasing soft costs, HART does not have a dedicated group of design engineers for this task, but is using current project management staff to perform this task. Recommendation Noted.**

- Analyze creating a separate Claims Department to resolve past claims which will allow the project team to focus on project delivery. Some Construction Management staff have taken on new contract assignments, yet are still burdened with resolving past claims resulting from the injunction delays and utility relocation and permit delays. The Panel recommends reorganizing HART resources to take on the work load associated with past claims to allow HART PMs and CMs to focus on delivery on new contracts and claims avoidance.

**HART Response: HART concurs. HART has developed a Claims Department with contract administration staff, but the construction management staff is still burdened with resolving past claims and change orders. Additional field staff is being recruited to remedy this situation. Recommendation Implemented.**

- Reestablish a Change Control Board and incorporate into Contract Change Procedure.

**HART Response: HART concurs. HART has established a Change Control Board and incorporated it into a Contract Change Procedure. Recommendation Implemented.**

- Best industry practice does not include contractor's initial proposal or the owner's ICE in the board change order approval documents.

**HART Response: HART concurs. HART no longer includes the contractor's initial proposal or HART's independent cost estimate in Board presentations. Recommendation Implemented.**

- The CEO change order authorization level is adequate for the West Side project but the East Side project scope and size may warrant adjustments.

**HART Response: HART concurs. At the present time, HART recommends that no changes to the CEO change order authorization be made as the current authorization level appears adequate for the changes being processed. Recommendation Noted.**

Table 2-7 summarizes the Federal and non-Federal funding sources, as well as the level of commitment for each source based on FTA New Starts guidelines.

**Table 2-7, Summary of Federal and Non-Federal Project Capital Funding Sources**

Sources of Funds	Funding Level (YOE \$M)	Funding Share	Level of Commitment	Evidence of Commitment
<b>Federal:</b>				
FTA 5309 New Starts	<b>\$1,550</b>	30.0% <sup>1</sup>	N/A	N/A
FTA 5307 Formula Funds Used for the Project	<b>\$210</b>	4.1%	Committed	Statewide FY2011 - 2014 Transportation Improvement Program
American Recovery and Reinvestment Act Funds Used for the Project	<b>\$4</b>	0.1%	Committed	FTA Grant HI-96-X001
<b>Non Federal:</b>				
General Excise and Use Tax 0.5% surcharge	<b>\$3,396<sup>2</sup></b>	65.8%	Committed and dedicated to the fixed guideway project	Enabling legislation: <ul style="list-style-type: none"> <li>• State Act 247</li> <li>• City and County of Honolulu Ordinance 05-027 Selection of a fixed guideway system as the Project</li> </ul>
Interest Income	<b>\$3</b>	0.1%	Committed	City & County of Honolulu Ordinance 06-37
<b>Total Project Capital Sources of Funds</b>	<b>\$5,163</b>	<b>100%</b>		

Note: Totals may not add due to rounding

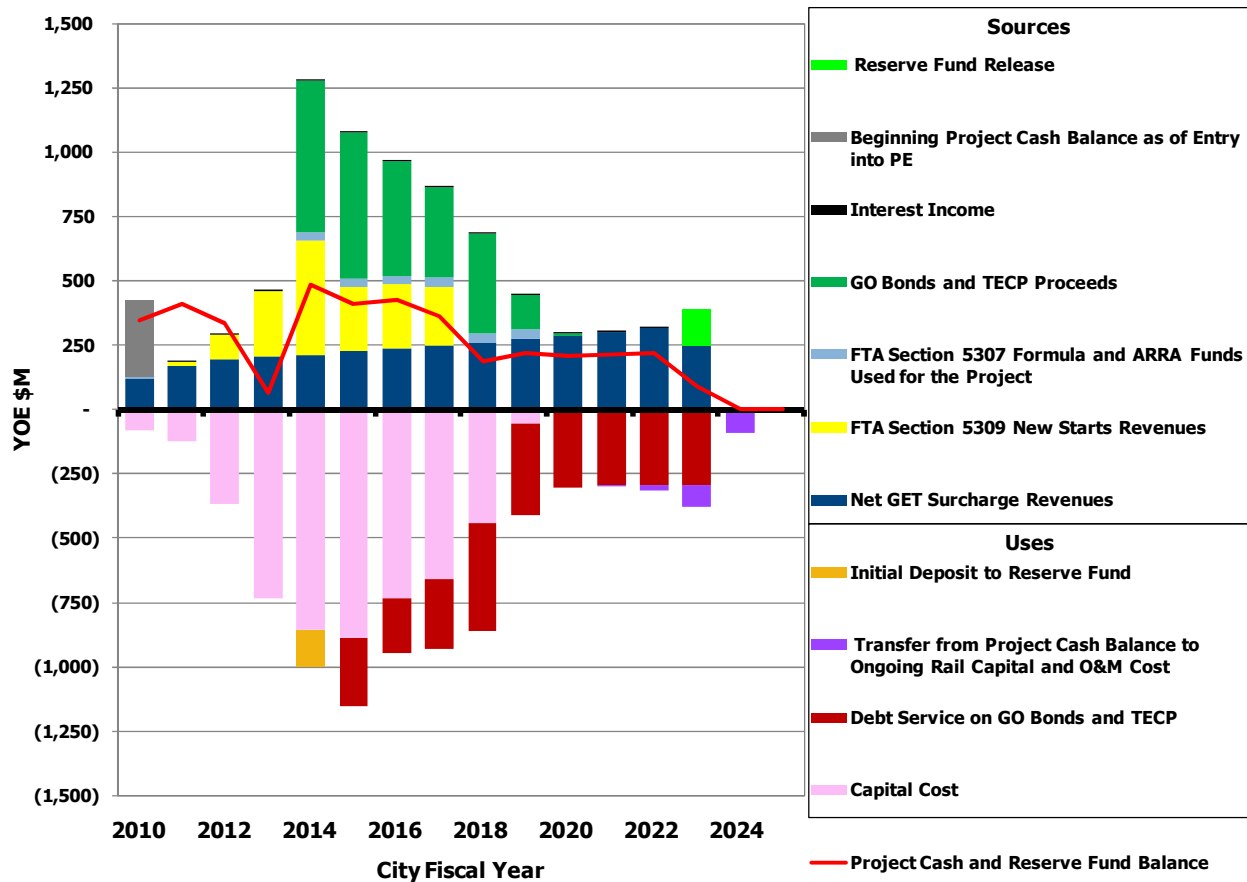
<sup>1</sup> Percentage used in FFGA is 30.3%, based on Project capital cost with finance charges through FY2020 of \$5,122 million

<sup>2</sup> Includes \$298 million in beginning cash balance and subtracts \$193 million in ending cash balance transferred to ongoing Project capital and operating needs

## FINANCING OF THE PROJECT

Figure 2-5 shows the Project capital sources and uses of funds, including debt service. In the years in which capital expenditures are greater than the funding available on a pay as you go basis, debt financing is needed. GET Surcharge revenue will continue to be generated after construction is completed, which provides the funding source for debt financing. Details on the proposed financing approach are provided in the following sections.

**Figure 2-5, Project Capital Sources and Uses of Funds, FY2010 – FY2030, YOE \$millions**



PE = Preliminary Engineering // GO = General Obligation // TECP = Tax-Exempt Commercial Paper // ARRA = American Recovery and Reinvestment Act // GET = General Excise and Use Tax

**PROJECT CASH BALANCE**

The cash balance as of entry into PE in October 2009 was approximately \$298 million. With the GET Surcharge projections and Federal revenue assumptions described above, the Project exhibits a positive cash balance through FY2013 without the need for debt financing, as GET Surcharge and other revenues will be used on a pay as you go basis.

As shown on Figure 2-5 above, the City has the capacity to maintain a positive cash balance throughout the construction period. While the City has many options on how to utilize this excess funding capacity, the financial plan assumes that funds would be deposited in a Project reserve fund out of the first issuance of General Obligation (GO) bonds in FY2014. The amount deposited in the Project reserve fund is \$139 million, which was sized in order to maintain a positive cash balance in each year until FY2023. The financial plan assumes that the Project reserve fund would be released in FY2023 to repay a portion of that year’s debt service obligations, although it could also be available to cover Project capital cost increases or revenue shortfalls during the construction period if needed, as discussed in the sensitivity analysis in chapter 4.

Once construction ends in FY2020, GET Surcharge revenues continue to increase gradually through FY2023 while debt service remains constant. This, combined with the fact that the Project reserve fund is used to repay a portion of the final year’s debt service payment, results in a Project cash balance in those years accruing to a total of \$193 million by the end of FY2023. The financial plan assumes that this cash



balance will be first applied to CARP and rail vehicle expenditures, and then to rail O&M cost; thereby freeing up Section 5307 revenues for preventive maintenance and ongoing capital expenditures after FY2020.

### GENERAL DEBT STRUCTURE AND DEBT INSTRUMENTS

In years where GET Surcharge revenues and Federal funding are not by themselves sufficient to meet the cash flow requirement to cover Project capital expenditures, a mix of GO bonds (backed by Project revenues) and short-term borrowing in the form of Tax-Exempt Commercial Paper (TECP) would be used to meet Project funding needs. Table 2-8 shows the annual mix of TECP and GO bond proceeds issued to fund the construction of the Project. The financial plan assumes that all debt proceeds and related debt service costs will be paid off in full with Project revenues by the end of FY2023.

**Table 2-8, Debt Proceeds, FY2010 – FY2030, YOY \$millions**

City Fiscal Year	2014	2015	2016	2017	2018	2019	2020	Total
General Obligation Bond Proceeds Excluding Issuance Costs	\$492	\$366	\$345	\$251	\$188	\$136	\$7	<b>\$1,785</b>
Proceeds from Tax-Exempt Commercial Paper (rolled over)	\$100	\$200	\$100	\$100	\$200	—	—	<b>\$700</b>
<b>Total Bond Proceeds</b>	<b>\$592</b>	<b>\$566</b>	<b>\$445</b>	<b>\$351</b>	<b>\$388</b>	<b>\$136</b>	<b>\$7</b>	<b>\$2,485</b>

Note: Totals may not add due to rounding

All debt proceeds and related debt service costs are scheduled to be paid off in full with Project revenues by the end of FY2023.

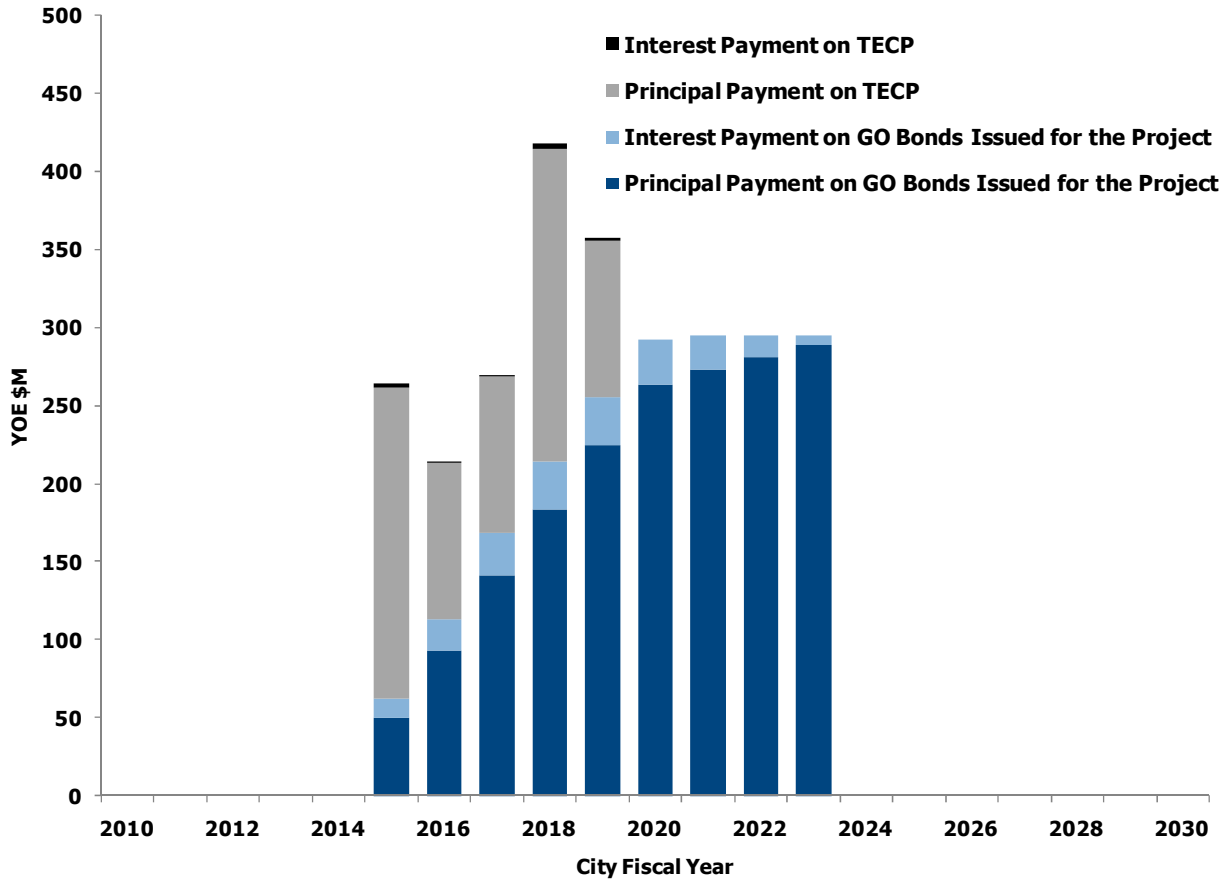
The two types of debt instruments included in the financial plan are summarized below.

**Project General Obligation Bonds:** Although the Project's debt requirements will be solely repaid from GET Surcharge revenues, the Hawai'i State Constitution requires that these bonds be classified as GO bonds. The financial plan assumes that Project GO bonds will be sized to account for project cash flow requirements and cost of issuance. As mentioned earlier, the first GO debt issuance in FY2014 also includes a deposit of \$139 million to a Project reserve fund. The intent of such a fund is to maintain a cash reserve to be used to pay debt service if pledged revenues are insufficient to satisfy the debt service requirements, or to cover capital cost increases or revenue shortfalls during the construction period if needed. It should be noted that this structure is only one of many options available to the City on how to use the excess funding capacity and does not constitute a legal requirement under current law.

Consistent with the requirements of Chapter 47, Hawai'i Revised Statutes and the State Constitution, a conventional mortgage-type amortization schedule with a level debt service repayment is assumed for each GO bond issue (as shown on Figure 2-6). The financial plan further assumes that all GO bonds issued for the Project will mature in the year when the GET Surcharge expires. As such, the maturity of each Project GO bond issue decreases over time since the GET Surcharge sunsets in FY2023.

**Tax Exempt Commercial Paper:** The Project will also utilize the City's existing TECP program or other short-term construction financing that could provide a low-interest form of borrowing in which interest-only payments are made and the principal balance is repaid with available cash or rolled into Project GO bonds at the end of the 270-day maximum term. Until recently, the City had authorization to issue up to \$350 million in TECP. On June 6, 2012 the City Council approved an additional \$100 million in TECP capacity thus increasing the total authorized amount from \$350 million to \$450 million. The Project is expected to utilize \$100 million of TECP between FY2014 and FY2018. The \$200 million shown to be used in FY2015 and FY2018 in the capital plan cash flows result from two issuances of TECP in those years. Depending on the cash flow requirements of other projects in the City's Capital Improvement Program, the Project could make use of additional TECP if needed to meet short-term cash flow needs.

**Figure 2-6, Total Annual Debt Service, FY2010 – FY2030, YOE \$millions**



TECP = Tax-Exempt Commercial Paper // GO = General Obligation

**Financing Costs and Maturity**

**Interest rate:** The financial plan assumes interest rates on GO bonds of 2.50 percent for issues in FY2014 and FY2015 and 3.00 percent for issues beyond FY2015, consistent with the City’s current AA+ rating. The interest rate assumption is increased after FY2015 to account for the possibility that market conditions become less favorable in the future. The interest rate on TECP financing is assumed to equal 1.50 percent for FY2014 and FY2015, and 2.00 percent beyond FY2015. The interest rates are consistent with current interest rates for debt instruments with similar maturities.

**Issuance cost:** Upfront costs associated with the issuance of Project GO bonds are assumed to equal 0.75 percent of gross proceeds. Issuance costs for TECP financing are assumed to be included in the TECP interest rate discussed above.

**Maturity:** All Project GO bonds have a final maturity in FY2023, corresponding to the last fiscal year of receipt of net GET Surcharge revenues.

**Debt Capacity**

The City’s ability to issue debt is defined by legal limits included in the State’s Constitution. Furthermore, the City has implemented policy guidelines that define appropriate levels of debt in relation to its funding base.

**Legal Debt Limit:** The State of Hawai'i Constitution (Act VII, Section 12 and 13) requires any one county to have a total outstanding funded debt equal to no more than 15 percent of that county's total assessed value of real property for tax purposes. This test represents the primary legal restriction on the amount of debt that the City could issue. Based on current estimates there is significant debt capacity under the limit. As of February 2012, the City had \$155.3 billion in net assessed value of real property, which represents \$23.3 billion in total legal debt capacity. Of the total capacity, \$21.1 billion was available for future use.

**City Affordability Guidelines:** The City has established affordability guidelines, as last amended by Resolution No. 06-222 in June 2010. These policies include the following:

- Debt service for GO bonds, including self-supported bonds and enterprise and special revenue funds, should not exceed 20 percent of the City's total operating budget.
- Debt service on direct debt, excluding self-supported bonds, should not exceed 20 percent of the General Fund revenues.
- Other guidelines include a limitation on the City's variable debt rate and debt refunding policy.

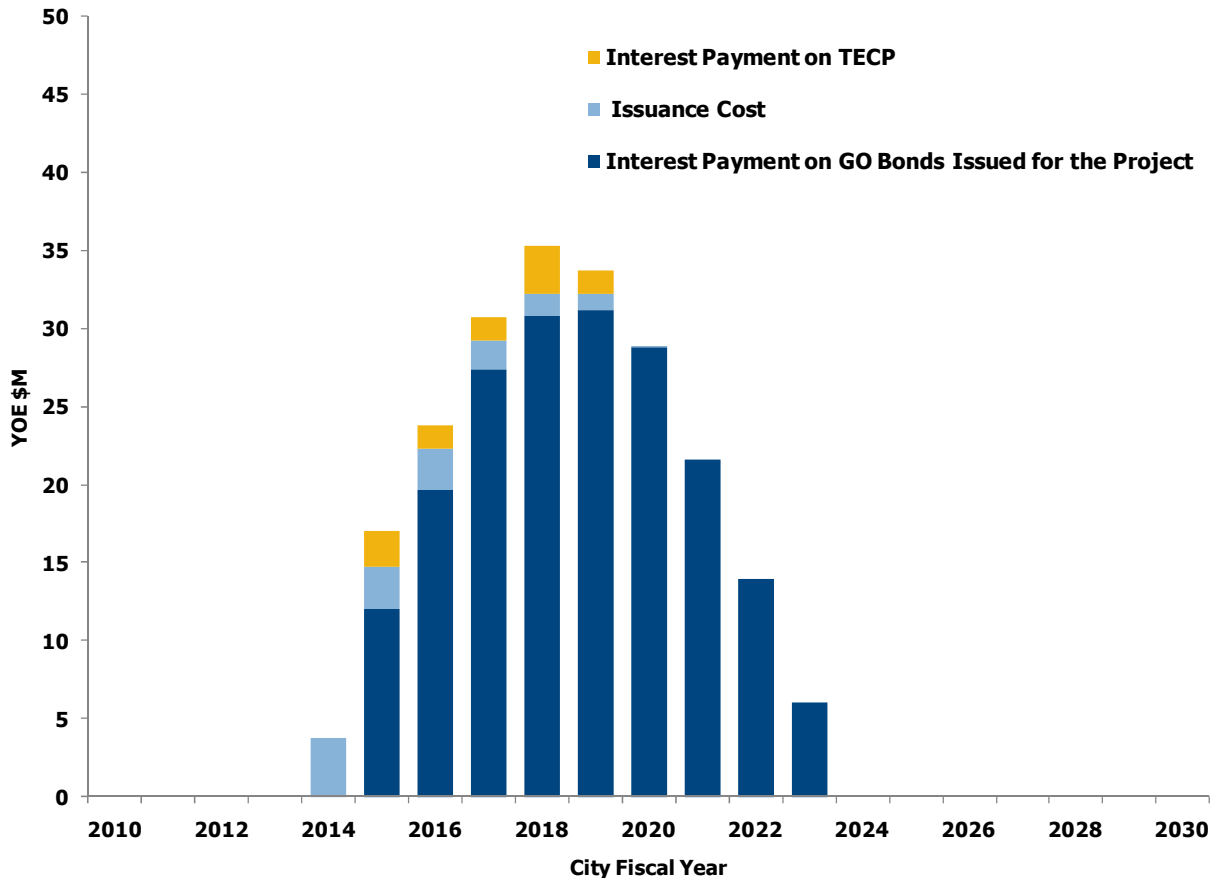
Assuming the City's affordability guidelines are applicable in future years, the limitations on future GO debt can be calculated based on growth assumptions in assessed property values, General Fund revenues, and the City's operating budget.

The resolution that adopted the affordability guidelines includes language stating that the guidelines "may be suspended for emergency purposes or because of unusual circumstances." In a letter dated October 26, 2011, the City's Department of Budget and Fiscal Services recommended, and the City's Managing Director concurred, that (1) issuing shorter than normal GO debt to fund the Project which would be repaid by GET Surcharge revenues was not contemplated at the time of Resolution No. 06-222; and (2) the affordability guidelines be suspended for the period of FY2014 to FY2023 due to unusual circumstances created by the Project's financing structure. The unusual circumstances relate to the Project having "self supported" short term GO debt, not included in the City operating budget, that is paid for by GET Surcharge revenues rather than the City's General Fund revenues.

**Finance Charges**

Based on the above assumptions, finance charges to be incurred for the Project are projected to total \$173 million between FY 2014 and FY 2020; and \$215 million between FY2014 and FY2023. As shown on Figure 2-7, the majority of finance charges correspond to interest payments on Project GO bonds.

**Figure 2-7, Total Annual Finance Charges, FY2010 – FY2030, YOE \$millions**



TECP = Tax-Exempt Commercial Paper // GO = General Obligation

For detailed annual cash flows for the Project, refer to Attachment A.

**SYSTEMWIDE CAPITAL FUNDING SOURCES**

While the assumed New Starts funding, GET Surcharge revenues, and a portion of the FTA Section 5307 formula funds will be adequate to fund the Project capital costs, other sources of funds will continue to be relied upon to fund ongoing capital costs for the existing TheBus and TheHandi-Van systems. The following section discusses these Federal and local funding sources.

**FEDERAL FUNDS**

The three main sources of Federal funds for systemwide capital costs are as follows:

- FTA Urbanized Area Formula Program (49 U.S.C. Section 5307)

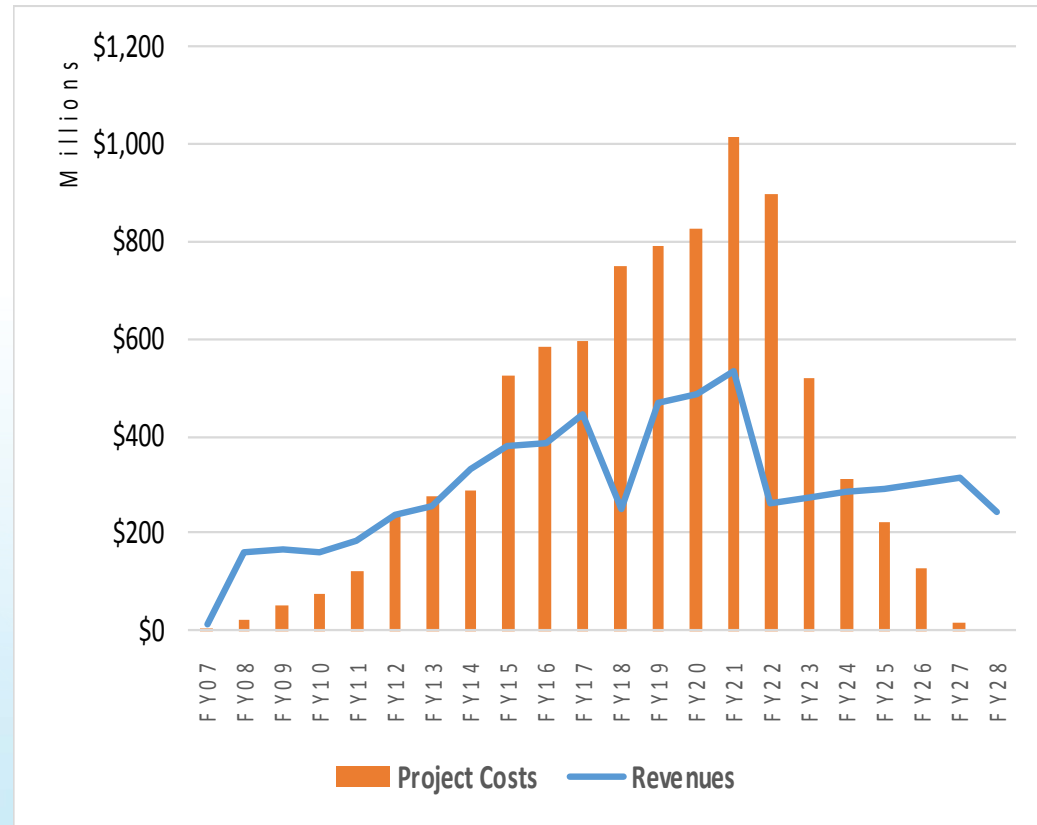
# Project Costs, Excluding Financing – East Kapolei to Ala Moana

Description	Amount (000's)
Guideway, Stations, Support Facilities, System, and Vehicles	\$4,969,813
Professional Services – Final Design	\$170,750
Professional Services – Management & Special Conditions	\$1,054,268
Utilities, Real Estate, and Art Elements	\$637,450
HART Labor and Expenses (Including 5% City Administrative Services Expense (CASE), Corporation Counsel hourly charges and contracted outside legal services)	\$249,301
Pre- HART City Department Services completed (no future charges anticipated)	\$18,437
Contingency	\$1,065,035
<b>Total Project Costs</b>	<b>\$8,165,054</b>

# Revenues & Expenses

## Excluding Finance Charges by Fiscal Year

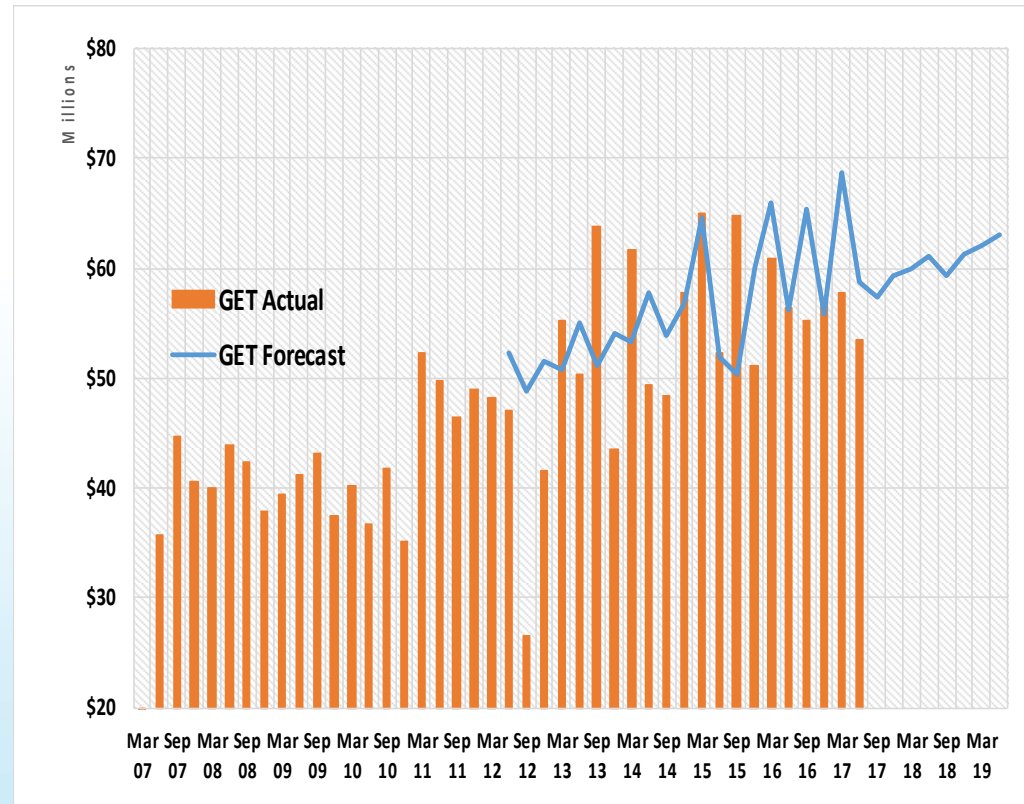
- Project cost based on the current schedule as of June 30, 2017 for the City Center Guideway and Stations contract is \$8.165 billion.
- Revenues are primarily from GET and Federal Grant. Grant proceeds totaling \$806 million was drawn down from October 2009 to July 2017.
- Grant draw downs for the remaining \$744 million are pending approval of an update financial plan. Consequently, grant draw downs are not included in the FY 2018 revenue forecast.



# GET Surcharge Revenue

Forecast vs. Actual Beginning March 2007

- FFGA Financial Plan (June 2012) growth rate at 5.04% based on 30 year GET growth rate. Forecast starts in June 2012
- Growth rate revised in April 2015 to 4.75%
- Growth rate revised to 4.0% in October 2015
- Growth rate revised to 4.3% in March 2016
- Effective June 2017, forecasted growth rates are based on the most recent Council on Revenue estimate for Statewide GET with growth rates ranging from 3.2% to 3.9%



# BOARD OF WATER SUPPLY

CITY AND COUNTY OF HONOLULU  
630 SOUTH BERETANIA STREET  
HONOLULU, HI 96843  
www.boardofwatersupply.com



KIRK CALDWELL, MAYOR

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DAVID C. HULIHEE  
KAPUA SPROAT  
KAY C. MATSUI

ROSS S. SASAMURA, Ex-Officio  
FORD N. FUCHIGAMI, Ex-Officio

ERNEST Y. W. LAU, P.E.  
Manager and Chief Engineer

ELLEN E. KITAMURA, P.E.  
Deputy Manager and Chief Engineer

SENATE COMMITTEE ON TRANSPORTATION AND ENERGY;

SENATE COMMITTEE ON PUBLIC SAFETY,  
INTERGOVERNMENTAL, AND MILITARY AFFAIRS;

SENATE COMMITTEE ON WAYS AND MEANS;

HOUSE COMMITTEE ON TRANSPORTATION;

and

HOUSE COMMITTEE ON FINANCE

Monday, August 14, 2017

10:00 a.m.

State Capitol, Auditorium

Dear Chair Inouye, Chair Nishihara, Chair Dela Cruz, Chair Aquino, Chair Luke, and Members of the Committees:

The Board of Water Supply (BWS) Board of Directors adopted the BWS 30-Year Water Master Plan (WMP) on October 24, 2016. The WMP is a comprehensive, broad-based technical plan that determines the necessary water system improvements to support projected growth and provide safe, dependable, and affordable water service to our customers now and into the future.

An important component of the WMP included the impact of population growth and new developments to the water infrastructure, including the additional water demands to support Transit-Oriented Development (TOD). BWS worked closely with the Department of Planning and Permitting TOD Division to determine these additional water demands. New developments planned in the Ewa and Honolulu regions, especially within the TOD areas, will account for about 75 percent of Oahu's anticipated population increase from 2010 census to 2040 and was estimated to be an additional 10.94 million gallons per day.

Using advanced computer hydraulic modeling and data from the BWS Geographic Information System (GIS), the existing water distribution system was evaluated for risk (i.e. the likelihood and consequence of failure), water system capacity and fire flow



adequacy. TOD development was considered in prioritization of investments into renewal and replacement projects, as well as capacity expansion projects. It is estimated that approximately \$210 million dollars will be invested in water infrastructure improvements within the TOD areas by the year 2040.

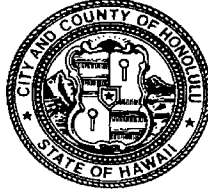
Very truly yours,

A handwritten signature in black ink, appearing to read 'Ernest Y.W. Lau', with a long horizontal flourish extending to the left.

ERNEST Y.W. LAU, P.E.  
Manager and Chief Engineer

DEPARTMENT OF BUDGET AND FISCAL SERVICES  
**CITY AND COUNTY OF HONOLULU**  
DIVISION OF TREASURY  
530 SOUTH KING STREET, ROOM 115 • HONOLULU, HAWAII 96813  
PHONE: (808) 768-3990 • FAX: (808) 768-3297 • INTERNET: www.honolulu.gov

KIRK CALDWELL  
MAYOR



NELSON H. KOYANAGI, JR.  
DIRECTOR

PETER M. BIGGS  
DEPUTY DIRECTOR

WAYNE Y. FUJITA  
CHIEF OF TREASURY

August 11, 2017

SENATE COMMITTEE ON TRANSPORTATION AND ENERGY;

SENATE COMMITTEE ON PUBLIC SAFETY,  
INTERGOVERNMENTAL, AND MILITARY AFFAIRS;

SENATE COMMITTEE ON WAYS AND MEANS;

HOUSE COMMITTEE ON TRANSPORTATION;

and

HOUSE COMMITTEE ON FINANCE

Monday, August 14, 2017

10:00 a.m.

State Capitol, Auditorium

Dear Chair Inouye, Chair Nishihara, Chair Dela Cruz, Chair Aquino, Chair Luke, and Members of the Committees:

The City would like to ensure that the funding proposal for rail passed by the Legislature does not significantly impact the City's operating costs, and more importantly the City G.O. bond credit rating. If the General Excise Tax (GET) surcharge is not extended, the City is left with absorbing some or all of the unfunded costs. The increased City debt for rail creates pressure on the city's bond credit rating. **If the GET surcharge is not extended, the City's credit will destabilize after a decade of fiscal conservatism.**

The City took a decade to slowly improve its bond credit rating from AA- to AA+. Real property tax capacity and balances were optimized and saved to add to the City's rainy day funds. Spending City-wide was analyzed and carefully allocated to improve our bond credit rating. The City Administration thanks the City Council for their support of the City's Rainy Day Funds.

Senate and House Committees  
August 11, 2017  
Page 2

A recent rating agency report stated that the rating sensitivity could be “pressured by sustained reductions in reserves or uncontrolled expenditure growth.” The City believes this could mean a one or two step credit rating decrease.

The resulting rating decline would mean higher interest rates for City borrowings (for example a new \$2 billion debt could face \$150 million more interest over a 25 year bond life, just because of the bond rating change). The rating decline would result in not only taxpayers having to pay for higher interest rates, but federal granting agencies and vendor relations may treat the City with less favor.

If adequate rail funding is not obtained, the City will be burdened with additional interest charges that will be difficult to fulfil. The City has the same challenges as the State in areas such as employee retirement benefits, and pressures to build and maintain infrastructure. But when comparing debt **flexibility** between the City and State, it is the City that may be at risk for significant credit concerns.

Due to rail borrowing needs, the City’s current General Obligation (G.O.) Bond debt may double or triple. City credit capacity would be lost and the rail based additional debt may cost more than \$1 billion in additional interest expense. This would impact the City’s ability to deliver basic services.

The City has worked hard over the last ten years to improve the bond rating.

I urge you to approve the GET surcharge extension. The State’s tax collection is already in place and the State has maintained its AA+ rating. The City’s credit rating is at risk.

Sincerely,

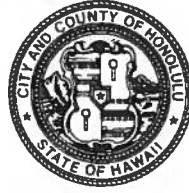
A handwritten signature in black ink, appearing to read 'Wayne Y. Fujita', with a long, sweeping horizontal line extending to the right.

Wayne Y. Fujita  
Chief of Treasury

DEPARTMENT OF ENVIRONMENTAL SERVICES  
**CITY AND COUNTY OF HONOLULU**

1000 ULUOHIA STREET, SUITE 308, KAPOLEI, HAWAII 96707  
TELEPHONE: (808) 768-3486 • FAX: (808) 768-3487 • WEBSITE: <http://envhonolulu.org>

KIRK CALDWELL  
MAYOR



LORI M.K. KAHIKINA, P.E.  
DIRECTOR

TIMOTHY A. HOUGHTON  
DEPUTY DIRECTOR

ROSS S. TANIMOTO, P.E.  
DEPUTY DIRECTOR

IN REPLY REFER TO:  
DIR 17-34

August 11, 2017

Senate Committee on Transportation and Energy;  
Senate Committee on Public Safety, Intergovernmental, and Military Affairs;  
Senate Committee on Ways and Means;  
House Committee on Transportation; and  
House Committee on Finance

Dear Chair Inouye, Chair Nishihara, Chair Dela Cruz, Chair Aquino, Chair Luke, and  
Members of the Committees:

Subject: Informational Briefing  
Monday, August 14, 2017 10:00 a.m.  
State Capitol, Auditorium

The Department of Environmental Services (ENV), City and County of Honolulu, through its wastewater program is making, has made, and is planning substantial investments in the wastewater system to provide system capacity for the development likely to occur in relation to the rail system.

For example, the following projects provide additional capacity to support such development, including projects like upgrading and increasing the number of units at Mayor Wright housing:

Metro Honolulu area

Ala Moana WWPS Force Mains 3 and 4	\$186M
Ala Moana WWPS Upgrade	\$ 23M
Awa St. WWPS, Force Main (phases 1 and 2)	\$237M
Sand Island WWTP Primary Expansion	\$219M
Sand Island WWTP Solids	\$ 23M
Ala Moana/Kaka'ako Sewer Tunnel	\$177M
Ala Moana WWPS #3	\$150M

Aiea/Pearl City area

Pearl City WWPS Force Main & Sewer System Improvements	\$ 19M
Waipahu WWPS Force Main (New)	\$ 72M

Just these infrastructure investments total approximately \$1.1B.

Senate Committee on Transportation and Energy;  
Senate Committee on Public Safety, Intergovernmental, and Military Affairs;  
Senate Committee on Ways and Means;  
House Committee on Transportation; and  
House Committee on Finance  
August 11, 2017  
Page 2

There will be additional future investments in the wastewater infrastructure providing capacity for development and associated affordable housing that comes with the rail system and transit oriented development and as more detailed information becomes available on development specifics and timing.

It is important to understand that the full amount of these project costs, including borrowing costs on wastewater revenue bonds, is born by the wastewater rate payer of the City and County of Honolulu augmented by wastewater system facility charges associated with new development.

ENV is moving forward with its Consent Decree requirements, including additional capacity where required, and addressing future capacity needs related to infill development that comes with the rail system. This is a long term and continuing investment in our community.

Sincerely,



Lori M.K. Kahikina, P.E.  
Director

DEPARTMENT OF PLANNING AND PERMITTING  
**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, 7<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
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DEPT. WEB SITE: [www.honoluluodpp.org](http://www.honoluluodpp.org) • CITY WEB SITE: [www.honolulu.gov](http://www.honolulu.gov)

KIRK CALDWELL  
MAYOR



KATHY K. SOKUGAWA  
ACTING DIRECTOR

TIMOTHY F. T. HIU  
DEPUTY DIRECTOR

August 11, 2017

Senate Committee on Transportation and Energy;  
Senate Committee on Public Safety, Intergovernmental, and Military Affairs;  
Senate Committee on Ways and Means;  
House Committee on Transportation; and  
House Committee on Finance

Dear Chair Inouye, Chair Nishihara, Chair Dela Cruz, Chair Aquino, Chair Luke, and  
Members of the Committees:

Subject: Informational Briefing  
Monday, August 14, 2017, 10:00 a.m.  
State Capitol, Auditorium

**TESTIMONY ON TRANSIT-ORIENTED DEVELOPMENT (TOD)**

The Department of Planning and Permitting has worked with communities, landowners, and State agencies over the last decade to create a strong vision and eight neighborhood TOD plans, along with a draft special district and TOD zoning to implement this community vision. The neighborhoods have been willing to accept additional development and density, as long as it includes more affordable housing, safer and more inviting streetscapes, gathering places, and other community benefits.

TOD will deliver many of these benefits, but only if the rail project is completed. It will also help meet the State's forward-thinking goals for energy use, affordable housing, and sustainability. Projected benefits include improved connectivity and access for residents and businesses, increased rail transit ridership, more affordable housing, lower capital and operating costs for new highways and infrastructure, lower household transportation and building energy costs, less land consumed by development, reduced greenhouse gas emissions, and better human and environmental health. Our extensive research on TOD strategies and benefits has been provided to the Legislative Research Bureau and the Hawaii Interagency Council on TOD.

The Mayor's TOD Subcabinet has developed a comprehensive implementation strategy, and coordinates TOD-related infrastructure, plans and permits, funding, and

projects. TOD around the stations will create value and increased property tax revenue, but much of that growth in revenue will be needed to pay for city services and the infrastructure investments needed to support development and affordable housing. The TOD Subcabinet has identified over \$1.2 billion in infrastructure projects needed to support and catalyze TOD and affordable housing, including prioritized development of State-owned properties. While a large part of this funding is programmed, much of it will be dependent on capturing the value from real property tax growth from the new development.

The City is also working with State agencies and private landowners to develop an infrastructure master plan and finance district to support expected development and affordable housing in the Iwilei-Kapalama area. This project was initiated at the request of the Senate's TOD committee. The project will accelerate the infrastructure needed to expedite affordable and mixed-income housing at Mayor Wright Homes and other State-owned properties, in cooperation with the Hawaii Interagency Council for TOD. These pilot strategies may also be applied to other districts.



An infrastructure master plan and finance district in Iwilei-Kapalama will support development of over 10,000 housing units.

TOD will deliver many critical social, economic, and environmental benefits – but without rail, there is no TOD. The TOD zoning, infrastructure investments, and incentives will help catalyze development that meets the community's vision, addresses State and City goals, and helps solve Oahu's housing crisis. But this will require significant, ongoing funding from the City's real property tax revenues, and assurance for developers that rail will be built and infrastructure improved.

Please pass the extension of the current general excise tax, which is a reliable, predictable, and proven funding source, so that development along the corridor can move forward. Should you have any questions, please contact me at 768-8000.

Very truly yours,

A handwritten signature in blue ink that reads "Kathy K. Sokugawa". The signature is written in a cursive, flowing style.

Kathy K. Sokugawa  
Acting Director



## Oahu Transit Services, Inc.

811 Middle St. Honolulu, HI 96819-2343  
telephone (808) 848-4400 facsimile (808) 848-4419

[www.thebus.org](http://www.thebus.org)

**TheBus**  
TheHandi-Van

August 11, 2017

Senate Committee on Transportation and Energy;  
Senate Committee on Public Safety, Intergovernmental, and Military Affairs;  
Senate Committee on Ways and Means;  
House Committee on Transportation; and  
House Committee on Finance

Dear Chair Inouye, Chair Nishihara, Chair Dela Cruz, Chair Aquino, Chair Luke, and Members of the Committees:

Subject: Informational Briefing  
Monday, August 14, 2017 10:00 a.m.  
State Capitol, Auditorium

Aloha. My name is Roger Morton, and I am President and General Manager of Oahu Transit Services, which operates TheBus and TheHandi-Van for the City and County of Honolulu.

TheBus has been a success story for the City since its inception almost fifty years ago and even before. Every day more than 200,000 customers board city buses on Oahu. Today, the award-winning bus system has the fifth highest per-capita ridership in the country exceeded only by our nation's largest cities with legacy rail systems. TheBus is, by far, the most intensively used all-bus transit system in the country.

But we need a high capacity transit link in our most congested Island corridor. Since 1979 when I joined TheBus, our average speed for our service has declined about 25 percent. It used to take 2 hours for our Route 40 to get from Makaha to town. Now, at peak times, it can take up to 2 hours 36 minutes and on many days buses run even later. And it's not going to get any better as new homes and a growing population add more demand for urban travel.

That's why rail will help us transform a good bus system into a world-class transit system. We are planning to make our combined bus/rail system as seamless as possible to our customers. With bus routes planned to complement and coordinate with rail, we can get people to work, school, or social activities faster than either bus or rail by itself. A faster trip will attract even more customers to our future transit system. And a combined bus/rail system will help us link many important State and City facilities including the Stadium, Airport, UH education campuses, and State and City offices. Next year, we will introduce a smart card fare system that will help people move from bus to rail or vice versa with a single integrated fare. The system is being designed and financed by both the City and HART. And it could be used for Biki Bike Share, private bus systems, or even neighbor Island transit systems.



The City is also making a commitment toward an environmentally sustainable transit system. Recently, the Council adopted a policy to purchase zero-emission buses and to begin the process of electrification of our public bus system. The Mayor has asked us to work with the Department of Transportation Services to develop a plan to end using diesel buses by 2040. We're collaborating with the Hawaiian Electric Company and State and Federal agencies to map out a strategy that will allow us to use renewable electric energy to power our bus fleet. And later this year, we hope to order our first battery-electric buses. From 2020 on, we expected to purchase only zero-emission buses. Electrically-powered rail and electrified buses will help us meet State goals for a 100 percent renewable energy economy. Next year's budget includes \$10 million to begin the process.

We are also planning a new high-capacity bus service to connect the Ala Moana rail station to our large transit market in Waikiki. The new service will be operated by quiet, clean, battery-electric vehicles and will feature enhanced bus stations extending the sail theme of rail systems into Waikiki. We are also planning frequent and fast service linking rail with UH.

And it's not just bus improvements in conjunction with rail. The City plans to improve bus service in areas not served by rail as well. City planners have begun a process to plan improved transit service including a new transit center in Windward Oahu that will provide more coordinated transit. City planners will soon begin a public consultation with Windward residents, neighborhood boards, and area elected officials.

With a workforce of close to 2,000 transit employees, our City transit system has an annual budget of about \$250 million. Riders pay about \$55 million and the Federal government contributes about \$20 million per year, but this year, City taxpayers will pay almost \$175 million for the service – mostly from property and transportation user fees. Over the next decade, between 2019 and 2028, the City projects spending more than \$3.5 billion for TheBus and Handi-Van O&M costs and an additional \$400 million in CIP projects keep bus and facilities in a state of good repair and to invest in the transition to a sustainable bus fleet powered by renewable energy. Next year, we are asking our riders to pay a little more in fares. As you can see, the City is already committed to making substantial investments in a total transit system.

Mahalo for the opportunity to testify on this important issue.



J. ROGER MORTON  
President & General Manager

August 11, 2017

SENATE COMMITTEES ON TRANSPORTATION AND ENERGY, PUBLIC SAFETY,  
INTERGOVERNMENTAL AND MILITARY AFFAIRS AND WAYS AND MEANS

HOUSE COMMITTEES ON TRANSPORTATION AND FINANCE

Informational Briefing on State Funding for Honolulu Rapid Transit System  
August 14, 2017, 10:00 a.m. Auditorium, State Capitol

Dear Senators and Representatives:

My name is Kelvin Bloom. I am the Chief Executive Officer and Manager of Aqua-Aston Hospitality, LLC, which manages numerous hotels and resorts in the State of Hawaii.

Aqua-Aston Hospitality **strongly opposes** any funding mechanism for the Honolulu Rapid Transit System which would result in any increase in the transient accommodations tax, including any increase which is characterized as “temporary”. If the funding mechanism is to be a state tax increase, Aqua-Aston Hospitality **recommends** that such increase be a **general excise tax increase** and that the increase be limited strictly to what is required to complete the Honolulu Rapid Transit System.

The transient accommodations tax was established to finance the collective marketing of Hawaii tourism through the Hawaii Tourism Authority, construction and maintenance of the Hawaii Convention Center, and aid to the counties to address tourism-related impacts. Over the years, it has steadily increased over strong objection from its original 5% to the current 9.25%. However, practically none of the increase has gone to the HTA, Hawaii Convention Center or the counties. The visitor industry pays a highly disproportionate share of increased non-visitor industry expenses, while the visitor industry objectives, for which the transient accommodations tax was instituted is severely underfunded. Further, the current 9.25% rate which was originally represented as a temporary measure only to address shortfalls in the budget has now been made permanent.

The general excise tax is broad-based and applies to residents and visitors alike. It does not impact one specific industry such as the visitor industry which is subject to national and international economic cycles and events. The Honolulu Rapid Transit System is intended to serve the broadest ridership and reach the densest job centers. Residents and visitors alike will be able to use the rail. Development along the rail line will also lead to more affordable workforce housing, revitalized neighborhoods and public education institutions. Honolulu residents will benefit the most from the Honolulu Rapid Transit System, and lose the most if the visitor industry is harmed by additional increases in the transient accommodation tax.

Finally, if the state and county government truly desire to exact more tax and fee revenue from Hawaii’s visitor industry, they should do so without causing further harm to the visitor industry and instead focus on the largely untaxed and unregulated alternative vacation rental units. The failure of the state and county to apply the same rules to these alternative vacation rental units is resulting in the loss of hundreds of millions of dollars in revenue.

Aqua-Aston Hospitality cannot accept any funding mechanism that involves an increase in the transient accommodation tax for any period.

Sincerely,



Kelvin Bloom

**From:** [Robin Graf](#)  
**To:** [TRE Testimony](#)  
**Subject:** Rail Tax Surcharge Testimony  
**Date:** Friday, August 11, 2017 1:23:39 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[image005.png](#)

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Aloha Ladies and Gentlemen of the Senate Committee on Transportation and Energy,

Castle Resorts & Hotels is strongly opposed to any raising of the Transient Accommodations Tax (TAT) to fund the rail project.

TAT revenues over the past several years have continued to increase, thanks to the current robust visitor industry, however the allocations back to the industry have remained stagnant while the contribution to the General Fund has increased almost 60%.

While we are still enjoying a strong tourism market, our cost for labor, goods and materials, renovation cost, etc. have continued to rise for us to keep pace in the highly competitive world tourism market.

Yes, the past five (5) years have been very good, but let us not forget 2009 -2010, it would be irresponsible for us to believe we can continue this pace and to “bank” our future on continued growth in TAT revenues.

We also believe that by increasing the TAT you are sending a message to the community that the visitor industry is not “pulling its fair share” regarding taxes, supporting our communities and contributing to issues confronting our island state.

Our belief is that we more than contribute, through financial donations to local charitable organizations, homelessness, schools and more. The visitor industry also through its employees, visitors, property owners contribute large amounts of taxes from GET and Property Taxes, which have increased on Oahu 17% annually over the past five (5) years.

We are strongly urging our employees to call their representatives to oppose this proposed TAT increase, as in the long run it could affect their positions as companies look for ways to cut cost to stay competitive.

It should also be noted that when the last increase of the TAT was implemented as a “temporary” measure to address budget shortfalls that this increase has now become permanent.

Submitted on Behalf of Castle Resorts & Hotels,

Mahalo,

**Robin Graf**

Vice President of Operations


## Castle Resorts & Hotels

ph: (808)524.0900    web: [www.castleresorts.com](http://www.castleresorts.com)  
fax: (808)521.9994    email: [rgraf@castleresorts.com](mailto:rgraf@castleresorts.com)

3 Waterfront Plaza • 500 Ala Moana Blvd. Suite 555 • Honolulu, HI 96813



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 Go Green! Print this email only when necessary. Thank you for helping CastleResorts.com be environmentally responsible.

**From:** [Mabby](#)  
**To:** [TRE Testimony](#)  
**Subject:** \*\*\*\*\*SPAM\*\*\*\*\* Please bring the rail down to the ground in downtown Honolulu.  
**Date:** Wednesday, August 9, 2017 10:35:19 AM  
**Importance:** High

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Please bring the rail down to the ground in downtown Honolulu.

The cost will be lowered...less GET for me as a business person. The eye sore near the cruise ship terminal near our old buildings that are pretty to look at, tourists admire etc.

PLUS those poor people that live in the buildings looking out toward the ocean near The Aloha Tower...I could go on and on.

Let's bring it down to the ground where it will be attractive and useful. It can be done. Raised and lowered works.

Thanks for listening.

***Mabby McDiarmid Porter***  
***Davies Cruise Agencies, Inc.***  
334 Auwinala Road  
Kailua, HI 96734  
808 261-2304  
Email: [davies@hawaii.rr.com](mailto:davies@hawaii.rr.com)  
Website: [www.cruisedavies.com](http://www.cruisedavies.com)  
***“Helping You Choose The Right Cruise”***  
***Established in 1995***



P.O. Box 4088  
Honolulu, HI 96812-4088  
Phone: (808) 735-3211

August 14, 2017

TO: HONORABLE MEMBERS OF THE SENATE COMMITTEE ON  
TRANSPORTATION AND ENERGY, SENATE COMMITTEE ON PUBLIC  
SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS AND COMMITTEE  
ON WAYS AN MEANS

HONORABLE MEMBERS OF THE HOUSE COMMITTEE ON  
TRANSPORTATION AND COMMITTEE ON FINANCE

SUBJECT: **SUPPORT OF RAIL PROJECT AND A FUNDING MECHANISM THAT WILL  
ENSURE RAIL IS BUILT TO ALA MOANA WITHOUT JEOPARDIZING CITY  
FINANCES**

Informational Briefing  
DATE: Monday, August 14  
TIME: 10:00 AM  
PLACE: Capitol Auditorium

Dear Members of the Joint Committees,

**Hawaiian Dredging Construction Company, Inc. supports** the Honolulu Rail project and a funding bill that will ensure the project is built as originally planned and designed to Ala Moana Center.

While details of the funding proposals are being considered it is important that the funding mechanism ensures the following: that the Full Funding Grant Agreement is satisfied by using the same technology, same route and being built to Ala Moana; creates new funding that will withstand any legal challenges, because any delay will increase costs; and lastly that the funding is adequate and will not jeopardize other county resources already dedicated to protect public health, safety and welfare.

The 20-mile Rail project has been under construction in West Oahu for years now and as it approaches the downtown area we need to ensure that adequate funding is available to ensure it is completed. The completed rail system will provide permanent jobs, transportation alternatives, traffic alleviation, reduction in the use of fossil fuels, and incentivize more affordable housing. These benefits could result in increased spending and will help create a multiplier effect that will positively impact the state's economy. Furthermore, the project will encourage Transit-Oriented Development (TOD) around the rail stations and along the route, which will in turn support developing affordable housing that create sustainable and more livable communities.

If rail is not built to Ala Moana because of a funding shortfall it will be disastrous for Oahu and future infrastructure projects using federal dollars. If the project is not built as planned Honolulu stands to lose \$1.5B of federal funding, could be subject to lawsuits due to canceled contracts and planned affordable housing projects could be jeopardized.

SUPPORT OF RAIL PROJECT AND A FUNDING MECHANISM

August 11, 2017

Page 2

Furthermore, commercial investments in these areas will likewise suffer. Please ensure that the funding mechanism set forth provides adequate new funding that will ensure the success of the project and not jeopardize the future of Honolulu. Thank you for your support.

With best regards,



Ken Dempsey  
Vice President  
Hawaiian Dredging Construction Company, Inc.



August 11, 2017

**Opposition To Proposed TAT Funding For Rail**

**COMMITTEE ON TRANSPORTATION AND ENERGY**  
**COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS**  
**COMMITTEE ON WAYS AND MEANS**  
**COMMITTEE ON TRANSPORTATION**  
**COMMITTEE ON FINANCE**

**Monday, August 14, 2017, 10 am**  
**Auditorium**

Dear Chairs Inouye, Nishihara, Dela Cruz, Aquino, Luke; Vice Chairs Espero, Wakai, Keith-Agaran, Quinlan, Cullen, and Members of the Committees,

Hawaiian Hotels & Resorts is the management company of multiple resorts and over 1,200 hotel rooms located on Maui, Hawaii Island and Kauai. We employ over 600 individuals who create dream Hawaiian Vacations for countless tourists to Hawaii over the decades.

Hawaiian Hotels & Resorts strongly opposes using the transient accommodations tax (TAT) as a funding source for the Honolulu rail transit project. We recommend instead that rail funding come from extending the general excise tax surcharge. And if a tax increase is necessary, it should be from the GET and not the TAT.

- **The use of the TAT will in effect force Neighbor Island hotels to help fund a rail project that is exclusively benefiting Oahu.** The TAT is not only a much smaller funding source than the GET but much more volatile, depending on the health of the visitor industry. The GET, meanwhile, is a much fairer tax as it is paid by both residents, who will largely benefit from rail, and tourists who visit Honolulu. The TAT was originally established for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily raised over the years despite our oppositions. Additionally, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending.
- **TAT revenue is being spent more and more on general government operations:** As we have pointed out repeatedly over the years, the transient accommodations tax—which was originally



established for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily raised over the years despite our objections. However, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending. Imposing yet another increase would not be in keeping with the enabling legislation, while adding to our visitors' vacation expenses. And we remember all too vividly when we were told by government officials that raising the TAT to 9.25 percent would just be a "temporary" measure to address budget shortfalls; in fact, it turned out to be permanent.

- **Our profits are minimal and our costs of doing businesses are ever increasing:** The tourism industry is midway through our sixth consecutive year of increased visitor arrivals, but this does not mean that this money is going into the pockets of hoteliers. Rather, the hospitality industry is faced with ever-increasing costs for employee payroll and benefits (over 40 percent of expenses are for personnel costs alone), taxes, electricity and gas, water and sewage, supplies and contracted services. And year after year, hotel property owners must invest millions of dollars, in the face of rising construction costs, not only on general maintenance but in facility upgrades or major renovations to remain competitive.

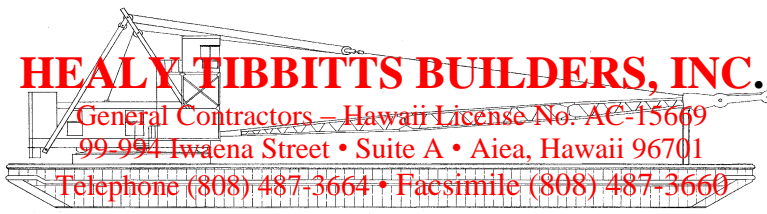
Furthermore, our Counties look to our hotels to help fund their budget deficits by increasing real property taxes creating a major operating expense that must be passed on to our guests. Maui's property tax revenues from the hotel-resort and timeshare classes have nearly doubled over the past five years to a current \$127 million.

- **Potential Negative Revenue Impact:** The Rail presentation mentions a study done in 1987 showing no significant impact to tourism with a 5% TAT. Potentially we will have a 10.25% TAT. There is an argument that other destinations charge higher taxes and are fine but two things to keep in mind: They have a higher percentage of business travelers that pass along their expenses to their companies and some of these U.S. destinations can be reached by car, bus and train versus air. Travel to Hawaii is totally dependent on airfare and the rising costs associated with airline travel.

Mahalo,



Tom Bell  
President  
Hawaiian Hotels & Resorts



August 11, 2017

TO: HONORABLE MEMBERS OF THE SENATE COMMITTEE ON  
TRANSPORTATION AND ENERGY, SENATE COMMITTEE ON PUBLIC  
SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS AND  
COMMITTEE ON WAYS AN MEANS

HONORABLE MEMBERS OF THE HOUSE COMMITTEE ON  
TRANSPORTATION AND COMMITTEE ON FINANCE

SUBJECT: SUPPORT OF RAIL PROJECT AND A FUNDING MECHANISM THAT  
WILL ENSURE RAIL IS BUILT TO ALA MOANA WITHOUT  
JEOPARDIZING CITY FINANCES

Informational Briefing

DATE: Monday, August 14

TIME: 10:00 AM

PLACE: Capitol Auditorium

Dear Members of the Joint Committees,

Healy Tibbitts Builders, Inc. is a general contractor in the State of Hawaii and has been actively engaged in construction work in Hawaii since the early 1960's. In addition to being a general contractor, Healy Tibbitts also performs work as a subcontractor for foundation work and is currently installing drilled shaft foundations as a subcontractor for the Pearl Highlands and Pearl City rail stations.

Healy Tibbitts Builders, Inc. supports the Honolulu Rail project and a funding bill that will ensure the project is built as originally planned and designed to Ala Moana Center.

While details of the funding proposals are being considered it is important that the funding mechanism ensures the following: that the Full Funding Grant Agreement is satisfied by using the same technology, same route and being built to Ala Moana; creates new funding that will withstand any legal challenges, because any delay will increase costs; and lastly that the funding is adequate and will not jeopardize other county resources already dedicated to protect public health, safety and welfare.

The 20-mile Rail project has been under construction in West Oahu for years now and as it approaches the downtown area we need to ensure that adequate funding is available to ensure it is completed. The completed rail system will provide permanent jobs, transportation alternatives, traffic alleviation, reduction in the use of fossil fuels, and incentivize more affordable housing. These benefits could result in increased spending and will help create a multiplier effect that will positively impact the state's economy. Furthermore, the project will encourage Transit-Oriented

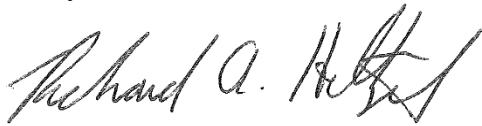
**Healy Tibbitts Builders, Inc.**

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Development (TOD) around the rail stations and along the route, which will in turn support developing affordable housing that create sustainable and more livable communities.

If rail is not built to Ala Moana because of a funding shortfall it will be disastrous for Oahu and future infrastructure projects using federal dollars. If the project is not built as planned Honolulu stands to lose \$1.5B of federal funding, could be subject to lawsuits due to canceled contracts and planned affordable housing projects could be jeopardized. Furthermore, commercial investments in these areas will likewise suffer. Please ensure that the funding mechanism set forth provides adequate new funding that will ensure the success of the project and not jeopardize the future of Honolulu. Thank you for your support.

Very truly yours,  
Healy Tibbitts Builders, Inc.

A handwritten signature in black ink, appearing to read "Richard A. Heltzel". The signature is written in a cursive, flowing style.

Richard A. Heltzel  
President



Gerard C. Gibson  
Vice President  
Hilton Hawaii  
2005 Kalia Road  
Honolulu, HI 96815  
USA  
Tel: 808 941 9226  
Fax: 808 948 7757  
Jerry.gibson@hilton.com

August 14, 2017

Senate Committee on Transportation and Energy  
Senate Committee on Public Safety, Intergovernmental and Military Affairs  
Senate Committee on Ways and Means

House Committee on Transportation  
House Committee on Finance

RE: Testimony for Informational Briefing on City and County of Honolulu's Rapid Transit System - Monday, Aug. 14, State Capitol Auditorium

Dear Chairs and Members of the Committees:

My name is Jerry Gibson, Area Vice President of Hilton Hawaii.

I am submitting testimony today as I have serious concerns as you look at ways to fund the City & County of Honolulu Rail Transit Project.

In particular, as hotelier and member of Hawaii's visitor industry, I would discourage you from revisiting the proposal to use 1% of the Transient Accommodations Tax (TAT) to fund the transit project.

The TAT is a very thin line of revenue with a propensity over the last years to fluctuate rapidly. We have seen a positive trend line with TAT revenue over the last several years growing organically by a strong multiple and allowing the state and counties an abundance of good revenues. We, unfortunately, are now at the top of the 8 year cycle and we as an industry are now showing the normal decline that we have seen very clearly in other cycles. It would not by any means be advantageous to show this revenue as a steady and positive growth model. It absolutely should not be relied upon by the state to continue any kind of positive trending as we are now showing the exact opposite in Hawaii hotel industry modeling.

The TAT provides crucial funding in keeping Hawaii as a competitive travel destination in the global marketplace, as well as replenishing resources expended by the state in accommodating the many visitors that travel to Hawaii every year.



CONRAD

canopy



CURIO



TAPESTRY



HOMWOOD SUITES

HOME2





Testimony for Informational Briefing on City and County of Honolulu’s Rapid Transit System  
August 14, 2017  
Page 2

Therefore, the TAT is essential to preserving the balance of supporting tourism as Hawaii’s number one economic driver while maintaining the health of our infrastructure, natural resources and the wider local community.

While I ardently support the completion of Honolulu’s rail project, **I strongly oppose using the TAT as a funding source** and urge the committee to consider other means of funding that would not detract from the TAT, and thereby hinder the important purpose that it serves.

When visitors stay, shop, dine and play in Hawaii they are already contributing to the General Excise Tax (GET). I urge you strongly to go with the sure thing, as the “GET model” is as much from tourists and locals alike and it can be relied upon in the future for steady sustainable growth. The TAT cannot be relied upon and is not sustainable as it is based on cycles and economic conditions that at times we have no control over.

Drawing funds from the GET instead would provide a more prudent and balanced approach to leveraging the revenue of the tourism industry to support the completion of the Honolulu Rail Transit Project.

Thank you for allowing me the opportunity to provide testimony.

Aloha  
*[Handwritten signature]*





August 10, 2017

The Honorable David Y. Ige  
Governor of Hawai'i  
415 S Beretania St #5  
Honolulu, HI 96813

RE: 2017 Legislative Special Session

Dear Governor Ige,

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, of which 170 are lodging properties with more than 51,000 rooms—opposes using the transient accommodations tax as a funding source for the Honolulu rail transit project.

We recommend instead that rail funding come from extending the general excise tax surcharge. And if a tax increase is warranted, it should be from the GET and not the TAT.

**The GET is a broad-based and stable revenue source:** The general excise tax is a broad-based tax that is paid by residents and visitors alike, but its revenue largely benefits our local community. It is also a relatively stable source of revenue, as opposed to transient accommodations revenues that fluctuate with the health of the hospitality industry.

**Rail will benefit residents:** As envisioned, the rail system will serve the broadest ridership and reach our densest job centers. In this regard, we firmly believe the transit line must reach Ala Moana Center, its original terminus, and eventually be extended to serve the Manoa campus of the University of Hawai'i, to be at its most effective for residents. A station at the Daniel K. Inouye International Airport will be an important stop for the thousands of airport-area employees, not to mention the millions of tourists who visit Hawaii yearly and people traveling between the islands. We expect that many of our hospitality industry employees, particularly those who live on the west side, will use rail and the bus to commute into Waikiki and the surrounding areas. Transit-oriented development along the rail line should lead to more affordable workforce housing, revitalized neighborhoods and public education institutions. Given these long-term benefits for our residents, the general excise tax is the appropriate source of revenue to fund the rail system.

Hilton Waikoloa Village

69-425 Waikoloa Beach Drive | Waikoloa | Hawaii 96738-5710

T: +1 808 886 1234 | F: +1 808 886 2900 | E: [info@hiltonwaikoloavillage.com](mailto:info@hiltonwaikoloavillage.com)

**TAT revenue is being spent more and more on general government**

**operations:** As our association has pointed out repeatedly over the years, the transient accommodations tax—which was originally established for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily raised over the years despite our objections. However, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending. Imposing yet another increase would not be in keeping with the enabling legislation, while adding to our visitors' vacation expenses. And we remember all too vividly when we were told by government officials that raising the TAT to 9.25 percent would just be a “temporary” measure to address budget shortfalls; in fact, it turned out to be permanent.

**Record visitor arrivals do not equate to record profitability:** The tourism industry is midway through our sixth consecutive year of increased visitor arrivals, but this does not mean that this money is going into the pockets of hoteliers. Rather, the hospitality industry is faced with ever-increasing costs for employee payroll and benefits (over 40 percent of expenses are for personnel costs alone), taxes, electricity and gas, water and sewage, supplies and contracted services, and all the other expenses associated with a major enterprise. And year after year, hotel property owners must invest millions of dollars, in the face of rising construction costs, not only on general maintenance but in facility upgrades or major renovations to remain competitive. Furthermore, all this spending goes into the local economy, generating even more tax revenue.

It bears mention that real property taxes on hotels constitute a major operating expense that must be passed on to our guests. O'ahu's property tax revenues from the hotel-resort class have nearly doubled over the past five years to a current \$170 million. This year alone, property taxes for hotels and resorts in all four counties will reach a projected \$300 million, a rise of 50 percent over the past five years.

**Contributions to the community and our quality of life:** The hospitality industry has been a major contributor to the community throughout our history, generous in our support of many causes that enhance the quality of life for all residents. Among them, we organize the annual Charity Walk, which has raised more than \$32 million during its history, with all of this money devoted to local charitable organizations. We have raised \$2 million to address the homelessness situation statewide in the last few years and are poised to provide more funding to help nonprofits assist local

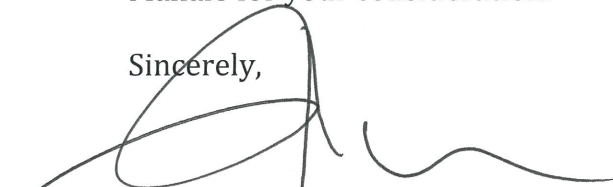
The Honorable David Y. Ige  
Page 3  
August 10, 2017

government in this critical endeavor. We grant over \$50,000 a year in scholarships to public school seniors across the state, and support college students pursuing travel industry degrees. We have donated money for beach replenishment, public safety, the replacement of air-conditioning and other infrastructure needs at our public schools, contributed supplies for elementary schools, are leaders in the Aloha United Way annual campaign, and given back to our home in many other ways.

According to the Hawai'i Tourism Authority and Department of Business, Economic Development & Tourism, tourism accounts for 190,000 jobs in the islands, either directly or indirectly. Nearly 40,000 of those jobs are in the lodging sector. The Hawai'i Lodging & Tourism Association is adamant in opposing tax proposals that would adversely affect our residents, as well as the visitor industry, by raising the expense of accommodations, increasing the cost of a Hawaiian vacation, and making it even more difficult to compete against lower-priced national and international destinations.

Mahalo for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Givens', with a large, sweeping initial 'D' and a wavy line extending to the right.

David Givens  
General Manager

Cc: The Honorable Ronald Kouchi, Senate President  
The Honorable Scott Saiki, Speaker of the House



HYATT CENTRIC™  
WAIKIKI BEACH

Testimony of

Charles Young  
General Manager  
Hyatt Centric Waikiki Beach

Date: 08/10/17

The Honorable David Y. Ige  
Governor of Hawai‘i  
415 S Beretania St #5  
Honolulu, HI 96813

RE: 2017 Legislative Special Session

Dear Governor Ige,

The Hyatt Centric Waikiki Beach with 85 associates with 230 rooms—opposes using the transient accommodations tax as a funding source for the Honolulu rail transit project.

We recommend instead that rail funding come from extending the general excise tax surcharge. And if a tax increase is warranted, it should be from the GET and not the TAT.

**The GET is a broad-based and stable revenue source:** The general excise tax is a broad-based tax that is paid by residents and visitors alike, but its revenue largely benefits our local community. It is also a relatively stable source of revenue, as opposed to transient accommodations revenues that fluctuate with the health of the hospitality industry.

**Rail will benefit residents:** As envisioned, the rail system will serve the broadest ridership and reach our densest job centers. In this regard, we firmly believe the transit line must reach Ala Moana Center, its original terminus, and eventually be extended to serve the Manoa campus of the University of Hawai‘i, to be at its most effective for residents. A station at the Daniel K. Inouye International Airport will be an important stop for the thousands of airport-area employees, not to mention the millions of tourists who visit Hawaii yearly and people traveling between the islands. We expect that many of our hospitality industry employees, particularly those who live on the west side, will use rail and the bus to commute into Waikiki and the surrounding areas. Transit-oriented development along the rail line should lead to more affordable workforce housing, revitalized neighborhoods and public education institutions. Given these long-term benefits for our residents, the general excise tax is the appropriate source of revenue to fund the rail system.

The Honorable David Y. Ige

Page 2

DATE: 08/10/17

**TAT revenue is being spent more and more on general government operations:** As our association has pointed out repeatedly over the years, the transient accommodations tax—which was originally established for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily raised over the years despite our objections. However, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending. Imposing yet another increase would not be in keeping with the enabling legislation, while adding to our visitors’ vacation expenses. And we remember all too vividly when we were told by government officials that raising the TAT to 9.25 percent would just be a “temporary” measure to address budget shortfalls; in fact, it turned out to be permanent.

**Record visitor arrivals do not equate to record profitability:** The tourism industry is midway through our sixth consecutive year of increased visitor arrivals, but this does not mean that this money is going into the pockets of hoteliers. Rather, the hospitality industry is faced with ever-increasing costs for employee payroll and benefits (over 40 percent of expenses are for personnel costs alone), taxes, electricity and gas, water and sewage, supplies and contracted services, and all the other expenses associated with a major enterprise. And year after year, hotel property owners must invest millions of dollars, in the face of rising construction costs, not only on general maintenance but in facility upgrades or major renovations to remain competitive. Furthermore, all this spending goes into the local economy, generating even more tax revenue.

It bears mention that real property taxes on hotels constitute a major operating expense that must be passed on to our guests. O‘ahu’s property tax revenues from the hotel-resort class have nearly doubled over the past five years to a current \$170 million. This year alone, property taxes for hotels and resorts in all four counties will reach a projected \$300 million, a rise of 50 percent over the past five years.

**Contributions to the community and our quality of life:** The hospitality industry has been a major contributor to the community throughout our history, generous in our support of many causes that enhance the quality of life for all residents. Among them, we organize the annual Charity Walk, which has raised more than \$32 million during its history, with all of this money devoted to local charitable organizations. We have raised \$2 million to address the homelessness situation statewide in the last few years and are poised to provide more funding to help nonprofits assist local government in this critical endeavor. We grant over \$50,000 a year in scholarships to public school seniors across the state, and support college students pursuing travel industry degrees. We have donated money for beach replenishment, public safety, the replacement of air-conditioning and other infrastructure needs at our public schools, contributed supplies for elementary schools, are leaders in the Aloha United Way annual campaign, and given back to our home in many other ways.

The Honorable David Y. Ige

Page 3

DATE: 08/10/17

According to the Hawai'i Tourism Authority and Department of Business, Economic Development & Tourism, tourism accounts for 190,000 jobs in the islands, either directly or indirectly. Nearly 40,000 of those jobs are in the lodging sector. The Hawai'i Lodging & Tourism Association is adamant in opposing tax proposals that would adversely affect our residents, as well as the visitor industry, by raising the expense of accommodations, increasing the cost of a Hawaiian vacation, and making it even more difficult to compete against lower-priced national and international destinations.

Mahalo for your consideration.

Sincerely,

**Charles Young**  
**General Manager**

Cc: The Honorable Ronald Kouchi, Senate President  
The Honorable Scott Saiki, Speaker of the House



**HYATT**  
REGENCY<sup>®</sup>  
RESORT

August 11, 2017

The Honorable David Y. Ige  
Governor of Hawai'i  
415 S Beretania St #5  
Honolulu, HI 96813

**RE: 2017 Legislative Special Session**

Dear Governor Ige,

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, of which 170 are lodging properties with more than 51,000 rooms—opposes using the transient accommodations tax as a funding source for the Honolulu rail transit project.

We recommend instead that rail funding come from extending the general excise tax surcharge. And if a tax increase is warranted, it should be from the GET and not the TAT.

**The GET is a broad-based and stable revenue source:** The general excise tax is a broad-based tax that is paid by residents and visitors alike, but its revenue largely benefits our local community. It is also a relatively stable source of revenue, as opposed to transient accommodations revenues that fluctuate with the health of the hospitality industry.

**Rail will benefit residents:** As envisioned, the rail system will serve the broadest ridership and reach our densest job centers. In this regard, we firmly believe the transit line must reach Ala Moana Center, its original terminus, and eventually be extended to serve the Manoa campus of the University of Hawai'i, to be at its most effective for residents. A station at the Daniel K. Inouye International Airport will be an important stop for the thousands of airport-area employees, not to mention the millions of tourists who visit Hawaii yearly and people traveling between the islands. We expect that many of our hospitality industry employees, particularly those who live on the west side, will use rail and the bus to commute into Waikiki and the surrounding areas. Transit-oriented development along the rail line should lead to more affordable workforce housing, revitalized neighborhoods and public education institutions. Given these long-term benefits for our residents, the general excise tax is the appropriate source of revenue to fund the rail system.

**TAT revenue is being spent more and more on general government operations:** As our association has pointed out repeatedly over the years, the transient accommodations tax—which was originally established for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily raised over the years despite our objections. However, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending. Imposing yet another increase would not be in keeping with the enabling legislation, while adding to our visitors' vacation expenses. And we remember all too vividly when we were told by government officials that raising the TAT to 9.25 percent would just be a “temporary” measure to address budget shortfalls; in fact, it turned out to be permanent.

**Record visitor arrivals do not equate to record profitability:** The tourism industry is midway through our sixth consecutive year of increased visitor arrivals, but this does not mean that this money is going in

to the pockets of hoteliers. Rather, the hospitality industry is faced with ever-increasing costs for employee payroll and benefits (over 40 percent of expenses are for personnel costs alone), taxes, electricity and gas, water and sewage, supplies and contracted services, and all the other expenses associated with a major enterprise. And year after year, hotel property owners must invest millions of dollars, in the face of rising construction costs, not only on general maintenance but in facility upgrades or major renovations to remain competitive. Furthermore, all this spending goes into the local economy, generating even more tax revenue.

It bears mention that real property taxes on hotels constitute a major operating expense that must be passed on to our guests. O'ahu's property tax revenues from the hotel-resort class have nearly doubled over the past five years to a current \$170 million. This year alone, property taxes for hotels and resorts in all four counties will reach a projected \$300 million, a rise of 50 percent over the past five years.

**Contributions to the community and our quality of life:** The hospitality industry has been a major contributor to the community throughout our history, generous in our support of many causes that enhance the quality of life for all residents. Among them, we organize the annual Charity Walk, which has raised more than \$32 million during its history, with all of this money devoted to local charitable organizations. We have raised \$2 million to address the homelessness situation statewide in the last few years and are poised to provide more funding to help nonprofits assist local government in this critical endeavor. We grant over \$50,000 a year in scholarships to public school seniors across the state, and support college students pursuing travel industry degrees. We have donated money for beach replenishment, public safety, the replacement of air-conditioning and other infrastructure needs at our public schools, contributed supplies for elementary schools, are leaders in the Aloha United Way annual campaign, and given back to our home in many other ways.

According to the Hawai'i Tourism Authority and Department of Business, Economic Development & Tourism, tourism accounts for 190,000 jobs in the islands, either directly or indirectly. Nearly 40,000 of those jobs are in the lodging sector. The Hawai'i Lodging & Tourism Association is adamant in opposing tax proposals that would adversely affect our residents, as well as the visitor industry, by raising the expense of accommodations, increasing the cost of a Hawaiian vacation, and making it even more difficult to compete against lower-priced national and international destinations.

Hyatt Regency Waikiki Beach Resort and Spa cannot accept any solution to the Honolulu rapid transit project financing challenge that involves increasing the TAT for any period.

Mahalo for your consideration.

Sincerely,



DAVID NADELMAN  
Area Vice President/General Manager

cc: The Honorable Ronald Kouchi, Senate President  
The Honorable Scott Saiki, Speaker of the House

**From:** [Bill Rees](#)  
**To:** [Sen. Lorraine R. Inouye](#)  
**Subject:** No TAT increase for rail  
**Date:** Wednesday, August 9, 2017 4:02:42 PM

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Aloha Senator Inouye:

As a resident of Maui and as the General Manager of the Kapalua Villas Maui, I strongly urge you to vote against any TAT increases earmarked for Oahu's rail project.

The TAT increase will shift visitors from legal rentals to less expensive illegal rentals where owners do not pay GET and TAT (and whose owners don't pay their contract employees payroll taxes, insurance, sick and vacation leave, as well as not paying the proper property taxes). This will put pressure on legal rental operators to lower their rates to be competitive. As nightly room rates are lowered, there will be less money for legal operators to pass along to front desk agents, housekeepers and other critical yet low-paid staff who will not get pay increases and who may be asked to pay an additional share of their health insurance (and whose daily living expenses such as food, water, gasoline, vehicle registration and property taxes continue to increase annually).

Additionally, raising the TAT to pay for an Oahu project will raise the ire of Maui residents who are continually disillusioned to see our legislators annually fighting to maintain Maui's share of the TAT now, not to mention the continued lack of state funding for Maui County schools, highways and other infrastructure projects.

Instead of increasing the TAT statewide, Hawaii and Honolulu politicians should look to Oahu's own resources: raising Honolulu property tax, increase the TAT just on Oahu, and increase and extend Oahu's GET surcharge. Asking neighbor islanders to suffer the consequences of an increased TAT is wrong, especially when the project in question is of dubious value to them.

Me Ke Aloha,

Bill

**William T. Rees**

General Manager

Kapalua Villas Maui

2000 Village Rd.

Lahaina, HI 96761

TEL +1 808 856-2208

FAX +1 808 669-6122

EMAIL [bill.rees@outrigger.com](mailto:bill.rees@outrigger.com)

WEB [www.kapalua.com](http://www.kapalua.com)

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disclosing, copying, distributing, and/or using it. If you have received this communication in error, please immediately delete it and all copies, and promptly notify the sender. Nothing in this communication is intended to operate as an electronic signature under applicable law.####"



August 11, 2017

Testimony of

Steve Yannarell  
General Manager  
Waikoloa Beach Marriott Resort and Spa

Senate Committees: Ways and Means, Transportation and Energy, and  
Public Safety, Intergovernmental and Military Affairs

House Committees: Finance, and Transportation

Informational Briefing on the 2017 Legislative Special Session and the  
City and County of Honolulu's Rapid Transit System.

Dear Chairs, Vice Chairs, and members of the Senate and House committees

I am a member of The Hawai'i Lodging & Tourism Association, the Hawaii Island Chair of the HLTA and General Manager of the Waikoloa Beach Marriott Resort and Spa, a 300 room hotel and 112 timeshare property. The HLTA is nearly 700 members strong with 170 lodging properties and more than 51,000 rooms—opposes using the transient accommodations tax as a funding source for the Honolulu rail transit project.

**TAT revenue is being spent more and more on general government operations:** As our association has pointed out repeatedly over the years, the transient accommodations tax—which was originally established for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily raised over the years despite our objections. However, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending. Imposing yet another increase would not be in keeping with the enabling legislation, while adding to our visitors' vacation expenses. And we remember all too vividly when we were told by government officials that raising the TAT to 9.25 percent would just be a "temporary" measure to address budget shortfalls; in fact, it turned out to be permanent. The neighbor islands should bear any additional cost burden for a project that will only directly impact residents on Oahu.

**Record visitor arrivals do not equate to record profitability:** The tourism industry is midway through our sixth consecutive year of increased visitor arrivals, but this does not mean that this money is going into the pockets of hoteliers. Rather, the hospitality industry is faced with ever-increasing costs for employee payroll and benefits (over 40 percent of expenses are for personnel costs alone), taxes, electricity and gas, water and sewage, supplies and contracted services, and all the other expenses associated with a major enterprise. And year after year, hotel property owners must invest millions of dollars, in the face of rising construction costs, not only on general maintenance but in facility upgrades or major renovations to remain competitive. Furthermore, all this spending goes into the local economy, generating even more tax revenue. The ownership for the Waikoloa Beach Marriott has made a considerable re investment into the property creating construction jobs, additional positions at the hotel and added tax revenues for the state and county. Any increased tax burden on our visitors potentially puts this reinvestment at risk having a negative trickle down impact for all.

[Type text]



**Contributions to the community and our quality of life:** The hospitality industry has been a major contributor to the community throughout our history, generous in our support of many causes that enhance the quality of life for all residents. Among them, we organize the annual Charity Walk, which has raised more than \$32 million during its history, with all of this money devoted to local charitable organizations. We have raised \$2 million to address the homelessness situation statewide in the last few years and are poised to provide more funding to help nonprofits assist local government in this critical endeavor. We grant over \$50,000 a year in scholarships to public school seniors across the state, and support college students pursuing travel industry degrees. We have donated money for beach replenishment, public safety, the replacement of air-conditioning and other infrastructure needs at our public schools, contributed supplies for elementary schools, are leaders in the Aloha United Way annual campaign, and given back to our home in many other ways.

We are concerned that TAT revenue is being spent more and more on general government operations. The transient accommodations tax was originally established for tourism marketing, the convention center, and to help defray the expense of county government services used by visitors. It has been steadily raised over the years despite industry objections. In addition, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending at the state level. Imposing yet another increase would not be in keeping with the enabling legislation and would add unnecessarily to our visitors' vacation expenses. We also have concerns about any "temporary" increase, as we were told by government officials that raising the TAT to 9.25 percent would just be a "temporary" measure to address budget shortfalls, when in fact it turned out to be permanent.

**From:** [Watanabe, Mieko](#)  
**To:** [TRE Testimony](#)  
**Subject:** FW: 2017 Legislative Special Session - TAT Increase  
**Date:** Thursday, August 10, 2017 11:00:28 AM

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Dear the Senate Committee Members on Transportation and Energy:

We oppose the TAT increase to fund the Honolulu rail transit project.

Currently, we are already one of the most expensive places to visit; not to mention live. And, should the hotels elect not to pass on the increased tax onto guests by electing to absorb some of the burden, it can possibly lead to cutbacks. Thus, causing unemployment to also go up.

We recommend that instead that rail funding come from extending the general excise tax surcharge. And if a tax increase is warranted, it should be from the GET and not the TAT.

**The GET is a broad-based and stable revenue source:** The general excise tax is a broad-based tax that is paid by residents and visitors alike, but its revenue largely benefits our local community. It is also a relatively stable source of revenue, as opposed to transient accommodations revenues that fluctuate with the health of the hospitality industry.

**Rail will benefit residents:** As envisioned, the rail system will serve the broadest ridership and reach our densest job centers. In this regard, we firmly believe the transit line must reach Ala Moana Center, its original terminus, and eventually be extended to serve the Manoa campus of the University of Hawai'i, to be at its most effective for residents. A station at the Daniel K. Inouye International Airport will be an important stop for the thousands of airport-area employees, not to mention the millions of tourists who visit Hawaii yearly and people traveling between the islands. We expect that many of our hospitality industry employees, particularly those who live on the west side, will use rail and the bus to commute into Waikiki and the surrounding areas. Transit-oriented development along the rail line should lead to more affordable workforce housing, revitalized neighborhoods and public education institutions. Given these long-term benefits for our residents, the general excise tax is the appropriate source of revenue to fund the rail system.

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It bears mention that real property taxes on hotels constitute a major operating expense that must be passed on to our guests. O'ahu's property tax revenues from the hotel-resort class have nearly

doubled over the past five years to a current \$170 million. This year alone, property taxes for hotels and resorts in all four counties will reach a projected \$300 million, a rise of 50 percent over the past five years.

**Contributions to the community and our quality of life:** The hospitality industry has been a major contributor to the community throughout our history, generous in our support of many causes that enhance the quality of life for all residents. Among them, we organize the annual Charity Walk, which has raised more than \$32 million during its history, with all of this money devoted to local charitable organizations. We have raised \$2 million to address the homelessness situation statewide in the last few years and are poised to provide more funding to help nonprofits assist local government in this critical endeavor. We grant over \$50,000 a year in scholarships to public school seniors across the state, and support college students pursuing travel industry degrees. We have donated money for beach replenishment, public safety, the replacement of air-conditioning and other infrastructure needs at our public schools, contributed supplies for elementary schools, are leaders in the Aloha United Way annual campaign, and given back to our home in many other ways. According to the Hawai'i Tourism Authority and Department of Business, Economic Development & Tourism, tourism accounts for 190,000 jobs in the islands, either directly or indirectly. Nearly 40,000 of those jobs are in the lodging sector. The Hawai'i Lodging & Tourism Association is adamant in opposing tax proposals that would adversely affect our residents, as well as the visitor industry, by raising the expense of accommodations, increasing the cost of a Hawaiian vacation, and making it even more difficult to compete against lower-priced national and international destinations.

Mahalo for your consideration.

Sincerely,

Mieko Watanabe

**ASSISTANT DIRECTOR OF FINANCE – CENTRAL RESOURCE TEAM**

2255 Kalakaua Avenue, Honolulu, HI 96815

T 808 931 8760

E [Mieko.Watanabe@marriott.com](mailto:Mieko.Watanabe@marriott.com)

# MAUNA KEA RESORT

August 10, 2017

The Honorable David Y. Ige  
Governor of Hawai'i  
415 S Beretania St #5  
Honolulu, HI 96813

RE: 2017 Legislative Special Session

Dear Governor Ige,

Mauna Kea Resort is opposed to raising the Transient Accommodations Tax (TAT) or the General Excise Tax (GET) statewide to support the Honolulu Rail project. We propose the Hawaii State Legislature should look at continuing the GET surcharge on Oahu, as it will be the residents and visitors on Oahu who have the potential to benefit from that project, not the neighbor islands.

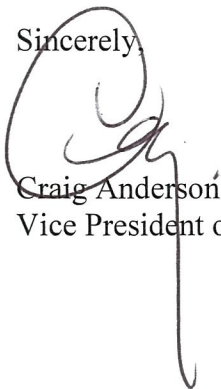
The transient accommodations tax, which was originally established for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily increased over the years. However, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending. We also have concerns about any “temporary” increase, as we were told by government officials that raising the TAT to 9.25 percent would just be a “temporary” measure to address budget shortfalls, when in fact it turned out to be permanent.

Mauna Kea Resort employs over 1,000 local residents via The Mauna Kea Beach Hotel, Hapuna Beach Prince Hotel, Mauna Kea Residential Services, and South Kohala Water Company.

Mauna Kea Resort is adamant in opposing tax proposals that would adversely affect our residents, as well as the visitor industry, by raising the expense of accommodations, increasing the cost of a Hawaiian vacation, and making it even more difficult to compete against lower-priced national and international destinations.

Mahalo for your consideration.

Sincerely,



Craig Anderson  
Vice President of Operations



HAPUNA BEACH PRINCE HOTEL  
62-100 Kauna'oa Drive, Kohala Coast, Hawaii 96743  
Telephone 808.880.1111 Fax 808.880.3142



MAUNA KEA BEACH HOTEL  
62-100 Mauna Kea Beach Drive, Kohala Coast, Hawaii 96743  
Telephone 808.882.7222 Fax 808.882.5700

# Nan Inc

License #ABC-19711  
636 Laumaka Street  
Honolulu, Hawaii 96819  
Telephone: (808) 842-4929  
Facsimile: (808) 841-8281

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August 11, 2017

TO: HONORABLE MEMBERS OF THE SENATE COMMITTEE ON  
TRANSPORTATION AND ENERGY, SENATE COMMITTEE ON PUBLIC  
SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS AND  
COMMITTEE ON WAYS AN MEANS

HONORABLE MEMBERS OF THE HOUSE COMMITTEE ON  
TRANSPORTATION AND COMMITTEE ON FINANCE

SUBJECT: **SUPPORT OF RAIL PROJECT AND A FUNDING MECHANISM THAT WILL  
ENSURE RAIL IS BUILT TO ALA MOANA WITHOUT JEOPARDIZING CITY  
FINANCES**

Informational Briefing  
DATE: Monday, August 14  
TIME: 10:00 AM  
PLACE: Capitol Auditorium

Dear Members of the Joint Committees,

Nan, Inc. **supports** the Honolulu Rail project and a funding bill that will ensure the project is built as originally planned and designed to Ala Moana Center.

While details of the funding proposals are being considered it is important that the funding mechanism ensures the following: that the Full Funding Grant Agreement is satisfied by using the same technology, same route and being built to Ala Moana; creates new funding that will withstand any legal challenges, because any delay will increase costs; and lastly that the funding is adequate and will not jeopardize other county resources already dedicated to protect public health, safety and welfare.

The 20-mile Rail project has been under construction in West Oahu for years now and as it approaches the downtown area we need to ensure that adequate funding is available to ensure it is completed. The completed rail system will provide permanent jobs, transportation alternatives, traffic alleviation, reduction in the use of fossil fuels, and incentivize more affordable housing. These benefits could result in increased spending and will help create a multiplier effect that will positively impact the state's economy. Furthermore, the project will encourage Transit-Oriented Development (TOD) around the rail stations and along the route, which will in turn support developing affordable housing that create sustainable and more livable communities.

If rail is not built to Ala Moana because of a funding shortfall it will be disastrous for Oahu and future infrastructure projects using federal dollars. If the project is not built as planned Honolulu stands to lose \$1.5B of federal funding, could be subject to lawsuits due to canceled contracts and planned affordable housing projects could be

SUPPORT OF RAIL PROJECT AND A FUNDING MECHANISM THAT WILL ENSURE RAIL IS BUILT TO ALA MOANA WITHOUT JEOPARDIZING CITY FINANCES

August 11, 2017

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jeopardized. Furthermore, commercial investments in these areas will likewise suffer. Please ensure that the funding mechanism set forth provides adequate new funding that will ensure the success of the project and not jeopardize the future of Honolulu. Thank you for your support.

Sincerely,



Frank Okimoto  
Vice President



NORDIC PCL CONSTRUCTION, INC.

1099 Alakea Street, Suite 1600, Honolulu, HI 96813

Telephone: 808-541-9101 ♦ Fax: 808-541-9108 ♦ www.nordicpcl.com

August 14, 2017

TO: HONORABLE MEMBERS OF THE SENATE COMMITTEE ON TRANSPORTATION AND ENERGY, SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS AND COMMITTEE ON WAYS AN MEANS

HONORABLE MEMBERS OF THE HOUSE COMMITTEE ON TRANSPORTATION AND COMMITTEE ON FINANCE

SUBJECT: **SUPPORT OF RAIL PROJECT AND A FUNDING MECHANISM THAT WILL ENSURE RAIL IS BUILT TO ALA MOANA WITHOUT JEOPARDIZING CITY FINANCES**

Informational Briefing

DATE: Monday, August 14

TIME: 10:00 AM

PLACE: Capitol Auditorium

Dear Members of the Joint Committees,

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While details of the funding proposals are being considered it is important that the funding mechanism ensures the following: that the Full Funding Grant Agreement is satisfied by using the same technology, same route and being built to Ala Moana; creates new funding that will withstand any legal challenges, because any delay will increase costs; and lastly that the funding is adequate and will not jeopardize other county resources already dedicated to protect public health, safety and welfare.

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Yours truly,

NORDIC PCL CONSTRUCTION, INC.

Glen Kaneshige, President



SHARING YOUR VISION. BUILDING SUCCESS.

August 14, 2017

TO: HONORABLE MEMBERS OF THE SENATE COMMITTEE ON  
TRANSPORTATION AND ENERGY, SENATE COMMITTEE ON PUBLIC  
SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS AND  
COMMITTEE ON WAYS AN MEANS

HONORABLE MEMBERS OF THE HOUSE COMMITTEE ON  
TRANSPORTATION AND COMMITTEE ON FINANCE

SUBJECT: **SUPPORT OF RAIL PROJECT AND A FUNDING MECHANISM THAT WILL  
ENSURE RAIL IS BUILT TO ALA MOANA WITHOUT JEOPARDIZING CITY  
FINANCES**

Informational Briefing

DATE: Monday, August 14

TIME: 10:00 AM

PLACE: Capitol Auditorium

Dear Members of the Joint Committees,

My name is Roman Sousa. I am a Certified Construction Manager and have been working in the Construction Industry in Hawaii for over 15 years. As an employee of Nordic PCL Construction, Inc. I am writing to inform the Honorable Committee Members of the House and Senate that I personally, and Nordic PCL Construction, Inc., collectively support the Honolulu Rail project and a funding bill that will ensure the project is built as originally planned and designed to Ala Moana Center.

While details of the funding proposals are being considered, it is important that the funding mechanism ensures the following: that the Full Funding Grant Agreement is satisfied by using the same technology, same route and being built to Ala Moana; creates new funding that will withstand any legal challenges, because any delay will increase costs; and lastly that the funding is adequate and will not jeopardize other county resources already dedicated to protect public health, safety and welfare.

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**NORDIC PCL CONSTRUCTION, INC.**

1099 Alakea Street, Suite 1600 Honolulu, HI 96813

Telephone: 808-541-9101 ♦ Fax: 808-541-9108 ♦ [www.nordicpcl.com](http://www.nordicpcl.com)





If rail is not built to Ala Moana because of a funding shortfall it will be disastrous for Oahu and future infrastructure projects using federal dollars. If the project is not built as planned Honolulu stands to lose \$1.5B of federal funding, could be subject to lawsuits due to canceled contracts and planned affordable housing projects could be jeopardized. Furthermore, commercial investments in these areas will likewise suffer. Please ensure that the funding mechanism set forth provides adequate new funding that will ensure the success of the project and not jeopardize the future of Honolulu. Thank you for your support.



**Roman A. Sousa, CCM , LEED® Green Associate**

Construction Manager

Nordic PCL Construction, Inc.

p 808-541-9101 | d 808-541-8108 | c 808-345-2478

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**SENATE COMMITTEES ON TRANSPORTATION AND ENERGY, PUBLIC SAFETY,  
INTERGOVERNMENTAL AND MILITARY AFFAIRS AND WAYS AND MEANS AND HOUSE  
COMMITTEES ON TRANSPORTATION AND FINANCE**

**Informational Briefing on Honolulu Rapid Transit System**

**Monday, August 14, 2017, 10:00 am**

**Hawaii State Capitol Auditorium**

Chairs and members of the Senate and House Committees, thank you for serving our State of Hawaii. I am Barbara Campbell, Vice President of Outrigger Enterprises Group.

As a 20-year veteran of the visitor industry, I have seen firsthand the peaks and valleys of tourism and I strongly oppose any increase to the TAT. Our visitors already pay 9.25% in TAT and they pay GET on all of their purchases. Visitor arrivals and spending are cyclical and our 6 consecutive years of growth won't go on forever. Relying on TAT as a funding source for rail is not a sound business decision and a much better approach is to spread the funding over a broader base through GET, that way everyone is contributing to the success of our rail system. Increased taxation of our visitors has a tipping point and another 1% TAT simply makes Hawaii that much more expensive for travelers. It also sends a strong message that we "stick it to the visitors" when it comes to covering expenses for our State. We must remember that a downturn in tourism will affect jobs, spending in retail shops, restaurants and visitor attractions.

We strongly oppose any increase in the TAT as a solution for funding the Honolulu rapid transit project and respectfully request you vote 'no' to any increase in TAT.

Mahalo,

Barbara A Campbell



SENATE COMMITTEES ON TRANSPORTATION AND ENERGY, PUBLIC SAFETY, INTERGOVERNMENTAL AND  
MILITARY AFFAIRS AND WAYS AND MEANS AND HOUSE COMMITTEES ON TRANSPORTATION AND  
FINANCE

Informational Briefing on Honolulu Rapid Transit System

Monday, August 14, 2017, 10:00AM  
Auditorium, State Capitol

Chairs and members of the Senate and House Committees, aloha. I am Ed Case, Senior Vice President and Chief Legal Officer of Outrigger Enterprises Group, a 70 year old Hawaii born and raised hospitality company with almost 4,000 employees in 36 hotel and resort properties throughout Hawai'i and beyond.

Outrigger strongly opposes any further increase in the transient accommodations tax for any reason.

In particular, Outrigger strongly opposes any increase in the TAT, including any characterized as "temporary", as a means of funding completion of the Honolulu rapid transit project.

Outrigger takes no position on whether and how the rapid transit project should be completed or, if so, to what extent it should be financed. Outrigger's position is that, if it is to be completed and if completion is to be financed by state tax increases: (1) those increases should not be to the TAT but to the broad-based general excise tax; and (2) those increases should be limited strictly to what is required to complete the Honolulu rapid transit project.

The TAT paid by Hawaii visitors was enacted to finance collective marketing of Hawaii tourism through the Hawaii Tourism Authority, construction and maintenance of the Hawaii Convention Center, and aid to the counties to address tourism-related impacts. At its original 6% and for those specific visitor industry-related purposes, designed to preserve Hawaii's position in an increasingly competitive world, it was fair and sustainable.

In 2011 the TAT was raised to 9.25% over the objections of the visitor industry for what was represented and sold as a temporary measure to address budget shortfalls. That was, however, made permanent in 2015 over the industry's warnings that it would harm Hawaii tourism over the long run.

In just the last five years, TAT annual revenues have grown from \$324 million to \$508 million, a total increase of \$184 million/year or over 10% per year in taxes paid by Hawaii visitors for the privilege of visiting Hawaii. Virtually none of this increase has gone to the HTA, convention center or the counties, all of which have instead seen their contributions capped and in fact faced constant threats of actual reductions in their annual share to the detriment of their missions.

Instead, virtually all of the increase has gone to the general fund, to the extent that the general fund share of total TAT annual revenues has increased from 39% five years ago to now almost 60%. All the more troubling is that the general fund share of total annual TAT revenues was just 8% ten years ago.

## TESTIMONY IN OPPOSITION TO INCREASE IN TRANSIENT ACCOMMODATIONS TAX

August 14, 2017

Page 2

By contrast, GET annual revenues over the last decade have grown at less than 3% per year. In other words, the visitor industry has paid a highly disproportionate share of increased non-visitor industry expenses while the industry-related purposes for which the TAT was instituted have been severely underfunded.

The Hawaii visitor industry has been hammered by tax exaction increases not only through the state TAT but through the county real property tax. On Oahu annual property tax revenues from the hotel/resort class grew from \$91 million five years ago to \$170 million currently, an increase of 17% annually. For all four counties statewide the hotel/resort class annual property tax revenues grew from \$196 million to now closing in on \$300 million, an increase of well over 10%/year.

Total statewide annual TAT and property tax revenues paid by Hawaii visitors, already at some \$400 million five years ago, are now closing in on \$1 billion every year! And only around ten percent of that amount is specifically earmarked to maintain and improve Hawaii's position in the international visitor industry.

The close to \$1 billion annual tax exaction from the visitor industry also does not include that portion of the GET which is paid by the industry and our visitors. If one assumes that around one-third of GET revenues come from the industry, that is another \$1 billion per year that the industry contributes.

Further, these continuous tax increases on the industry across the board come on top of operational cost increases of a similar scale in the personnel, construction, services and goods required to maintain the industry's competitive position. Virtually all increases in visitor industry gross revenues over the past years have been dedicated to funding these tax and cost increases.

Where does it stop? What will it take for Hawaii's government leaders to appreciate the dangers of still-further increases to state and county taxation to our bread-and-butter industry and the hundreds of thousands of citizens whose livelihood and families depend on it? Do we really have to run over the tipping point before facing that reality?

The GET is a far better and fairer means of financing if one is desired. It is broad-based and so does not disproportionately impact any one segment of Hawaii's economy or community. It is stabler as it does not rely on one specific industry which is especially subject to national and international economic cycles and events. It is exacted from Hawaii visitors as well and so they pay their "fair share" without the industry itself being placed at further risk as would be the case with another TAT increase. Hawaii's citizens will benefit the most from the Honolulu rapid transit project and they stand to lose the most if the visitor industry is harmed. Any regressive aspects of the GET can be dealt with separately through GET tax credits or other aid to lower income citizens.

Further, if state and county government desire to exact more tax and fee revenue from Hawaii's visitor industry without further harm, they should focus on largely untaxed and unregulated alternative vacation units. It is inescapable at this point that the overall failure of that shadow segment to play by the same rules as the legal industry is resulting in the loss of likely hundreds of millions of revenue.

Outrigger and its statewide ohana cannot accept any solution to the Honolulu rapid transit project financing challenge that involves increasing the TAT for any period.

SENATE COMMITTEES ON TRANSPORTATION AND ENERGY, PUBLIC SAFETY, INTERGOVERNMENTAL AND  
MILITARY AFFAIRS AND WAYS AND MEANS AND HOUSE COMMITTEES ON TRANSPORTATION AND  
FINANCE

Informational Briefing on Honolulu Rapid Transit System

Monday, August 14, 2017, 10:00AM

Auditorium, State Capitol

Chairs and members of the Senate and House Committees, aloha. I am Bob Berges the Chair for  
Outrigger Hotels Hawaii Political Action Committee. (OHHPAC). OHHPAC represents the  
Outrigger employees, with a focus on advocating for support and positive changes, while building bridges  
with our elected officials.

In an attempt to respect this multifaceted challenge, it is imperative that we express our concern with any  
increase in the Transient Accommodation Tax.

To increase the TAT would be a short sighted solution. The decisions made by these committees should  
always support and promote Hawaii's #1 industry, tourism.

Therefore OHHPAC respectfully requests that any option chosen is resolved by funding this project with  
GET exclusively.

Thank you for your time and attention.

Bob Berges  
OHHPAC Chair.



## Prince Resorts Hawaii

August 10, 2017

The Honorable David Y. Ige  
Governor of Hawai'i  
415 S Beretania St #5  
Honolulu, HI 96813

RE: 2017 Legislative Special Session

Dear Governor Ige,

Prince Resorts Hawaii, representing Mauna Kea Beach Hotel, Hapuna Beach Prince Hotel and Prince Waikiki, opposes using the Transient Accommodations Tax (TAT) as a funding source for the Honolulu rail transit project.

The transient accommodations tax which was originally established for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily raised over the years despite our objections. However, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending. Imposing yet another increase would not be in keeping with the enabling legislation, while adding to our visitors' vacation expenses. And we remember all too vividly when we were told by government officials that raising the TAT to 9.25 percent would just be a “temporary” measure to address budget shortfalls; in fact, it turned out to be permanent.

Hawaii had the **third-highest** total tax rate among the 50 states when it comes to taxing visitors who stay in hotels and recorded highest lodging tax revenue collected of **\$594.1 million** in lodging tax revenues in fiscal year 2015, according to its 2016 HVS Lodging Tax Report. Any further increase in TAT will significantly impede Hawaii's ability to remain competitive in the tourism industry.

Prince Resorts Hawaii, employs over 1,400 local residents via its subsidiaries, The Mauna Kea Beach Hotel, Hapuna Beach Prince Hotel, Mauna Kea Resort Services, Prince Waikiki and South Kohala Water Company.

Prince Resorts Hawaii is adamant in opposing tax proposals that would adversely affect our residents, as well as the visitor industry, by raising the expense of accommodations, increasing the cost of a Hawaiian vacation, and making it even more difficult to compete against lower-priced national and international destinations.

Mahalo for your consideration.

Sincerely,

Kisan Jo  
Vice President, Finance & Administration



August 11, 2017

The Honorable David Y. Ige  
Governor of Hawai'i  
415 S Beretania St #5  
Honolulu, HI 96813

RE: 2017 Legislative Special Session

Dear Governor Ige,

As General Manager of the Prince Waikiki, representing 400 local employees we oppose using the Transient Accommodations Tax (TAT) as a funding source for the Honolulu rail transit project.

The transient accommodations tax which was originally established for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily raised over the years despite our objections. However, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending. Imposing yet another increase would not be in keeping with the enabling legislation, while adding to our visitors' vacation expenses. And we remember all too vividly when we were told by government officials that raising the TAT to 9.25 percent would just be a "temporary" measure to address budget shortfalls; in fact, it turned out to be permanent.

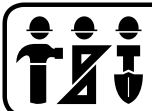
Hawaii had the **third-highest** total tax rate among the 50 states when it comes to taxing visitors who stay in hotels and recorded highest lodging tax revenue collected of **\$594.1 million** in lodging tax revenues in fiscal year 2015, according to its 2016 HVS Lodging Tax Report. Any further increase in TAT will significantly impede Hawaii's ability to remain competitive in the tourism industry.

Prince Waikiki is adamant in opposing tax proposals that would adversely affect our residents, as well as the visitor industry, by raising the expense of accommodations, increasing the cost of a Hawaiian vacation, and making it even more difficult to compete against lower-priced national and international destinations. Mahalo for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Charles Abbott".

Charles Abbott  
General Manager



**RALPH S. INOUE CO LTD**  
**GENERAL CONTRACTOR**

500 Alakawa St., #220E  
Honolulu, Hawaii 96817

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F: 808.833.5971

License No. ABC-457  
Founded in 1962

August 11, 2017

TO: HONORABLE MEMBERS OF THE SENATE COMMITTEE ON  
TRANSPORTATION AND ENERGY, SENATE COMMITTEE ON PUBLIC  
SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS AND  
COMMITTEE ON WAYS AN MEANS

HONORABLE MEMBERS OF THE HOUSE COMMITTEE ON  
TRANSPORTATION AND COMMITTEE ON FINANCE

SUBJECT: **SUPPORT OF RAIL PROJECT AND A FUNDING MECHANISM THAT WILL  
ENSURE RAIL IS BUILT TO ALA MOANA WITHOUT JEOPARDIZING CITY  
FINANCES**

Informational Briefing

DATE: Monday, August 14  
TIME: 10:00 AM  
PLACE: Capitol Auditorium

Dear Members of the Joint Committees,

Ralph S Inouye Co, Ltd (RSI), a Hawaii general contractor and member of the General Contractors Association of Hawaii, **supports** the Honolulu Rail project and a funding bill that will ensure the project is built as originally planned and designed to Ala Moana Center.

While details of the funding proposals are being considered it is important that the funding mechanism ensures the following: that the Full Funding Grant Agreement is satisfied by using the same technology, same route and being built to Ala Moana; creates new funding that will withstand any legal challenges, because any delay will increase costs; and lastly that the funding is adequate and will not jeopardize other county resources already dedicated to protect public health, safety and welfare.

The 20-mile Rail project has been under construction in West Oahu for years now and as it approaches the downtown area we need to ensure that adequate funding is available to ensure it is completed. The completed rail system will provide permanent jobs, transportation alternatives, traffic alleviation, reduction in the use of fossil fuels, and incentivize more affordable housing. These benefits could result in increased spending and will help create a multiplier effect that will positively impact the state's economy. Furthermore, the project will encourage Transit-Oriented Development (TOD) around the rail stations and along the route, which will in turn support developing affordable housing that create sustainable and more livable communities.

If rail is not built to Ala Moana because of a funding shortfall it will be disastrous for Oahu and future infrastructure projects using federal dollars. If the project is not built as planned Honolulu stands to lose \$1.5B of federal funding, could be subject to lawsuits due to canceled contracts and planned affordable housing projects could be jeopardized. Furthermore, commercial investments in these areas will likewise suffer. Please ensure that the funding mechanism set forth provides adequate new funding that will ensure the success of the project and not jeopardize the future of Honolulu. Thank you for your support.





**S & M SAKAMOTO, INC.**  
GENERAL CONTRACTORS

August 14, 2017

TO: HONORABLE MEMBERS OF THE SENATE COMMITTEE ON TRANSPORTATION AND ENERGY, SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS AND COMMITTEE ON WAYS AN MEANS

HONORABLE MEMBERS OF THE HOUSE COMMITTEE ON TRANSPORTATION AND COMMITTEE ON FINANCE

SUBJECT: **SUPPORT OF RAIL PROJECT AND A FUNDING MECHANISM THAT WILL ENSURE RAIL IS BUILT TO ALA MOANA WITHOUT JEOPARDIZING CITY FINANCES**

Informational Briefing

DATE: Monday, August 14  
TIME: 10:00 AM  
PLACE: Capitol Auditorium

Dear Members of the Joint Committees,

**S & M Sakamoto, Inc. supports** the Honolulu Rail project and a funding bill that will ensure the project is built as originally planned and designed to Ala Moana Center.

While details of the funding proposals are being considered it is important that the funding mechanism ensures the following: that the Full Funding Grant Agreement is satisfied by using the same technology, same route and being built to Ala Moana; creates new funding that will withstand any legal challenges, because any delay will increase costs; and lastly that the funding is adequate and will not jeopardize other county resources already dedicated to protect public health, safety and welfare.

The 20-mile Rail project has been under construction in West Oahu for years now and as it approaches the downtown area we need to ensure that adequate funding is available to ensure it is completed. The completed rail system will provide permanent jobs, transportation alternatives, traffic alleviation, reduction in the use of fossil fuels, and incentivize more affordable housing. These benefits could result in increased spending and will help create a multiplier effect that will positively impact the state's economy. Furthermore, the project will encourage Transit-Oriented Development (TOD) around the rail stations and along the route, which will in turn support developing affordable housing that create sustainable and more livable communities.

If rail is not built to Ala Moana because of a funding shortfall it will be disastrous for Oahu and future infrastructure projects using federal dollars. If the project is not built as planned Honolulu stands to lose \$1.5B of federal funding, could be subject to lawsuits due to canceled contracts and planned affordable housing projects could be jeopardized. Furthermore, commercial investments in these areas will likewise suffer. Please ensure that the funding mechanism set forth provides adequate new funding that will ensure the success of the project and not jeopardize the future of Honolulu. Thank you for your support.

Sincerely,

Gerard Sakamoto  
Chairman of the Board



August 8<sup>th</sup>, 2017

The Honorable David Y. Ige  
Governor of Hawai'i  
415 S Beretania St #5  
Honolulu, HI 96813

RE: 2017 Legislative Special Session

Dear Governor Ige,

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, of which 170 are lodging properties with more than 51,000 rooms—opposes using the transient accommodations tax as a funding source for the Honolulu rail transit project.

We recommend instead that rail funding come from extending the general excise tax surcharge. And if a tax increase is warranted, it should be from the GET and not the TAT.

**The GET is a broad-based and stable revenue source:** The general excise tax is a broad-based tax that is paid by residents and visitors alike, but its revenue largely benefits our local community. It is also a relatively stable source of revenue, as opposed to transient accommodations revenues that fluctuate with the health of the hospitality industry.

**Rail will benefit residents:** As envisioned, the rail system will serve the broadest ridership and reach our densest job centers. In this regard, we firmly believe the transit line must reach Ala Moana Center, its original terminus, and eventually be extended to serve the Manoa campus of the University of Hawai'i, to be at its most effective for residents. A station at the Daniel K. Inouye International Airport will be an important stop for the thousands of airport-area employees, not to mention the millions of tourists who visit Hawaii yearly and people traveling between the islands. We expect that many of our hospitality industry employees, particularly those who live on the west side, will use rail and the bus to commute into Waikiki and the surrounding areas. Transit-oriented development along the rail line should lead to more affordable workforce housing, revitalized neighborhoods and public education institutions. Given these long-term benefits for our residents, the general excise tax is the appropriate source of revenue to fund the rail system

**TAT revenue is being spent more and more on general government operations:** As our association has pointed out repeatedly over the years, the transient accommodations tax—which was originally established for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily raised over the years despite our objections. However, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending. Imposing yet another increase would not be in keeping with the enabling legislation, while adding to our visitors' vacation expenses. And we remember all too vividly when we were told by government officials that raising the TAT to 9.25 percent would just be a "temporary" measure to address budget shortfalls; in fact, it turned out to be permanent

## Sheraton®

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F 808 661 0458  
[sheraton.com/maui](http://sheraton.com/maui)



**Record visitor arrivals do not equate to record profitability:** The tourism industry is midway through our sixth consecutive year of increased visitor arrivals, but this does not mean that this money is going into the pockets of hoteliers. Rather, the hospitality industry is faced with ever-increasing costs for employee payroll and benefits (over 40 percent of expenses are for personnel costs alone), taxes, electricity and gas, water and sewage, supplies and contracted services, and all the other expenses associated with a major enterprise. And year after year, hotel property owners must invest millions of dollars, in the face of rising construction costs, not only on general maintenance but in facility upgrades or major renovations to remain competitive. Furthermore, all this spending goes into the local economy, generating even more tax revenue.

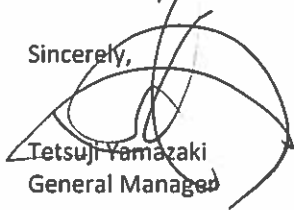
It bears mention that real property taxes on hotels constitute a major operating expense that must be passed on to our guests. O'ahu's property tax revenues from the hotel-resort class have nearly doubled over the past five years to a current \$170 million. This year alone, property taxes for hotels and resorts in all four counties will reach a projected \$300 million, a rise of 50 percent over the past five years.

**Contributions to the community and our quality of life:** The hospitality industry has been a major contributor to the community throughout our history, generous in our support of many causes that enhance the quality of life for all residents. Among them, we organize the annual Charity Walk, which has raised more than \$32 million during its history, with all of this money devoted to local charitable organizations. We have raised \$2 million to address the homelessness situation statewide in the last few years and are poised to provide more funding to help nonprofits assist local government in this critical endeavor. We grant over \$50,000 a year in scholarships to public school seniors across the state, and support college students pursuing travel industry degrees. We have donated money for beach replenishment, public safety, the replacement of air-conditioning and other infrastructure needs at our public schools, contributed supplies for elementary schools, are leaders in the Aloha United Way annual campaign, and given back to our home in many other ways.

According to the Hawai'i Tourism Authority and Department of Business, Economic Development & Tourism, tourism accounts for 190,000 jobs in the islands, either directly or indirectly. Nearly 40,000 of those jobs are in the lodging sector. The Hawai'i Lodging & Tourism Association is adamant in opposing tax proposals that would adversely affect our residents, as well as the visitor industry, by raising the expense of accommodations, increasing the cost of a Hawaiian vacation, and making it even more difficult to compete against lower-priced national and international destinations.

Mahalo for your consideration.

Sincerely,



Tetsuji Yamazaki  
General Manager

Cc: The Honorable Ronald Kouchi, Senate President  
The Honorable Scott Saiki, Speaker of the House

**Sheraton**

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TRUMP® INTERNATIONAL HOTEL  
WAIKIKI

August 11, 2017

Testimony of:

Scott Ingwers  
Regional Vice President, Trump International Hotel Waikiki  
Chairperson, Hawaii Lodging and Tourism Association  
Co-chairperson, 2017 Visitor Industry Charity Walk

RE: 2017 Legislative Special Session

Dear Chair Inouye and members of the Senate Committee on Transportation and Energy:

Please accept this testimony on behalf of Trump International Hotel Waikiki as well as The Hawai'i Lodging & Tourism Association in opposition to using the transient accommodations tax as a funding source for the Honolulu rail transit project.

We would respectfully recommend that rail funding come from extending the general excise tax surcharge. And if a tax increase is warranted, it should be from the GET and not the TAT.

The GET is a broad-based tax that is paid by residents and visitors alike, but its revenue largely benefits our local community. It is also a relatively stable source of revenue, as opposed to transient accommodations revenues that fluctuate with the health of the hospitality industry.

We expect that many of our hospitality industry employees, particularly those who live on the west side, will use rail and the bus to commute into Waikiki and the surrounding areas. Transit-oriented development along the rail line should lead to more affordable workforce housing, revitalized neighborhoods and public education institutions. Given these long-term benefits for our residents, the GET is the appropriate source of revenue to fund the rail system.

As our association has pointed out repeatedly over the years, the TAT—which was originally established for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily raised over the years despite our objections. However, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending.

Imposing yet another increase would not be in keeping with the enabling legislation, while adding to our visitors' vacation expenses. We are in a battle for visitors with destinations such as Los Cabos, Mexico, which continue to present a sound alternative to Hawaii based largely on cost and proximity. There is

no question that increasing the TAT will have a negative effect on our ability to be competitive with less expensive tropical beach destinations.

The tourism industry is midway through our sixth consecutive year of increased visitor arrivals, but this does not mean that this money is going into the pockets of hoteliers. Rather, the hospitality industry is faced with ever-increasing costs for employee payroll and benefits (over 40 percent of expenses are for personnel costs alone), taxes, electricity and gas, water and sewage, supplies and contracted services, and all the other expenses associated with a major enterprise. Many of these increased visitor arrivals are heading to Transient Vacation Rental units, which are still not taxed, as you are no doubt aware.

The hospitality industry has been a major contributor to the community throughout our history, generous in our support of many causes that enhance the quality of life for all residents. Among them, we organize the annual Charity Walk, which has raised more than \$32 million during its history, with all of this money devoted to local charitable organizations. We have raised \$2 million to address the homelessness situation statewide in the last few years and are poised to provide more funding to help nonprofits assist local government in this critical endeavor. We grant over \$50,000 a year in scholarships to public school seniors across the state, and support college students pursuing travel industry degrees. We have donated money for beach replenishment, public safety, the replacement of air-conditioning and other infrastructure needs at our public schools, contributed supplies for elementary schools, are leaders in the Aloha United Way annual campaign, and given back to our home in many other ways.

According to the Hawai'i Tourism Authority and Department of Business, Economic Development & Tourism, tourism accounts for 190,000 jobs in the islands, either directly or indirectly. Nearly 40,000 of those jobs are in the lodging sector. The organizations that are represented by this position letter are adamant in opposing tax proposals that would adversely affect our residents, as well as the visitor industry, by raising the expense of accommodations, increasing the cost of a Hawaiian vacation, and making it even more difficult to compete against lower-priced national and international destinations.

Mahalo for your consideration.



**UNLIMITED**  
CONSTRUCTION SERVICES, INC

License #ABC-16638

August 14, 2017

TO: HONORABLE MEMBERS OF THE SENATE COMMITTEE ON TRANSPORTATION AND ENERGY, SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS AND COMMITTEE ON WAYS AN MEANS

HONORABLE MEMBERS OF THE HOUSE COMMITTEE ON TRANSPORTATION AND COMMITTEE ON FINANCE

SUBJECT: **SUPPORT OF RAIL PROJECT AND A FUNDING MECHANISM THAT WILL ENSURE RAIL IS BUILT TO ALA MOANA WITHOUT JEOPARDIZING CITY FINANCES**

Informational Briefing  
DATE: Monday, August 14  
TIME: 10:00 AM  
PLACE: Capitol Auditorium

Dear Members of the Joint Committees,

**Unlimited Construction Services, Inc. supports** the Honolulu Rail project and a funding bill that will ensure the project is built as originally planned and designed to Ala Moana Center.

While details of the funding proposals are being considered it is important that the funding mechanism ensures the following: that the Full Funding Grant Agreement is satisfied by using the same technology, same route and being built to Ala Moana; creates new funding that will withstand any legal challenges, because any delay will increase costs; and lastly that the funding is adequate and will not jeopardize other county resources already dedicated to protect public health, safety and welfare.

The 20-mile Rail project has been under construction in West Oahu for years now and as it approaches the downtown area we need to ensure that adequate funding is available to ensure it is completed. The completed rail system will provide permanent jobs, transportation alternatives, traffic alleviation, reduction in the use of fossil fuels, and incentivize more affordable housing. These benefits could result in increased spending and will help create a multiplier effect that will positively impact the state's economy. Furthermore, the project will encourage Transit-Oriented Development (TOD) around the rail stations and along the route, which will in turn support developing affordable housing that create sustainable and more livable communities.

If rail is not built to Ala Moana because of a funding shortfall it will be disastrous for Oahu and future infrastructure projects using federal dollars. If the project is not built as planned Honolulu stands to lose \$1.5B of federal funding, could be subject to lawsuits due to canceled contracts and planned affordable housing projects could be jeopardized. Furthermore, commercial investments in these areas will likewise suffer. Please ensure that the funding mechanism set forth provides adequate new funding that will ensure the success of the project and not jeopardize the future of Honolulu. Thank you for your support.

Jay Manzano  
President

**From:** [Gayle Miyashiro](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony in Opposition of the Use of the Transient Accommodations Tax as a Funding Source for the Honolulu Rail Project  
**Date:** Friday, August 11, 2017 5:37:58 PM

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**WRITTEN TESTIMONY OF GAYLE MIYASHIRO  
WAIKIKI RESORT HOTEL**

**Committee on Transportation and Energy, Senator Lorraine R. Inouye, Chair**

**Committee on Public Safety, Intergovernmental and Military Affairs,  
Senator Clarence K. Nishihara, Chair**

**Committee on Ways and Means, Senator Donovan M. Dela Cruz, Chair**

**Committee on Transportation, Representative Henry J. C. Aquino, Chair**

**Committee on Finance, Representative Sylvia Luke, Chair**

**Testimony in Opposition of the Use of the Transient Accommodations Tax as a  
Funding Source for the Honolulu Rail Project**

Esteemed members of the Senate and House of Representatives. My name is Gayle Miyashiro and I am the Executive Assistant to the General Manager, Human Resources and Labor Relations for the Waikiki Resort Hotel.

The visitor industry in Hawaii is the State's most lucrative source of revenue. Each year millions of visitors look forward to visiting our beautiful islands and enjoy their dream vacation of sun and fun at iconic locations like Waikiki Beach. The hospitality industry does their best to fulfill all expectations and works to ensure that visitors continue to view Hawaii as the best destination for their next vacation.

As we all know the cost of living and the cost of doing business in Hawaii only increases. We are rapidly reaching a point where the cost will exceed any return on investment. The costs of labor and maintaining a desirable infrastructure will be crippled by any additional tax burden. The Hospitality industry already carries the lion's share of taxes compared to any other economic sector in the State.

With respect, the Waikiki Resort Hotel **opposes** using the Transient Accommodations Tax (TAT) to fund the Honolulu Rail Project and asks that you consider other avenues to fund any future rail expenses. Thank you for your consideration!

Gayle Miyashiro  
Executive Assistant/Human Resources  
Waikiki Resort Hotel  
2460 Koa Avenue  
Honolulu, Hawaii 96815  
Phone: 808-921-8613

Fax: 808-921-8609

Email: [gmiyashiro@waikikiresort.com](mailto:gmiyashiro@waikikiresort.com)

Web: [www.waikikiresort.com](http://www.waikikiresort.com)





Randy Perreira  
President

# HAWAII STATE AFL-CIO

345 Queen Street, Suite 500 • Honolulu, Hawaii 96813

The Twenty-Ninth Legislature, State of Hawaii  
Hawaii State Senate  
Committee on Transportation and Energy

Telephone: (808) 597-1441  
Fax: (808) 593-2149

Testimony by  
Hawaii State AFL-CIO  
August 14, 2017

The Hawaii State AFL-CIO strongly supports the completion of the Honolulu Rail Transit System and encourages the Hawaii State Legislature to move forward a bill that will allow the rail project to be built as planned.

Traffic on Oahu is continually getting worse. Each year, there are thousands of new vehicles on the road creating additional gridlock, increased frustration, and more time spent in a vehicle instead of at home with loved ones. Increasingly, commuters from West Oahu face the daunting reality that traveling to Honolulu or back to West Oahu can take upwards of three to four hours round-trip and on a bad day it could be considerably worse. Rail will help alleviate the daily traffic nightmare that so many commuters face and improve the quality of life for many.

Further, Oahu voters in 2008 approved the Honolulu Rail Transit Project and were promised a rail system that would be operational no later than 2020 - though that date seems to be out of reach today. In addition, the U.S. Department of Transportation signed a \$1.55 billion federal funding agreement to help build the 20-mile rail project. Unfortunately, lawsuits and other complications caused significant delays resulting in a number of unexpected costs. As a result, the rail project has gone over budget. Without extending or making permanent the half-percent increase to the general excise tax or using some other creative tax solution, the HART will not be able to complete the 20-mile planned route and Oahu taxpayers will be on the hook of paying back the federal government the \$1.55 billion they provided. In addition, a shortened rail line may not have as great of an impact reducing traffic.

Consequently, the Hawaii State AFL-CIO strongly urges the passage of a rail bill that will ensure adequate funding and meet the requirements needed of the full-funding grant agreement.

Thank you for the opportunity to testify.

Respectfully submitted,

Randy Perreira  
President

# Hawai'i Construction Alliance

P.O. Box 179441  
Honolulu, HI 96817  
(808) 348-8885

---

August 11, 2017

The Honorable Lorraine R. Inouye, Chair  
The Honorable Will Espero, Vice Chair  
and members  
Senate Committee on Transportation and Energy

The Honorable Clarence K. Nishihara, Chair  
The Honorable Glenn Wakai, Vice Chair  
and members  
Senate Committee on Public Safety,  
Intergovernmental, and Military Affairs

The Honorable Donovan M. Dela Cruz, Chair  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair  
and members  
Senate Committee on Ways and Means

The Honorable Henry J.C. Aquino, Chair  
The Honorable Sean Quinlan, Vice Chair  
and members  
House Committee on Transportation

The Honorable Sylvia Luke, Chair  
The Honorable Ty J.K. Cullen, Vice Chair  
and members  
House Committee on Finance

Hawai'i State Legislature  
Honolulu, Hawai'i 96813

## **RE: Strong Support for Funding Agreement for the Honolulu Rail Transit Project**

Dear Chairs Inouye, Nishihara, Dela Cruz, Aquino, and Luke, and  
Vice Chairs Espero, Wakai, Keith-Agaran, Quinlan, and Cullen:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; the Laborers' International Union of North America, Local 368; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

We have been strong advocates for the full build out of the Honolulu Rail Transit Project from West Kapolei to the University of Hawai'i at Mānoa. We believe this project is an important endeavor which will:

- Provide commuters with a fast, safe, and reliable alternative to driving in traffic congestion, eliminating tens of thousands of trips that would otherwise be taken in private vehicles;
- Generate thousands of jobs in construction, engineering, and related fields, as well as additional indirect jobs in all sectors of our island's economy;

- Create the potential for transit-oriented development to take place in and around station areas, allowing families to more affordably live, work, shop, and play closer to home; and
- Offer a more sustainable future for our island home through reduced CO<sub>2</sub> emissions and less dependence on costly, imported oil.

We are proud that many of our members have already been involved in relocating utilities along the route, constructing the facilities at the Rail Operations Center, drilling and pouring hundreds of shafts and columns, preparing balanced cantilever structures over the H-1 freeway, casting and erecting the thousands of segments which comprise the first half of the guideway, and performing the initial work for the westernmost stations. We look forward to having even more members work on this historic project in the years ahead.

**To that end, we write to express our strong and unwavering support for an agreement to provide the funding necessary so that the project can be fully funded from East Kapolei to Ala Moana Center at minimum, and eventually beyond to West Kapolei and the University of Hawai'i at Mānoa.**

A funding agreement is critical for the completion of the project and so that the City and County of Honolulu can meet its obligations under its current Full Funding Grant Agreement with the Federal Transit Administration. Without a reliable source of funding to complete the project, we are concerned that the project may face the loss of federal funds, costly litigation, and delays to the project's timeline. Such a scenario is unconscionable. Therefore, we appreciate and applaud the efforts of the legislature to come to a final agreement to provide necessary funding in anticipation of the upcoming special session.

Mahalo for the opportunity to provide these comments.

Sincerely,

A handwritten signature in black ink that reads "Tyler Dos Santos-Tam". The signature is written in a cursive, flowing style.

Tyler Dos Santos-Tam  
Executive Director  
Hawai'i Construction Alliance  
[execdir@hawaiiconstructionalliance.org](mailto:execdir@hawaiiconstructionalliance.org)



August 11, 2017

Hawaii Steel Alliance, Inc.

P. O. Box 2880

Aiea, HI 96701

(808) 485-1400

(808) 748-0681 fax

www.hawaiisteel.com

info@hawaiisteel.com

TO: HONORABLE MEMBERS OF THE SENATE COMMITTEE ON  
TRANSPORTATION AND ENERGY, SENATE COMMITTEE ON PUBLIC SAFETY,  
INTERGOVERNMENTAL AND MILITARY AFFAIRS AND COMMITTEE ON  
WAYS AN MEANS

HONORABLE MEMBERS OF THE HOUSE COMMITTEE ON TRANSPORTATION  
AND COMMITTEE ON FINANCE

SUBJECT: **SUPPORT OF RAIL PROJECT AND A FUNDING MECHANISM THAT WILL  
ENSURE RAIL IS BUILT TO ALA MOANA WITHOUT JEOPARDIZING CITY  
FINANCES**

Informational Briefing

DATE: Monday, August 14

TIME: 10:00 AM

PLACE: Capitol Auditorium

Dear Members of the Joint Committees,

The Hawaii Steel Alliance, Inc. (a Hawaii not-for-profit 501(c)6 trade association) supports the Honolulu Rail project and a funding bill that will ensure the project is built as originally planned and designed to Ala Moana Center.

While details of the funding proposals are being considered it is important that the funding mechanism ensures the following: that the Full Funding Grant Agreement is satisfied by using the same technology, same route and being built to Ala Moana; creates new funding that will withstand any legal challenges, because any delay will increase costs; and lastly that the funding is adequate and will not jeopardize other county resources already dedicated to protect public health, safety and welfare.

The 20-mile Rail project has been under construction in West Oahu for years now and as it approaches the downtown area we need to ensure that adequate funding is available to ensure it is completed. The completed rail system will provide permanent jobs, transportation alternatives, traffic alleviation, reduction in the use of fossil fuels, and incentivize more affordable housing. These benefits could result in increased spending and will help create a multiplier effect that will positively impact the state's economy. Furthermore, the project will encourage Transit-Oriented Development (TOD) around the rail stations and along the route, which will in turn support developing affordable housing that create sustainable and more livable communities.

If rail is not built to Ala Moana because of a funding shortfall it will be disastrous for Oahu and future infrastructure projects using federal dollars. If the project is not built as planned Honolulu stands to lose \$1.5B of federal funding, could be subject to lawsuits due to canceled contracts and planned affordable housing projects could be jeopardized. Furthermore, commercial investments in these areas will likewise suffer. Please ensure that the funding mechanism set forth provides adequate new funding that will ensure the

success of the project and not jeopardize the future of Honolulu. Thank you for your support.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy J. Waite". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Timothy J. Waite, P.E.  
2017/2018 HSA Director

The Twenty-Ninth Legislature  
Interim of 2017

STATE SENATE AND HOUSE OF REPRESENTATIVES

Senate Committee on Transportation and Energy

Senator Lorraine R. Inouye, Chair

Senator Will Espero, Vice Chair

Senate Committee on Public Safety, Intergovernmental, and Military Affairs

Senator Clarence K. Nishihara, Chair

Senator Glenn Wakai, Vice Chair

Senate Committee on Ways and Means

Senator Donovan M. Dela Cruz, Chair

Senator Gilbert S.C. Keith-Agaran, Vice Chair

House Committee on Transportation

Representative Henry J.C. Aquino, Chair

Representative Sean Quinlan, Vice Chair

House Committee on Finance

Representative Sylvia Luke, Chair

Representative Ty J.K. Cullen, Vice Chair

State Capitol, Auditorium

Monday, August 14, 2017; 10:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON THE CITY AND COUNTY OF HONOLULU'S  
RAPID TRANSIT SYSTEM**

The ILWU Local 142 supports necessary funding to complete the Rail Project for the Island of Oahu. The Rail Project is the single largest capital improvement project in the State's history. Given the current financial shortfall, the Special Session now scheduled to begin on August 28, 2017, is the reasonable and responsible approach to resolving this issue. Given the financial resources and time that has been invested, and the fact that a substantial part of the Rail Project has already been completed, establishes strong justification for the Legislature to agree to a funding formula that will resolve this financial issue.

We acknowledge that there have been differing well-meaning proposals as to how best to provide for sufficient funding to complete this important project and to accommodate concerns regarding getting the job done in a responsible and cost effective manner. However, it is our belief that without a solution to the funding shortfall, there will be no completed Rail Project and other concerns will be moot. Funding is first.

It would make no sense to "pull the plug" on the Rail Project at this time. In addition, the longer it takes to resolve the financial issues, costs could climb further, and greater uncertainties would undermine the entire project. Rather, the State Legislature should exercise its best judgment and wisdom in the upcoming deliberations (at the Special Session) to arrive at a fair, sensible, and just outcome.

The ILWU Local 142 strongly urges the five legislative standing committees to exercise their roles, to facilitate a successful outcome to the funding shortfall, related to the City and County of Honolulu's Rapid Transit System. Thank you for the opportunity to share our views on this important matter.



# INTERNATIONAL ASSOCIATION OF BRIDGE, STRUCTURAL, ORNAMENTAL AND REINFORCING IRON WORKERS

*Affiliated with A.F.L.-C.I.O.*

**LOCAL UNION NUMBER 625**

94-497 UKEE STREET • WAIPAHU, HAWAII 96797

**T.G. Paris**  
President Emeritus

August 10, 2017

Ronald Kouchi, President  
Hawaii State Senate  
State Capitol  
415 S. Beretania Street  
Honolulu, Hawaii 96813

The Honorable Scott Saiki, Speaker  
Hawaii State House of Representative  
State Capitol  
415 S. Beretania Street  
Honolulu, Hawaii 96813

Dear President Kouch and Speaker Saiki:

Enclosed please find a letter signed by many labor union leaders, supporting the extension of the present GET at 0.5% in perpetuity or at least thirty years. The signatories believe that the rail project, as voted on by the people of Honolulu in 2008, ought to be completed — 20-miles, elevated fixed guideway rail system from East Kapolei to the Ala Moana center.

Sincerely yours,

T. George Paris  
Managing Director  
Hawaii Ironworkers Stabilization Fund

Joseph O'Donnell  
Financial Secretary/Treasurer  
Business Manager

Enclosure

cc: Senate Committee on Transportation and Energy  
Lorraine R. Inouye, Chair

# IRON WORKERS STABILIZATION FUND

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Senate Committee on Transportation and Energy  
Lorraine R. Inouye, Chair  
Informational Briefing

Monday, August 14, 2017  
Auditorium  
State Capitol  
415 South Beretania Street

TRETestimony@capitol.hawaii.gov

## ***Funding Solution***

We support the Honolulu Rail Project – a 20-mile, elevated fixed guideway rail system from East Kapolei to the Ala Moana Center – through the extension of the City and County of Honolulu surcharge on the general excise tax (GET) at 0.5% *in perpetuity* or *at least an additional 30 years*.

## ***Quality of Life and Transit Alternative***

Rail will improve the quality of life for people, particularly those in West O‘ahu and the second city of Kapolei. Our community members waste many hours in traffic – decreasing their quality of life – keeping them from time with family and friends. Rail will be a transit alternative that will reduce transportation cost for local families.

## ***Public Support***

In 2008, the people of the City and County of Honolulu voted to create a rail transit system (Rail). In the March 2017 poll done by Tulchin Research, 60% percent of O‘ahu Residents said that the rail project should be built as planned to Ala Moana center. (Hawaii News Now, April 17) We believe that finishing the rail to Ala Moana center is clearly supported by the public.

## ***Investing in Today and Future Generations***

Rail is an investment for future generations. Our predecessors paid for most of the infrastructure that we are enjoying today, from HI-1 to H-3, and our Airports and Harbors. They invested in us, and we should have a duty to invest in those that come after. Rail will also make it possible for our children and grandchildren to live, work, and play close to home. Rail and consequent transit oriented development provides jobs for our community today and into the future. Rail will provide opportunities for affordable housing, livable and walkable communities, decreased cost of energy on community wide transportation, and a cost effective transportation alternative.



# IRON WORKERS STABILIZATION FUND

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## *Fiscal Responsibility*

Any deviation from the Full Funding Grant Agreement could result in the loss of the \$1.55-billion-dollar grant. Further, estimates to take down what has been constructed to this point are approximately \$3.5-billion-dollars. So, if we were to completely stop Rail today, *tax payers would have to pay approximately \$5-billion-dollars*, without anything to show in return. Moreover, if we are to make changes to the current plan to Ala Moana center, it will require additional studies, invite legal suits, and result in construction project delays – all contributing to increased total project cost on taxpayers.

## *Firm Funding for Modern Transportation System*

A firm funding source, like an extension to the City and County of Honolulu surcharge on the GET, will allow the completion of the first leg of the Rail to Ala Moana center. It will also provide resources for additional spurs, to the University of Hawai'i at Mānoa, to central O'ahu, to Makaha, and beyond.

## *The Common Good*

Let us look to patriots like Senator John McCain (R) and Hawai'i's own Senator Mazie Hirono (D) as examples of putting the common good first. While both were facing life threatening health issues, they both stood up for the health care of millions of Americans. Why? Because it was the right thing to do. Like affordable and accessible Health care, Rail is not a partisan issue. Rail is about making Hawai'i better for everyone, especially the least among us.

We call upon our legislators to support a funding solution for Rail. We hope that our elected officials are not simply concerned about their own re-elections and retirement package under the HI-3/HI-5 system, including life-time health care, pension, and annuity. We ask Hawai'i's legislators to heed the example of Senators McCain and Hirono, and do the right thing. Fund Rail. Let people remember our state for standing up for the common good.

Sincerley,



T. George Paris  
Managing Director



# LiUNA!

## TESTIMONY OF HAWAII LABORERS UNION LOCAL 368 PETER GANABAN – BUSINESS MANAGER

**PETER A. GANABAN**  
*Business Manager/  
Secretary-Treasurer*

**ALFONSO OLIVER**  
*President*

**JOBY NORTH II**  
*Vice President*

**TONI FIGUEROA**  
*Recording Secretary*

**JAMES DRUMGOLD JR.**  
*Executive Board*

**ORLANDO PAESTE**  
*Executive Board*

**JOSEPH YAW**  
*Executive Board*

**ROBERT DICION**  
*Auditor*

**RUSSELL NAPIHA'A**  
*Auditor*

**MARK TRAVALINO**  
*Auditor*

**ALFRED HUFANA JR.**  
*Sergeant-At-Arms*

### COMMITTEE ON TRANSPORTATION AND ENERGY

Senator Lorraine R. Inouye, Chair  
Senator Will Espero, Vice Chair

### COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS

Senator Clarence K. Nishihara, Chair  
Senator Glenn Wakai, Vice Chair

### COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

### COMMITTEE ON TRANSPORTATION

Rep. Henry J.C. Aquino, Chair  
Rep. Sean Quinlan, Vice Chair

### COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair  
Rep. Ty J.K. Cullen, Vice Chair

### NOTICE OF INFORMATIONAL BRIEFING

DATE: Monday, August 14, 2017

TIME: 10:00 am

PLACE: Capitol Auditorium

## TESTIMONY ON SENATE BILL 1183, SD2, HD1 RELATING TO TAXATION

Aloha Committee Chairs, Vice Chairs and Committee Members:

My name is Peter Ganaban, Business Manager of the Hawaii Laborers Union, Local 368. The Hawaii Laborers Union, Local 368 is made up of more than 5000 men and women both working and retired across the State of Hawaii.

LiUNA Local 368  
1617 Palama Street  
Honolulu, HI 96817  
Phone: (808) 841-5877  
Fax: (808) 847-7829  
www.local368.org

*Feel the Power*

The Hawaii Laborers Union, Local 368 **SUPPORTS** the effort to fund the construction of Honolulu's Rail Project to completion (the full 20 miles to Ala Moana, 21 stations, and 80 cars).

While different scenarios for funding the construction of the City's Rail system have been floated both during and after regular session, we feel that the safest and most reliable way to fund the construction of the Rail system can only be done by way of extending the 1/2 percent G.E.T. surcharge.

However, any funding **must also completely fund the Rail project to completion.** Any shortfall in funding by the Legislature could result in the City having to increase property taxes which could significantly impact our members who both own and rent their homes.

A shortfall in funding could mean that in addition to the ½ percent G.E.T. surcharge our members are presently (until 2027) paying, the City would be faced with possibility of having to impose an increase in real property taxes. This scenario could have a devastating effect on the financial stability of our members and especially our retirees who work hard to either own or rent their homes.

While the G.E.T. has an impact on our members and retirees, it is spread out over time. An increase in property taxes will come as a lump sum bill that many may not be able to afford.

We feel that the least amount of impact to our members and retirees is an adequate and appropriate extension of the G.E.T. surcharge that is currently being used to fund the City's Rail project.

While, it may ultimately become the City's responsibility as to whether or not they will fund the any shortfall (through real property tax increases, or by way of reducing core services, or both) **IT IS completely within the Legislature's power** to ensure that there is **NO SHORTFALL** in funding in the first place.

Thank you for the opportunity to testify.



Peter A. Ganaban  
Business Manager/Secretary-Treasurer  
Hawaii Laborers' Union, Local 368



**OPERATIVE PLASTERERS' AND CEMENT MASONS'  
INTERNATIONAL ASSOCIATION LOCAL #630, AFL-CIO**

2251 North School Street • Honolulu, HI 96819  
Phone No.: (808) 841-0491 • Fax No.: (808) 847-4782



SENATE COMMITTEE ON TRANSPORTATION  
AND ENERGY

Honorable Lorraine R. Inouye, Chair,  
Honorable Will Espero, Vice Chair

SENATE COMMITTEE ON PUBLIC SAFETY,  
INTERGOVERNMENTAL, AND MILITARY  
AFFAIRS

Honorable Clarence K. Nishihara, Chair  
Honorable Glenn Wakai, Vice Chair

SENATE COMMITTEE ON WAYS AND MEANS

Honorable Donovan M. Dela Cruz, Chair  
Honorable Gilbert S.C. Keith-Agaran, Vice Chair

HOUSE COMMITTEE ON TRANSPORTATION

Honorable Henry J.C. Aquino, Chair  
Honorable Sean Quinlan, Vice Chair

HOUSE COMMITTEE ON FINANCE

Honorable Sylvia Luke, Chair  
Honorable Ty J.K. Cullen, Vice Chair

**Statement of the Operative Plasterers' and Cement Masons' International  
Association Local #630 in Support of the Honolulu Rail Transit Project**

Monday, August 14, 2017 - 10:00 a.m., State Capitol Auditorium

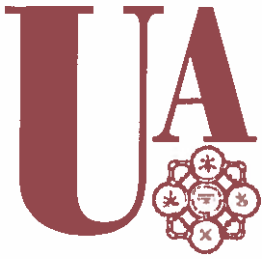
Dear Senate and House Committee Chairs Inouye, Nishihara, Dela Cruz, Aquino, and Luke; and Vice Chairs Espero, Wakai, Keith-Agaran, Quinlan, and Cullen,

The Operative Plasterers' and Cement Masons' International Association (OPCMIA) Local #630 represents 1,000 plasterers and cement masons in the state of Hawaii. We **strongly support** the Honolulu Rail Transit Project and a funding bill that will ensure construction of the project's full 20 miles and 21 stations.

OPCMIA Local #630 supports extending Oahu's General Excise Tax (GET) surcharge an additional 10 years beyond the current December 31, 2027 sunset date to complete the rail project. We believe funding the rail project through Transit Accommodations Tax (TAT) poses potential risk, since this method has not been fully vetted. We also believe increasing property tax to fund the project will create a huge financial burden to homeowners, potential homeowners, and renters who are already facing some of the highest homeownership and rental rates in the nation.

With the rail guideway constructed to Aloha Stadium, rail station work underway, and the guideway from Aloha Stadium to Middle Street contracted, funding is essential to complete the rail project to Ala Moana Center. To date, HART has received over half of the federal funds from its Full Funding Grant Agreement with the Federal Transit Administration. Inadequate funding could jeopardize the agreement and force the city to repay federal funds already spent on the rail project. Therefore, OPCMIA Local #630 is asking legislators to fund the rail project with a 10-year extension of the 0.5 GET surcharge to ensure its completion.

Thank you for considering our testimony in **strong support** of the Honolulu Rail Transit Project.



Founded 1889

# PLUMBERS AND FITTERS LOCAL 675 UNITED ASSOCIATION



August 12, 2017

The Senate  
House of Representatives  
The Twenty-Ninth Legislature  
Interim of 2017

Date: August 14, 2017  
Time: 10:00am  
Place: Auditorium - State Capitol  
Email: [TRETestimony@capitol.hawaii.gov](mailto:TRETestimony@capitol.hawaii.gov)

**Re: Testimony On Informational Briefing  
Concerning the Honolulu Rapid Transit System**

Dear Chairs, Vice-Chairs and Committee Members:

The Plumbers and Fitters UA Local Union 675 ("Local 675") is pleased to offer this letter of testimony in regards to the August 14, 2017 informational briefing on the Honolulu Rapid Transit System as convened by the Senate Committee on Transportation and Energy, Senate Committee on Public Safety, Intergovernmental and Military Affairs, Senate Committee on Ways and Means, House Committee on Transportation and House Committee on Finance.

First of all, please accept this letter that attests to and affirms Local 675's position of the Honolulu Rapid Transit System (i.e. Honolulu Rail Project.) Contrary to speculative opinions of other parties, Local 675 has and continues to be a strong proponent of this project. Furthermore, and in addition to the direct benefits of the Honolulu Rail Project, Local 675's support is also related to the multitude of community revitalization opportunities that will occur through Transit Orientated Development, such as truly affordable workforce housing, if not for the Honolulu Rail Project.

However, our support should not be misconstrued to assume that our membership is not seriously concerned with the magnitude of fiscal and management defects that have arisen in the fairly early stages of this project. As with our retirees on fixed income, "we need to live within our means!"



Five years behind schedule and nearly double the cost of the original budget of \$5.3 billion, Local 675 believes that it would be irresponsible to blindly invest additional public revenues into the project. The Hawaii State Legislature's position with respect to the accuracy and reliability of the costs estimates and revenue projections offered by the City and County of Honolulu and the Honolulu Authority for Rapid Transit mirrors the position of our membership, and the general public, — it cannot be trusted!

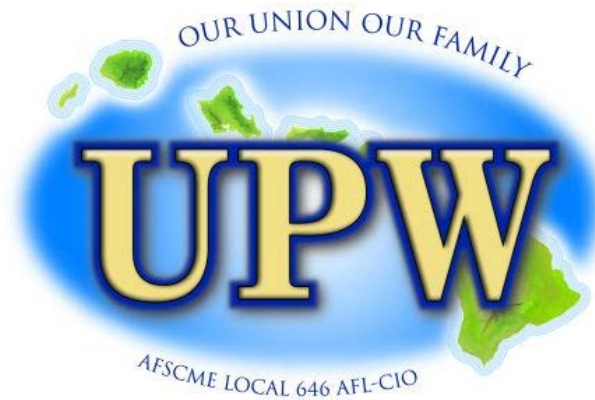
If it is the will of the Hawaii State Legislature to appropriate additional public revenues, either through an extension of the General Excise Tax ("GET") surcharge and/or through another source such as the Tourist Accommodation Tax ("TAT") to alleviate the current shortfall for the project, then it should demand a detailed fiscal accounting of the project, through an extensive forensic audit, prior to its approval. We believe that it would be fiscally irresponsible and a breach of your fiduciary duty to not demand such an accounting. While there are some that claim that such an audit is unnecessary, the majority to those who believe that such an effort is warranted substantially outweighs these "special interests" parties. The old and trusted adage, "we can always learn from our past mistakes," is truly appropriate and necessary given the current state of affairs for the Honolulu Rail Project.

In closing, thank you for the opportunity to clarify the position of the Plumbers and Fitters UA Local Union 675 on the Honolulu Rail Project and for your service to the State of Hawaii.

Respectfully,



Reginald V. Castanares, Jr.  
Business Manager and Financial Secretary



Monday, August 14, 2017

THE HAWAII STATE SENATE  
The Twenty-Ninth Legislature  
Special Session of 2017

COMMITTEE ON TRANSPORTATION AND ENERGY

Senator Lorraine R. Inouye, Chair  
Senator Will Espero, Vice Chair  
Members of the Committee

COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS

Senator Clarence K. Nishihara, Chair  
Senator Glenn Wakai, Vice Chair  
Members of the Committee

COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair  
Members of the Committee

COMMITTEE ON TRANSPORTATION

Representative Henry J.C. Aquino, Chair  
Representative Sean Quinlan, Vice Chair  
Members of the Committee

COMMITTEE ON FINANCE

Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair  
Members of the Committee

DATE OF BRIEFING      Monday, August 14, 2017  
TIME OF HEARING:      10:00 a.m.  
PLACE OF HEARING:    State Capitol Auditorium  
                                 415 South Beretania Street

**TESTIMONY IN SUPPORT OF THE HONOLULU RAIL TRANSIT PROJECT**

By DAYTON M. NAKANELUA,  
State Director of the United Public Workers (UPW)  
AFSCME Local 646, AFL-CIO

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, and AFL-CIO. The UPW is the exclusive bargaining representative for approximately 14,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

The UPW strongly supports the construction and completion of the Honolulu Rail Transit Project up to and including the Ala Moana destination as originally proposed. The rail project will provide an efficient and reliable transportation mode between West Oahu and the Ala Moana Center. The project will also spur the construction of needed housing and commercial offices along the route of the rail line. There will be economic growth opportunities within livable communities.

The City and County Council of Honolulu recently passed on July 12, 2017 Resolution 17-173 authorizing the sale up to \$350,000,000 of General Obligation bonds to finance the capital costs of the Honolulu Rail Project. This Resolution together with a funding plan by the State Legislature will ensure the completion of this historic and vitally important project. We appreciate the diligence, effort and support of the State Legislature, Governor, Mayors and county councils.

Thank you for the opportunity to submit this testimony.





August 14, 2017

TO: The Honorable Members of the Joint Senate and House Committees  
TRANSPORTATION AND ENERGY; PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY  
AFFAIRS; WAYS AND MEANS; TRANSPORTATION; and FINANCE

FR: AMERICAN RESORT DEVELOPMENT ASSOCIATION (ARDA) – HAWAII  
Mitchell Imanaka, Chair of the Executive Committee  
via Blake Oshiro, Executive Director

RE: August 14, 2017 Informational Briefing Testimony in **opposition** to any increase in the  
transient accommodation tax (TAT) and transient occupancy tax (TOT)

The American Resort Development Association – Hawaii (ARDA-Hawaii) is the trade association representing the vacation ownership and resort development industries (timeshares) here in Hawaii. Thank you for the opportunity to submit written testimony in **opposition** to any proposed increase to the transient accommodation tax (TAT) and transient occupancy tax (TOT) to fund the City and County of Honolulu rail project.

Our concern lies in the potential negative impact any increase could have on our currently healthy tourism economy. According to the Department of Business, Economic Development and Tourism, Hawaii's overall economy will slow and not reach prior projections, but is only buoyed by our tourism vitality. <http://www.staradvertiser.com/2017/08/12/business/dbedt-lowers-growth-forecast-for-state/>

The proposed increases in the TAT and TOT are ultimately borne by visitors that could potentially create a drag on our healthy, but always competitive, visitor market. Visitors, especially for our industry where there is a trend to have vacation clubs with choices of destinations, have a multitude of choices for their travel. While the "Hawaii-brand" is always attractive, this must still be balanced and tempered by the associated costs to come and stay here.

Increases to the tax rate will send potentially negative message to visitors, and especially timeshare owners, that they are being targeted to bear the burden of the increases. Hawaii is the only state that taxes owners for use of a property interest that they own under the transient occupancy tax (TOT). Several counties, Kauai, Maui and Hawaii county, have already increased or are nearly about to increase their real property tax rates for hotels and timeshare. Thus, our members already pay their fair share of taxes – TOT, real property, and general excise tax – and any such additional increases create another burden on our visitors here on top of the taxes that they already pay.

Therefore, we respectfully request that if there needs to be additional funding of the rail project, it be done with a broad-based revenue generation approach, rather than one that targets our visitors and our hospitality industry. Thank you.

*"Timeshare with Aloha"*

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## Testimony to the Senate Committees on Transportation and Energy; Public Safety, Intergovernmental, and Military Affairs; and Ways and Means; and the House Committees on Transportation; and Finance

August 14, 2017

10:00 a.m.

State Capitol - Auditorium

### RE: INFORMATIONAL BRIEFING ON HONOLULU'S RAPID TRANSIT SYSTEM

Chairs Inouye, Nishihara, Dela Cruz, Aquino, and Luke, and Vice Chairs Espero, Wakai, Keith-Agaran, Quinlan, and Cullen, and members of the committee:

My name is Gladys Quinto-Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii is in strong support of the Honolulu Rail Transit Project, and we firmly believe that the entire 20-mile corridor must be completed. Extension of the General Excise Tax (GET) rail surcharge would be one of the more stable funding sources necessary to complete the rail transit project. Other funding sources have been identified by the City and County of Honolulu to "bundle" with the GET surcharge as a possible way to finance the full construction of the project.

The rail transit system is actually a "growth management" tool that is intended to increase the population density along the 20-mile transit corridor. The planned density along the transit corridor will result in nearly 70 percent of Oahu's population and more than 80 percent of the island's jobs will be located along the 20-mile rail corridor by the year 2030—13 years from now. To stop support for the transit system at this time would prevent future growth without a significant investment in roadway infrastructure, or allowing for more development into areas not currently planned for future growth (i.e. Hawaii Kai, Windward Oahu, North Shore, and Central Oahu-between Wahiawa and Waialua).

We are very concerned about the current movement to change or stop the project. Policy makers need to be aware that the future housing needs on Oahu are tied to the transit project. With the critical lack of supply of housing at all price points driving up housing costs, stopping the transit project at this point would prevent or severely limit the amount of density within the urban core.

For the sake of the next generation, which includes many adult children who still live at home, we must find a way to complete construction of the rail transit project. The rail transit project gives us the best opportunity to "build" our way out of the housing crisis facing us right now.

We encourage the Hawaii State Legislature to consider all applicable funding sources to provide the necessary financing to complete the 20-mile transit corridor.

Thank you for the opportunity to express our views on this matter.



**Board of Directors**

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Monday August 14, 2017

10:00 AM

Auditorium

**To: Senate Committee on Transportation & Energy**

**Sen. Lorraine R. Inouye, Chair**

**Sen. Will Espero, Vice Chair**

**Senate Committee on Public Safety, Intergovernmental & Military Affairs**

**Senate Committee on Ways & Means**

**House Committee on Transportation**

**House Committee on Finance**

**From: Grassroot Institute of Hawaii**

**President Keli'i Akina, Ph.D.**

RE: Honolulu rail project

Dear Chairs and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on the Honolulu rail project, its cost overruns and the various proposals for paying for its future expenses.

On more than one occasion, we have offered comments on proposed tax increases related to the city's Honolulu Authority for Rapid Transportation. On each occasion we cited the need for a comprehensive audit of the project, due to questions about its management and its inexplicable cost overruns. We're aware that the Legislature has been frustrated by the lack of straight answers from HART and other city officials, and many Hawaii taxpayers are frustrated by that, too.

That is why the Grassroot Institute of Hawaii in April launched a public petition drive demanding a forensic audit of the rail. In just a matter of weeks, thousands signed on — an indication of how far public trust has dropped on this project.

Opponents of a forensic audit have pointed out that there have been numerous audits and reviews of the rail project already. But rather than instill confidence in the project, this suggests that those audits have been little more than rubber stamps. How is it possible, after all, to claim

that nothing has gone amiss with a construction project that has leapt from \$3 billion to \$10 billion-plus and now is viewed skeptically even by the Federal Transit Administration, which committed to contributing \$1.55 billion to the project back in 2012.

What is needed is a full, independent forensic audit of the project, to identify the reason — or reasons — for its significant cost overruns and missed deadlines, thus helping state and city policymakers determine the best options for the project as everyone moves forward.

The Honolulu City Council’s decision in June to authorize the sale of \$350 million in bonds to cover HART’s short-term expenses through next year came at a perfect time, as it gives the Legislature some breathing room to more carefully consider all its options, while waiting for the results of a forensic audit.

Since the Legislature being asked to convene a special session later this month to consider a variety of state-related funding proposals to help keep the rail project on track, it is especially critical that it have the answers only a forensic audit can provide.

Key rail proponents have urged state legislators to extend the Oahu surcharge on the state general excise tax, or implement new taxes of some sort to provide long-term funding for the project. But state policymakers should think twice before imposing such a burden on Hawaii taxpayers and the state’s §vulnerable economy – especially in absence of a forensic audit.

Taxes do not happen in a vacuum. The regressive general excise tax has the biggest impact on those with the lowest incomes. Taxing tourism could have a negative effect on one of the state’s most important industries. Increasing such taxes inevitably discourages consumption, which could result in even less tax revenue to the state than before, as consumers and tourists curtail their spending to keep up with Hawaii’s increased cost of living.

As you well know, trust in the Honolulu rail project is at an all time low. We also must not fall into the trap of throwing good money after bad. Both politicians and the public have serious questions about the status of the project. We think the best course would be to put aside any proposals aimed at securing long-term, state-related funding for the project, until the Legislature gets the answers it needs from an independent forensic audit.

Thank you for your time and consideration.

Sincerely,  
Keli’i Akina, Ph.D.  
President, Grassroot Institute of Hawaii

August 12, 2017

Senate Committees on Ways and Means, Transportation and Energy, Public Safety,  
Intergovernmental and Military Affairs  
House Committees on Finance and Transportation

RE: 2017 Legislative Special Session

Dear Senators and Representatives,

I oppose using the transient accommodations tax as a funding source for the Honolulu rail transit project and strongly feel that rail funding come from extending the general excise tax surcharge. Everyone I talk to agree that the current GET surcharge is not felt, does not impact them at all; however, for those few that do feel a burden, how about considering a tax credit?

**The GET is a broad-based and stable revenue source:** The general excise tax is a broad-based tax that is paid by residents and visitors alike, and its revenue largely benefits our local community. It is also a relatively stable source of revenue, as opposed to transient accommodations revenues that fluctuate with the ups and downs of the hospitality industry.

**Rail will benefit residents:** As envisioned, the rail system will serve the broadest ridership and reach our densest job centers. In this regard, we firmly believe the transit line must reach Ala Moana Center. A station at the Daniel K. Inouye International Airport will also be an important stop for the thousands of airport-area employees. We anticipate that many of our hospitality industry employees, particularly those who live on the west side, will use rail and the bus to commute into Waikiki and the surrounding areas. Transit-oriented development along the rail line should lead to more affordable workforce housing, revitalized neighborhoods and public education institutions. Given these long-term benefits for our residents, the general excise tax is the appropriate source of revenue to fund the rail system.

**TAT revenue is being spent more and more on general government operations:** The transient accommodations tax—which was originally established in the 80's for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily raised over the years despite visitor industry objections. However, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending. Imposing yet another increase would not be in keeping with the enabling legislation, while adding to our visitors' vacation expenses.

**Record visitor arrivals do not equate to record profitability:** The tourism industry is midway through our sixth consecutive year of increased visitor *arrivals*, but this does not mean that this money is going into the pockets of hoteliers. Rather, the hospitality industry is faced with ever-increasing costs for employee payroll and benefits (over 40 percent of expenses are for personnel costs alone), taxes, electricity and gas, water and sewage, supplies and contracted services, and

all the other expenses associated with running a business. And year after year, hotel property owners must invest millions of dollars, in the face of rising construction costs, not only on general maintenance but in facility upgrades or major renovations to remain competitive. Furthermore, all this spending goes into the local economy, generating even more tax revenue.

**Contributions to the community and our quality of life:** The hospitality industry has been a major contributor to the community throughout our history, generous in our support of many causes that enhance the quality of life for all residents. Among them, the Hawaii Lodging & Tourism Association (HLTA) organizes the annual Charity Walk, which has raised more than \$32 million during its 39 year history, with all of this money devoted to local charitable organizations. HLTA has also raised \$2 million to address the homelessness situation statewide in the last few years and are poised to provide more funding to help nonprofits assist local government in this critical endeavor. The association's membership also provides over \$50,000 a year in scholarships to public school seniors across the state, and support college students pursuing travel industry degrees. We have donated money for beach replenishment, public safety, the replacement of air-conditioning and other infrastructure needs at our public schools, contributed supplies for elementary schools, are leaders in the Aloha United Way annual campaign, and given back to our home in many other ways.

According to the Hawai'i Tourism Authority and Department of Business, Economic Development & Tourism, tourism accounts for 190,000 jobs in the islands, either directly or indirectly. Nearly 40,000 of those jobs are in the lodging sector. For all of these reasons and more, I join the tourism industry and HLTA in opposing tax proposals that would adversely affect our residents, as well as the visitor industry, by raising the expense of accommodations, increasing the cost of a Hawaiian vacation, and making it even more difficult to compete against lower-priced national and international destinations.

Please do not take tourism and visitors for granted – our future depends on taking good care of this most critical component of Hawaii's economy. Mahalo for your consideration.

Sincerely,

Dean Nakasone, Vice President  
Hawaii Lodging & Tourism Association

c: The Honorable Ronald Kouchi, Senate President  
The Honorable Scott Saiki, Speaker of the House



**HAWAI'I LODGING & TOURISM**  
**ASSOCIATION**

Testimony of

Mufi Hannemann  
President & CEO

Hawai'i Lodging & Tourism Association

Senate Committees: Ways and Means, Transportation and Energy, and  
Public Safety, Intergovernmental and Military Affairs

House Committees: Finance, and Transportation

Informational Briefing on the 2017 Legislative Special Session and the  
City and County of Honolulu's Rapid Transit System.

Dear Chairs, Vice Chairs, and members of the Senate and House committees, mahalo for the opportunity to offer this testimony on behalf of the Hawai'i Lodging & Tourism Association.

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, of which 170 are lodging properties with more than 51,000 rooms—**opposes using the transient accommodations tax as a funding source for the Honolulu rail transit project.**

We recommend instead that rail funding come from extending the general excise tax surcharge. And if a tax increase is warranted, it should be from the GET and not the TAT.

**The GET is a broad-based and stable revenue source:** The general excise tax is a broad-based tax that is paid by residents and visitors alike, but its revenue largely benefits our local community. It is also a relatively stable source of revenue, as opposed to transient accommodations revenues that fluctuate with the health of the hospitality industry.

**Rail will benefit residents:** As envisioned, the rail system will serve the broadest ridership and reach our densest job centers. In this regard, we firmly believe the transit line must reach Ala Moana Center, its original terminus, and eventually be extended to serve the Manoa campus of the University of Hawai'i, to be at its most effective for residents. A station at the Daniel K. Inouye International Airport will be an important stop for the thousands of airport-area employees, not to mention the millions of tourists who visit Hawaii yearly and people traveling between the islands. We expect that many of our hospitality industry employees, particularly those who live on the west side, will use rail and the bus to commute into Waikiki and the surrounding areas. Transit-oriented development along the rail line should lead to more affordable workforce housing, revitalized neighborhoods and public education institutions.



Given these long-term benefits for our residents, the general excise tax is the appropriate source of revenue to fund the rail system.

**TAT revenue is being spent more and more on general government operations:** As our association has pointed out repeatedly over the years, the transient accommodations tax—which was originally established for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily raised over the years despite our objections. However, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending. Imposing yet another increase would not be in keeping with the enabling legislation, while adding to our visitors’ vacation expenses. And we remember all too vividly when we were told by government officials that raising the TAT to 9.25 percent would just be a “temporary” measure to address budget shortfalls; in fact, it turned out to be permanent.

**Record visitor arrivals do not equate to record profitability:** The tourism industry is midway through our sixth consecutive year of increased visitor arrivals, but this does not mean that this money is going into the pockets of hoteliers. Rather, the hospitality industry is faced with ever-increasing costs for employee payroll and benefits (over 40 percent of expenses are for personnel costs alone), taxes, electricity and gas, water and sewage, supplies and contracted services, and all the other expenses associated with a major enterprise. And year after year, hotel property owners must invest millions of dollars, in the face of rising construction costs, not only on general maintenance but in facility upgrades or major renovations to remain competitive. Furthermore, all this spending goes into the local economy, generating even more tax revenue.

It bears mention that real property taxes on hotels constitute a major operating expense that must be passed on to our guests. O‘ahu’s property tax revenues from the hotel-resort class have nearly doubled over the past five years to a current \$170 million. This year alone, property taxes for hotels and resorts in all four counties will reach a projected \$300 million, a rise of 50 percent over the past five years.

**Contributions to the community and our quality of life:** The hospitality industry has been a major contributor to the community throughout our history, generous in our support of many causes that enhance the quality of life for all residents. Among them, we organize the annual Charity Walk, which has raised more than \$32 million during its history, with all of this money devoted to local charitable organizations. We have raised \$2 million to address the homelessness situation statewide in the last few years and are poised to provide more funding to help nonprofits assist local government in this critical endeavor. We grant over \$50,000 a year in scholarships to public school seniors across the state, and support college students pursuing travel industry degrees. We have donated money for beach replenishment, public safety, the replacement of air-conditioning and other infrastructure needs at our public schools, contributed supplies for elementary schools, are leaders in the Aloha United Way annual campaign, and given back to our home in many other ways.

According to the Hawai‘i Tourism Authority and Department of Business, Economic Development & Tourism, tourism accounts for 190,000 jobs in the islands, either directly or

indirectly. Nearly 40,000 of those jobs are in the lodging sector. The Hawai'i Lodging & Tourism Association is adamant in opposing tax proposals that would adversely affect our residents, as well as the visitor industry, by raising the expense of accommodations, increasing the cost of a Hawaiian vacation, and making it even more difficult to compete against lower-priced national and international destinations.

Mahalo for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Mufi Hannemann". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mufi Hannemann  
President & CEO



**HAWAI'I LODGING & TOURISM**  
**A S S O C I A T I O N**

Date

The Honorable David Y. Ige  
Governor of Hawai'i  
415 S Beretania St #5  
Honolulu, HI 96813

RE: 2017 Legislative Special Session

Dear Governor Ige,

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, of which 170 are lodging properties with more than 51,000 rooms—opposes using the transient accommodations tax as a funding source for the Honolulu rail transit project.

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The Honorable David Y. Ige  
Page 3  
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Mahalo for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul McElroy". The signature is fluid and cursive, with a long horizontal stroke at the end.

<Paul McElroy Senior VP of Construction (Highgate Hotels)>

Cc: The Honorable Ronald Kouchi, Senate President  
The Honorable Scott Saiki, Speaker of the House



**HAWAI'I LODGING & TOURISM**  
**A S S O C I A T I O N**

August 10, 2017

The Honorable David Y. Ige  
Governor of Hawai'i  
415 S Beretania St #5  
Honolulu, HI 96813

RE: 2017 Legislative Special Session

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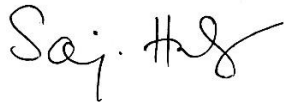
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The Honorable David Y. Ige  
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Mahalo for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Saj. H. Ige", written in a cursive style.

Cc: The Honorable Ronald Kouchi, Senate President  
The Honorable Scott Saiki, Speaker of the House





# HONOLULUTRAFFIC.COM

A COMMUNITY WIDE EFFORT TO KEEP ELEVATED RAIL OUT OF OUR CITY

My name is Cliff Slater and I am chairman of Honolulutraffic.com.

We suggest that the Legislature not approve any funding for the rail project until you have received a thorough and complete forensic audit to determine what has caused this financial disaster.

HART has tried to put the blame on construction cost escalations, but when we looked at that we found the actual construction cost inflation in the last six years has been less than what Parsons Brinkerhoff had forecast in the Final EIS. (See Attachment 2.)

HART has also tried to put the blame on lawsuits, but on their website, they show that even their inflated cost estimates of both lawsuits together amount to less than 2 percent of the cost of the project. (See Attachment 3.)

Since 2006 we have been forecasting heavy cost overruns for rail but in all that time we never forecast any overruns before rail got to Dillingham, because that's where the real trouble will start. (See Honolulutraffic.com)

So, I would suggest to you that you need to get a firm understanding of what caused the current calamity and then you should get some comfort about the central city quagmire before you fund this thing. Because you had better be prepared to fund this as a \$15 billion project, and that is \$12 billion dollars more than it would cost us to just shut it down.

Attachments:

1. A cost-disbenefit analysis of the Honolulu rail project.
2. Parsons Brinckerhoff's cost escalation data is less than what was experienced.
3. Lawsuit costs are less than two percent of total projected costs.



# HONOLULUTRAFFIC.COM

A COMMUNITY WIDE EFFORT TO KEEP ELEVATED RAIL OUT OF OUR CITY

## A cost-disbenefit analysis of the Honolulu rail project

**Disbenefit #1:** Heavy rail's cost for a city our size is absurd. [The City originally forecast \\$5.2 billion](#) to build the rail project. Today it forecasts \$10 billion and Dr. Panos Prevedouros believes it will be \$13 billion. [Our population is 1,000,000](#). Thus, if Dr. Prevedouros is right, it would cost \$13,000 for every man, woman & child, or \$52,000 for every family of four, and be, by far, the most expensive rail project per capita in the U.S. It would cost \$650,000 per new commuter to build.

Operating losses would be another \$150 million annually to be paid for by future tax increases, and then there would be the periodic cost of refurbishment and replacement, which over the life of the system would total as much as it cost to build the system in the first place.

No wonder that the [latest Merriman poll](#) from Civil Beat shows that 86 percent of Oahu's population finds rail either bad or troubling — and that is across all ethnic and political groupings!

**Disbenefit #2:** The first 4 miles would [destroy the most productive farmland in the U.S.](#) Dr. Goro Uehara, professor of Soil Science at the University of Hawaii who has studied soils in many different countries, calls this the best farmland in the world. Why? Rich soil, year-round sun, gentle winds, abundant clean water, and four crop rotations annually.

**Disbenefit #3:** The negative environmental consequences of the elevated rail project has united the entire political spectrum from progressives to Tea Partiers.

Hawaii's 100-year old Outdoor Circle described it as, "In our 100-year history, the Outdoor Circle has seen no other venture that holds the potential to degrade the landscape of Oahu as the proposed Honolulu Rail Transit project." It describes the "horrific visual damage" and "an ugly scar across one of the most beautiful places on earth." Hawaii's 1000 Friends testified about, "the unprecedented visual blight that will impact our historic waterfront." Others point out that it would permanently wall off our waterfront.

There is a plan to install noise shields on both sides of the rail track but all that would do is deflect the noise upwards towards the surrounding condominiums.

Following are the "before" and "after" photos of the proposed Chinatown rail station. On the "after" photo, the Hawaii Chapter of the American Association of Architects have superimposed a rendering of the station to show the

impact on our waterfront. When every other city in the U.S. is beautifying their waterfronts, we are walling ours off.



Below is a rail station rendering that the City showed in 2013 describing it as having "A Hawaiian Sense of Place." How this elevated rail project became the "environmentally preferable alternative" is bewildering.



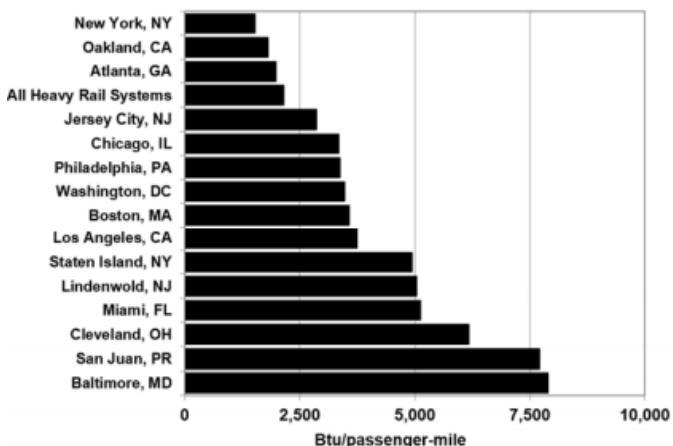
**Disbenefit #4:** Rail would result in much higher energy usage than we experience now. The City projected an average of 2,503 Btus per passenger mile, which was misleading because New York City's highly efficient subways (1,700 Btus

per passenger mile) account for 60% of all the nation's rail transit passenger miles. If you compare New York's experience with those of the others in the table below and bear in mind that it is 60% of total energy use you can see that using 2,503 Btus is absurd for Honolulu.

Note that the only two elevated systems, Miami and San Juan, together average 6,000 Btus per passenger mile, which is three times what TheBus uses today.

Comparing other cities' experiences in the table below, one would not expect energy usage of less than 4,000 Btus per passenger mile for a Honolulu system, which is *double* that of the current bus system, and far higher than even the national average for autos. [For more details see here.](#)

**Figure 2.8. Energy Intensity of Heavy Rail Systems<sup>a</sup>, 2014**



### Disbenefit #5:

For many years the city and our politicians implied and often asserted that rail would rid us of traffic congestion. Typical was Mayor Hannemann in a 2006 speech, "Our residents, particularly those in Leeward and Central Oahu, are crying for relief from traffic congestion. A mass transit system represents our best near- and long-term solution to this worsening problem."

But the Final EIS clearly states that "Traffic congestion will be worse in the future with rail than what it is today." It was buried on page 1251 of the 3,100-page Appendix A.

According to the City's forecast, auto traffic would increase 23% if we do not build rail, and 21.3% if we do — a 1.7% difference. No motorist would ever notice it. See the difference in Table 3-12 of the Final EIS in the next column

Even that 1.7% reduction depends on the City meeting its rail ridership forecast, which has no chance of happening. Even if the forecast were reduced by 50%, it would still forecast having the highest ridership per million population of any of the 15 rail cities with populations of less than 4 million.

The average of new U.S. rail lines has barely reached 50% of their ridership projections, [according to the Federal Transit Administration](#) (p.6). The only U.S. cities to build new elevated rail lines, Miami and San Juan, achieved ridership of [only 15%](#) and [24 percent](#) respectively of their FTA forecasts.

We have detailed the faulty calculations that have contributed to the City's bogus rail ridership forecast in [a recent article for Civil Beat](#).

The current City claim shown below it that rail will take 40,000 cars off our highways, but it is misleading. The 40,000 number may be literally true but it intends to deceive; it is a lie of omission.



The 40,000 reduction is from total trips of 2.8 million, or 1.7% as you can see from this official table from the Final EIS:

**Table 3-12** Islandwide Daily Trips by Mode—Existing Conditions, No Build Alternative, and Project

Trips by Mode	2007 Existing Conditions		2030 No Build Alternative		2030 Project	
	Daily Trips by Mode	Percentage of Total Daily Trips	Daily Trips by Mode	Percentage of Total Daily Trips	Daily Trips by Mode	Percentage of Total Daily Trips
Residents	Base		+2.3%		+2.1%	
Automobile—private	2,291,800	82.1%	2,815,800	81.5%	2,767,600	80.1%
Transit	166,400	6.0%	205,400	5.9%	255,500	7.4%
Bicycle and walk	333,000	11.9%	432,800	12.5%	431,700	12.5%
Total Daily Trips by Residents	2,791,200	100%	3,454,000	100%	3,454,800	100%

### Dumb or dumber?

We wrote in a recent [Civil Beat article](#) that while it might be an almost unthinkable dumb idea to stop the rail where it is today and use the guideway as a recreational facility, it would be even dumber to finish construction all the way to Ala Moana Center.

To stop it now would cost in the region of \$3.5 billion after selling the assets and settling contractor claims. It would be an expensive "lesson learned."

But to build it all the way to Ala Moana Center would cost another \$9 billion. That is nine thousand million, just to remind you of what an enormous amount of money it is.

And what do you get for the \$9 billion? A one percent reduction in traffic? That would last for one year before population growth took over? And what about all the other disbenefits? And what about having to forego all the other travel improvements that could beneficially impact travel, such as intelligent traffic lights, automobile underpasses as proposed by Dr. Prevedouros, even fixing potholes promptly?

Ironically, by the time rail would get built, self-driving autonomous cars may well be literally a "driving" force in how we get around. CNN says, "The timeline for autonomous cars hitting the road en masse keeps getting closer," and they also say that by 2040, 75% of cars will be autonomous. The highway efficiency of platoons of autonomous vehicles on our freeways could well make transit obsolete.

You have to conclude from all this that stopping rail where it is today is the only sensible option.

Parsons Brinckerhoff's cost escalation data was built into the Final EIS cost forecasts.

Available at: <http://hartdocs.honolulu.gov/docushare/dsweb/Get/Document-219/AR00041623.pdf>

**Exhibit 1: HHCTCP-Specific Cost Escalation Forecast (Table)**

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Labor</b>	4.2%	3.7%	4.1%	4.6%	5.0%	4.0%	4.0%	4.0%	4.0%	5.0%	4.0%
<b>Steel</b>	7.9%	-8.5%	3.9%	6.0%	6.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Concrete</b>	5.0%	3.0%	4.5%	6.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Other Materials</b>	4.1%	1.9%	1.8%	3.5%	4.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
<b>ROW</b>	-5.8%	-6.8%	-2.8%	1.2%	3.7%	4.2%	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Construction Equipment</b>	4.2%	1.8%	2.2%	3.5%	3.5%	2.9%	3.1%	3.2%	3.2%	3.1%	3.1%
<b>Vehicles</b>	4.2%	1.8%	2.2%	3.0%	3.0%	2.9%	3.1%	3.2%	3.2%	3.1%	3.1%
<b>Professional Services</b>	1.2%	1.5%	2.0%	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

State of Hawaii data at: [files.hawaii.gov/dbedt/economic/data\\_reports/qser/construction-tables.xls](files.hawaii.gov/dbedt/economic/data_reports/qser/construction-tables.xls)

**Table E-7. HONOLULU CONSTRUCTION COST INDEX:  
HIGH-RISE BUILDING**

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Average
Index Numbers January 1992 = 100					
2009	201.5	199.9	202.8	205.6	202.5
2010	202.3	199.8	202.8	202.8	201.9
2011	205.6	205.2	207.7	208.3	206.7
2012	212.2	211.8	214.0	214.6	213.1
2013	219.4	222.1	226.0	228.4	224.0
2014	233.0	236.1	242.7	245.3	239.3
2015	250.4	245.8	252.4	254.6	250.8
2016	254.8	250.0	257.0	255.9	254.4
2017	256.9	253.0	(NA)	Year-to-Date	254.9
Percentage Change from the Same Period in Previous Year					
2009	2.8	1.6	2.3	0.1	1.7
2010	0.4	-0.1	0.0	-1.4	-0.3
2011	1.6	2.7	2.4	2.7	2.4
2012	3.2	3.2	3.1	3.0	3.1
2013	3.4	4.9	5.6	6.5	5.1
2014	6.2	6.3	7.4	7.4	6.8
2015	7.5	4.1	4.0	3.8	4.8
2016	1.8	1.7	1.8	0.5	1.4
2017	0.8	1.2	(NA)	Year-to-Date	1.0

First Hawaiian Bank has discontinued the update of this index. The Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the 1997 fourth quarter and is reviewing the index with the expectation of continuing it.

Source: First Hawaiian Bank and Hawaii State Department of Business, Economic Development & Tourism.

These inflated costs are still only two percent of the projected costs

<http://hartdocs.honolulu.gov/docushare/dsweb/Get/Document-17053/20141230-project-risk-update-december-2014.pdf>

1

## Lawsuits Delay Costs

<b>2 Legal Challenges:</b>	
<b>Federal Case</b>	
Filed	May 12, 2011
Decision/Resolved	February 18, 2014
Additional ROW Costs	
Expedited Efforts	\$ 3,300,000
Litigation costs (attys, experts)	\$ 3,021,002
<b>Federal Lawsuit Total Cost</b>	<b>\$ 6,321,002</b>
<b>State Case</b>	
Filed	January 31, 2011
Decision/Resolved	September 16, 2013
\$ Impacts	\$ 39,039,250
Litigation costs	\$ 495,331
<b>State Lawsuit Total Cost</b>	<b>\$ 39,534,581</b>
<b>Other Legal Advice</b>	<b>\$ 47,335</b>
<b>TOTAL COST</b>	<b>\$ 45,902,918</b>

Current as of 12/18/2014

HONOLULU RAIL TRANSIT PROJECT  
www.HONOLULUTRANSIT.ORG

**HART**  
HONOLULU AUTHORITY - RAPID TRANSPORTATION

1

## NTP and Legal Delay Costs: Total Direct Financial Impact

Total Legal Delay Costs	\$ 45,902,918
Total Other Delay Costs	\$ 77,126,198
Escalation (combination of NTP & Legal)	\$ 49,106,403
<b>Total Delay Claims Cost</b>	<b>\$ 172,135,519</b>
<b>Plus several remaining claims and escalation actuals</b>	<b>\$ 10 - 20M</b>
<b>Estimated total impact up to</b>	<b>\$ <u>190M</u></b>

Current as of 12/18/2014

HONOLULU RAIL TRANSIT PROJECT  
www.HONOLULUTRANSIT.ORG

**HART**  
HONOLULU AUTHORITY - RAPID TRANSPORTATION

TESTIMONY  
OF THE KAPOLEI CHAMBER OF COMMERCE

August 11, 2017

To: Honorable Senate President, House Speaker, Committee Chairs  
and Members:



*Working together for Kapolei*

My name is Kiran Polk, and I am the Executive Director of the Kapolei Chamber of Commerce.

We appreciate the Senate and the House for convening a Special Session to discuss legislative efforts to find a financial solution to complete rail construction. **We urge the Legislature to provide sufficient funding to complete the full 20 mile, 21 station project as planned.**

The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region. The Chamber works on behalf of its members and the entire business community to improve the regional and State economic climate and help Kapolei businesses thrive. The Chamber is a member-driven, member-supported organization representing the interests of all types of business: small, medium or large, for profit or non-profit businesses or sole proprietorship.

Much of the State's future population growth is slated for Kapolei and the Ewa region. Exciting things are happening and Kapolei is quickly becoming a new urban center for Oahu. In the next 20 years, there will be many more new jobs in the region, new homes and thousands of new residents will call Kapolei home.

The Kapolei Chamber and its members have long supported Honolulu's rail transit project. We view rail as an important component of much needed transportation infrastructure that will facilitate the growth, development and long term prosperity of the city of Kapolei.

Therefore, we respectfully request the State Legislature to provide sufficient funding to complete the full 20-mile, 21 station project, keep rail moving forward, and minimize future delays. Thank you for allowing me to submit this testimony today.

Sincerely,

A handwritten signature in black ink, appearing to read "K Polk", on a light gray rectangular background.

Kiran Polk  
Executive Director



August 9, 2017

**Testimony in Opposition to raising the Transient Accommodations Tax  
or the General Excise Tax Statewide to Support the Honolulu Rail Project**

Members of the Hawaii State Legislature:

The Kohala Coast Resort Association (KCRA) is opposed to raising the Transient Accommodations Tax (TAT) or the General Excise Tax (GET) statewide to support the Honolulu Rail project. If the Hawaii State Legislature deems that it wishes to support the Honolulu Rail project, it should look at continuing the GET surcharge on Oahu, as it will be the residents and visitors on Oahu, who have the potential to benefit from that project, not the neighbor islands.

We are concerned that TAT revenue is being spent more and more on general government operations. The transient accommodations tax was originally established for tourism marketing, the convention center, and to help defray the expense of county government services used by visitors. It has been steadily raised over the years despite industry objections. In addition, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending at the state level. Imposing yet another increase would not be in keeping with the enabling legislation and would add unnecessarily to our visitors' vacation expenses. We also have concerns about any "temporary" increase, as we were told by government officials that raising the TAT to 9.25 percent would just be a "temporary" measure to address budget shortfalls, when in fact it turned out to be permanent.

KCRA is a collection of master-planned resorts and hotels situated north of the airport which represents more than 3,500 hotel accommodations and an equal number of resort residential units. This is approximately 35 percent of the accommodations available on the Island of Hawai'i. KCRA member properties annually pay more than \$20 million in TAT and \$20 million in GET.

Sincerely,

A handwritten signature in black ink that reads "Stephanie P. Donoho". The signature is written in a cursive, flowing style.

Stephanie Donoho  
Administrative Director



THE SENATE  
HOUSE OF REPRESENTATIVES  
THE TWENTY-NINTH LEGISLATURE  
INTERIM OF 2017

TESTIMONY FOR INFORMATIONAL BRIEFING

Monday, August 14, 2017

10:00 a.m.

State Capitol Auditorium

COMMITTEE ON TRANSPORTATION AND ENERGY

Senator Lorraine R. Inouye, Chair

Senator Will Espero, Vice Chair

COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair

Senator Gilbert S.C. Keith-Agaran, Vice Chair

COMMITTEE ON TRANSPORTATION

Rep. Henry J.C. Aquino, Chair

Rep. Sean Quinlan, Vice Chair

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Ty J.K. Cullen, Vice Chair



Aloha Senators and Representatives,

My name is Scott Foster and I Chair the Kupuna Caucus of the Democratic Party of Hawai`i. During a scheduled meeting of the Caucus on July 7, 2017, our elected Steering Committee voted to support raising the Transient Accommodation Tax (TAT) rather than extend or raise the General Excise Tax (GET) which we believe would have the most negative financial impact on Hawai`i residents. From our minutes: **“The Kupuna Caucus stands against the extension of the GET and supports raising the TAT.”** The motion passed unanimously.

**On a personal note**, whether one supports the rail project or not, construction has probably come too far to completely stop it. Some want to continue rail in one form or another past Middle Street while others would have it stop at the existing Middle Street bus terminal where there is already ample paved parking and many scheduled bus routes. Now that you’re faced with making this momentous decision that will no-doubt impact the residents of Honolulu and the State for decades to come, if you’ve never been to the Middle Street Terminal, I urge you to go have a look at this existing facility.

Whatever your decision, I would also urge you to work closely with the Honolulu City Council and Mayor Caldwell to begin construction of truly affordable housing along the existing Transit-Oriented Development corridor (TOD). Our many homeless working families need basic shelter and amenities (kitchen, restroom and bathing facilities) immediately. Surely we can come up with some creative ideas that will take weeks or a few months to create rather than years to see realized.

Mahalo for your kind consideration of our testimony.

Sincerely,  
Scott Foster, Chair  
808-590-5880  
fosters005@hawaii.rr.com



## Maui Hotel & Lodging

ASSOCIATION

Testimony of

**Lisa H. Paulson**

Executive Director

Maui Hotel & Lodging Association

### **Relating To Funding For Rail**

COMMITTEE ON TRANSPORTATION AND ENERGY

COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS

COMMITTEE ON WAYS AND MEANS

COMMITTEE ON TRANSPORTATION

COMMITTEE ON FINANCE

**Monday, August 14, 2017, 10 am**

**Auditorium**

Dear Chairs Inouye, Nishihara, Dela Cruz, Aquino, Luke; Vice Chairs Espero, Wakai, Keith-Agaran, Quinlan, Cullen, and Members of the Committees,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 175 property and allied business members in Maui County – all of whom have an interest in the visitor industry.

MHLA **opposes** using the transient accommodations tax (TAT) as a funding source for the Honolulu rail transit project. We recommend instead that rail funding come from extending the general excise tax surcharge. And if a tax increase is necessary, it should be from the GET and not the TAT.

- **The use of the TAT will in effect force Neighbor Island hotels to help fund a rail project that is exclusively benefiting Oahu.** The TAT is not only a much smaller funding source than the GET but much more volatile, depending on the health of the visitor industry. The GET, meanwhile, is a much fairer tax as it is paid by both residents, who will largely benefit from rail, and tourists who visit Honolulu. The TAT was originally established for tourism marketing, the convention center, and to help defray county government services used by visitors—has been steadily raised over the years despite our oppositions. Additionally, the added revenue has not gone toward its original purposes; rather, more than half of it is now being used for general government spending.
- **Our profits are minimal and our costs of doing businesses are ever increasing:** The tourism industry is midway through our sixth consecutive year of increased visitor arrivals, but this does not mean that this money is going into the pockets of hoteliers. Rather, the hospitality industry is faced with ever-increasing costs for employee payroll and benefits (over 40 percent of expenses are for personnel costs alone), taxes, electricity and gas, water and sewage, supplies and contracted services. And year after year, hotel property owners must invest millions of dollars, in the face of rising construction costs, not only on general maintenance but in facility upgrades or major renovations to remain competitive.

Furthermore, our Counties look to our hotels to help fund their budget deficits by increasing real property taxes creating a major operating expense that must be passed on to our guests. Maui's property tax revenues from the hotel-resort and timeshare classes have nearly doubled over the past five years to a current \$127 million.

- **Potential Negative Revenue Impact:** The Rail presentation mentions a study done in 1987 showing no significant impact to tourism with a 5% TAT. Potentially we will have a 10.25% TAT. There is an argument that other destinations charge higher taxes and are fine but two things to keep in mind: They have a higher percentage of business travelers that pass along their expenses to their companies and some of these U.S. destinations can be reached by car, bus and train versus air. Hawaii is at the whim of climbing airfare prices.

Thank you for your consideration.



Testimony of Move Oahu Forward  
Informational Briefing  
Monday, August 14, 2017 at 10:00 p.m.  
Capitol Auditorium

Move Oahu Forward (MOF) is pleased to provide testimony for the Informational Briefing on August 14, 2017. We thank the Senate and House leadership, together with the Committees on Transportation, Public Safety, Finance and Ways & Means for their continued due diligence and thorough review of the history, current status and possible options to provide a dedicated and adequate funding source(s) for the Honolulu rail project to allow for the completion of a 20-mile, 21 station system, as set forth in the Full Funding Grant Agreement between the Federal Transit Administration (FTA) and the City and County of Honolulu.

MOF was established in 2012 as an organization of Hawaii business and community leaders to support the completion of the Honolulu rail project and its integration with TheBus for a quality, public transportation system on the Island of Oahu for residents and visitors. Today, we have more than 50 members, representing builders, landowners, small business advocates, and nonprofits representing hopeful users of a completed rail system - beginning on the westside and extending thru the end of the planned route at Ala Moana Center.

The Full Funding Grant Agreement (FFGA) is an enforceable contract between the federal government and the City. HART is in a recovery stage, and as such, remaining federal monies are being held until parties can come to terms and agree on a workable plan moving forward. FTA has required HART to submit a financial plan by September 15, 2017. While it need not be fully completed, HART must be able to provide a basic framework which includes a dedicated and sufficient funding source or risk being placed into default.

We must be cognizant of the position the Trump Administration has taken to limit funding to only those New Start projects with an approved FFGA. In the FY 2018 President's Budget Request it is recommended that the entire New Starts program be abolished. Hence, we must be very careful about taking any action to alter Honolulu's Full Funding Grant Agreement which could change the responsibilities and obligations of the parties and place Honolulu into default.

Contracts have been awarded for 15.9 miles of the 20 miles of guideway and 13 of the 21 stations in the amount of \$4.27B. There is more clarity today on what is required for the remaining portion of the project. Better processes and systems have been put into place. HART will likely undergo an audit, requested by the City Council to unearth reasons/decisions which resulted in the situation and shortfall we find ourselves. It will hopefully also provide lessons learned and a steady path going forward.

Like you, we had truly hoped not to find ourselves back at the Legislature asking for continued funding in 2017. We appreciate very much the Leadership's commitment to return for a Special Session to debate rigorously and arrive at an acceptable compromise that will provide dedicated and adequate funding to complete the Honolulu Rail project. There are a variety of funding options – extending the General Excise Tax, increasing the Tourism Accommodation Tax, or various combinations and durations. There are pluses and minuses with each option – best left to the Legislature in your wisdom to decide.

HART will officially welcome a new Executive Director on September 5<sup>th</sup>. With Andy Robbins at the helm, we would like to begin a new chapter with a dedicated and adequate funding source which will lead to the successful completion of the Honolulu rail. No one said transforming how people get to work, school and play would be easy. With game-changers, there is almost always pain before we can bask in the gain. We thank you for your leadership.

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** Honolulu Rail Informational Briefing, August 14, 2017. This information is submitted in response to the Notice of Informational Briefing by the Senate Committees on TRE, PSM, and WAM, and the House Committees on TRN and FIN.

**EXECUTIVE SUMMARY:** The Committees are considering various options to assist the City & County of Honolulu in financing a rapid transit system. This testimony discusses various financing options and constitutional and statutory restrictions on them.

*General Excise Tax Surcharge:* It must be remembered that this surcharge is not the State's money. The State authorized the counties to adopt taxing ordinances under certain conditions and is assisting with collecting and remitting the surcharge funds to the counties; however, the tax is imposed by county ordinance, not state statute. The county ordinance only impacts businesses and residents of the county enacting it. The State's ability to enact oversight restrictions and conditions affecting this money is limited.

*State Tax Monies:* Monies raised from statewide taxes, such as the General Excise Tax and the Transient Accommodations Tax, do belong to the State and may be disbursed by the State. Because the tax is imposed by state statute, it impacts businesses and residents throughout the State. The State's ability to enact oversight restrictions and conditions affecting this money is broad.

*County Property Tax Monies:* Monies raised from real property taxes unquestionably belong to the counties under the Hawaii Constitution as it now exists. The State has no ability to enact oversight restrictions and conditions affecting this money.

**STAFF COMMENTS:** The upcoming special session will consider variations of, and revenue raising measures to supplement, the 0.5% surcharge on the general excise tax that is currently imposed in the City and County of Honolulu, sometimes known as the "rail surcharge." As originally enacted in 2006, the rail surcharge was scheduled to sunset on December 31, 2022. The surcharge authority was extended to December 31, 2027, by Act 240, Session Laws of Hawaii 2015, and the City & County of Honolulu extended the surcharge as authorized by Ordinance 16-1. To date, no other county has adopted a surcharge ordinance.

When the surcharge legislation was adopted, taxpayers, especially those in Honolulu, were assured that the 0.5% surcharge was going to be temporary. And, as is now explicitly stated in HRS section 46-16.8. the funds were supposed to be paid to build the system, and not go toward operations and maintenance (which are never-ending expenses). It now appears that the rail project has cost overruns and additional funding is necessary. There is little publicly available information on the reasons for these cost overruns, and the Foundation hopes that others with expertise in this area could put forward ideas to stop the hemorrhaging.

These Committees are now considering a range of additional funding options, including a state match of county funds program, public-private partnerships, drawdown conditions such as those applicable to grants-in-aid, or drawdown conditions on stages or milestones somewhat like those in construction loans.

One key point to be kept in mind is: Whose money is it? The answer to that question will likely determine what kinds of strings can be attached to the funding.

The City & County of Honolulu Rapid Transit System is a county level project. It was authorized by county charter amendment, and its governing body, HART, was established by a county charter amendment.

One source of funding that is available to any county is the real property tax. Article VIII, section 3 of the Hawaii Constitution exclusively and directly gives power to the counties to impose real property tax. *State ex rel. Anzai v. City and County of Honolulu*, 99 Hawai'i 508, 57 P.3d 433 (2002), established that for at least the past twenty years, any county is "free to exercise its exclusive authority to increase, diminish, enact, or repeal any exemptions involving real property taxes without interference by the legislature." *Id.*, 57 P.3d at 446. The real property tax is imposed by county ordinance, it is imposed on those under the jurisdiction of the county and not of the state, and the money raised belongs to the county imposing it.

Another source of funding often discussed is that raised by state tax. Article VIII, section 3 of the Hawaii Constitution provides:

The taxing power shall be reserved to the State, except so much thereof as may be delegated by the legislature to the political subdivisions, and except that all functions, powers and duties relating to the taxation of real property shall be exercised exclusively by the counties, with the exception of the county of Kalawao. The legislature shall have the power to apportion state revenues among the several political subdivisions.

Where the funds raised are by state statute imposing a state tax, the money raised is the State's money. The Hawaii Constitution, in the language quoted above, explicitly empowers the Legislature to apportion that money to one or more political subdivisions however the Legislature sees fit. Money can be raised for general revenue purposes, as is the case with most taxes such as the General Excise Tax, the Transient Accommodations Tax, and the net income taxes on business entities and individuals. It can also be directed to special funds used for specific purposes, as is the case with the fuel tax that feeds the Highway Fund. Sometimes the tax money raised is directed to a multitude of uses, as with the TAT and the Conveyance Tax. It has been held that such funds can be disbursed to one or more counties through grants in aid, and that the State can enact conditions upon the power to disburse or give discretion to the Executive Branch to withhold disbursement. *Fasi v. Burns*, 56 Hawai'i 615, 618-19, 546 P.2d 1122, 1125 (1976).

The current funding source for this project, the county surcharge on the GET, is more like the county real property tax than a general State tax. The tax is imposed by county ordinance and not state law, although state statute delegates the power to tax. In addition, the affected residents

and businesses are only those within the jurisdiction of the City & County of Honolulu, rather than all residents of the State. Thus, it is proper to think of the county surcharge money as county funds, not State funds.

Other topics that are relevant for the Committees' consideration:

**Will There Be Relief from the 10% Skim?** A contributing factor to the financial woes of the rail project is the fact that the State is skimming 10% of all rail surcharge collections off into the general fund. This diversion was supposed to represent payment to the State for the costs incurred in administering the surcharge, but the amount diverted is a massive amount of money, roughly \$25 million a year which is almost as much as the entire operating budget of the department of taxation.

On October 21, 2015, the Foundation sued the State of Hawaii over the 10% skim, contending that the diverted money amounted to a hidden State tax unwittingly paid by Oahu residents and businesses—and only them, even though the tax goes straight to the general fund to be used for projects benefiting the entire State. The Foundation's suit is now pending in the appellate courts.

#### **Should the Surcharge Be Extended, and If So, By How Much?**

- If the surcharge is to pay for the *capital cost of the system as it is now proposed* which seems to have been the original intent, then an extension to finish what was started appears to be unavoidable, but our lawmakers must be vigilant to make sure the scope does not creep beyond what the people are willing to allow.
- If the surcharge is to pay for the *capital cost of the system and extensions of it*, such as the mayor's proposal to extend the system from Ala Moana Center north to the University of Hawaii, and east to Waikiki, then lawmakers need to ask themselves if this is properly part of the deal. If it is, then a significantly longer extension of the surcharge, or other funding enhancements, may be needed to fund it.
- If the surcharge is to pay for the *capital cost and operations* (which is not allowed by HRS section 46-16.8 as it is now written), then an *indefinite* extension is required. But it will then be obvious to voters across the state that they had been lied to when they were assured that the surcharge was to be temporary. Recall Darth Vader in *The Empire Strikes Back*: "I am altering the deal. Pray I don't alter it any further."

**Why Use the GET Anyway?** The City administration appears to be hell-bent on using the GET surcharge to get the dollars it needs. "Tourists pay one third of the surcharge," they say, "while residents and only residents pay real property tax." The Foundation has put together calculations indicating that the amount of GET exported is between 15% and 20%,<sup>1</sup> and Hawaii Free Press came up with 14.1% in August 2016.<sup>2</sup>

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<sup>1</sup> Please see <http://www.tfhawaii.org/wordpress/blog/2015/02/our-best-export-our-taxes/>.

<sup>2</sup> Hawaii Free Press' article is at <http://www.hawaiifreepress.com/ArticlesMain/tabid/56/ID/18093/GE-Tax-Audit-Shows-Tourists-pay-only-141-of-Rail-Surcharge.aspx>.



Also, whatever the percentage of GET exported, not only residents pay real property tax. A DBEDT study in March 2017 concluded: “Nearly one-third (32.3 percent) of the property taxes were contributed by property owners residing out-of-state.”<sup>3</sup> According to these figures, real property taxes may be exported to a greater degree than the GET.

Digested 8/10/2017

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<sup>3</sup> DBEDT Research and Economic Analysis Division, An Analysis of Real Property Tax In Hawaii 2 (2017), available at [http://files.hawaii.gov/dbedt/economic/data\\_reports/real\\_property\\_tax\\_report\\_final.pdf](http://files.hawaii.gov/dbedt/economic/data_reports/real_property_tax_report_final.pdf).

**From:** [Dave Dobbs](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony Informational Briefing, Monday 14, 2017, 10:00 A.M. Auditorium State Capital  
**Date:** Sunday, August 13, 2017 5:08:19 AM

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Dear Chairpersons and Members of the Senate & House Committees on Transportation, Public Safety, Ways & Means and Finance for the Great State of Hawaii:

First, my compliments for holding an open informational briefing to obtain information and facts regarding the City and County of Honolulu's rapid transit system. Here in Austin, where I reside, I can only imagine that the Texas Legislature would do this for something really important like Unisex bathrooms.

That said, as a citizen intensely involved and studied in the subjects of transportation and energy for nearly four decades, I can think of only one other transportation project in my lifetime as disastrous to a state's public finances as the HART's "Skytrain" and that was the [Boston "Big Dig"](#), an estimated \$2.8 billion highway project in 1982 dollars when first proposed that became more than \$14.6 billion in 2007 when finally completed. While adjusted for inflation this was only a 190% cost overrun, the debt service will cost the State of Massachusetts [an additional \\$7 billion](#), thus putting a major constraint on Massachusetts' ability meet its financial obligations and future needs until 2038.

Currently HART's "Skytrain" is less than half completed and is set to once again run out of money, with no certainty that the new estimates will finish the project within budget. HART's "Skytrain" is like America's big banks, "too big to fail", but fortunately some of your knowledgeable civic minded citizens are offering you well thought out and thoroughly researched alternatives that will save significant sums of money and provide a far better solution for Honolulu than forging ahead with the unknown costs of "skytrain" through the capital city's core. Herein lies the quality of the advice Salvage the Rail is offering. I have known, talked with and corresponded with Dr. Vukan Vuchic for over 30 years, and I can tell you that he is considered by his peers in the transit community as the preeminent authority on rail transit in North America, and among the most respected authorities in his field worldwide.

When he says that your rail should be at grade level, you would be well advised to heed his advice. If you believe that streets should be more than traffic sewers, that streets are for people, that great cities are for walking, cycling and living and that public monies are not meritorious expenditures, but scarce resources to be invested wisely to yield the greatest return, I urge you to support the [www.salvagetherail.org](http://www.salvagetherail.org) plans to build a better rail system, and have state money left over for education, developing renewable energy sources and efficient waste management systems, providing public services and, yes, even expanding and improving public transit in Honolulu and throughout the state where appropriate. Sustainability must be our goal if we are to survive in Hawaii or on the planet.

In every way in all of its many meanings, I say *aloha* to you who are charged with making these very difficult decisions, and please know that public transit advocates and public finance scholars nationwide are watching what's happening in your beautiful islands. I am betting that your decision will one day become an excellent case study in a collegiate graduate course.

Thank you for your attention and consideration this matter,

Sincerely,  
Dave Dobbs  
Publisher, *LightRailNow!*

Texas Association for Public Transportation  
9702 Swansons Ranch Road  
Austin, Texas 78748-1424  
(512) 282-1149

Visit our international website at:  
<http://www.LightRailNow!.org>

Visit [AustinRailNow](#) for updates on Austin's current rail planning process



## W A I K I K I I M P R O V E M E N T A S S O C I A T I O N

August 11, 2017

Aloha Chairs, Vice Chairs and members,

I serve as President of the Waikiki Improvement Association, a private, non-profit association of businesses, and community partners that is committed to the preservation and enhancement of Waikiki's physical, economic and cultural environment. I am writing to express our strong opposition to raising the Transient Accommodations Tax revenue to fund the Honolulu rail project. We are not necessarily opposed to additional rail funding but believe it should come from an extension of the current ½% surcharge to the General Excise Tax.

Our reasons include:

- It is the billions of dollars invested by the private sector in our visitor industry product and facilities that have led to Hawaii's recent success. This increase in the TAT plus the GET makes us second only by a small margin to San Francisco as the most expensive in the nation. The high rate of taxation will be a major deterrent to future investment in Hawaii's visitor industry.
- We fail to see the nexus of the TAT and rail funding. The TAT was established to fund tourism-related programs and services but it is being utilized more and more to finance non-tourism programs. Furthermore, rail was conceived to benefit the local population for the most part.
- The proposed increase comes at a time when O'ahu visitor numbers and spending have been flat to slightly down for the last two plus years.
- The hospitality industry is faced with ever-increasing costs for employee payroll and benefits (over 40 percent of expenses are for personnel costs alone), taxes, water and sewage, supplies and contracted services, and all the other expenses associated with a major enterprise. And year after year, hotel property owners must invest millions of dollars, in the face of rising construction costs, not only on general maintenance but in facility upgrades or major renovations to remain competitive. Furthermore, all this spending goes into the local economy, generating even more tax revenue.

WIA urges you to reject Senate Bill 1183, and instead consider a floor amendment that would replace it by extending the General Excise Tax surcharge for Oahu, which was initially conceived and implemented to fund the rail system. The TAT is not only a much smaller funding source than the GET but much more volatile. The GET, meanwhile, is a much fairer tax as it is paid by both residents, who will largely benefit from rail, and tourists who visit Honolulu.

Mahalo,

Rick Egged  
President Waikiki Improvement Association



HAWAII KAI  
NEIGHBORHOOD BOARD

August 14, 2017

NATALIE IWASA  
At-Large  
Chairperson

ELIZABETH REILLY  
At-Large  
Vice Chairperson

RENÉ GARVIN  
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HERB SCHREINER  
Subdistrict #6

LASHA SALBOSA  
Subdistrict #7

Vacant  
Subdistrict #8

Vacant  
Subdistrict #9

ROBERTA MAYOR  
Subdistrict #10

PAIGE ALTONN  
Subdistrict #11

Hawaii Kai  
Neighborhood Board #1  
c/o Neighborhood  
Commission Office  
925 Dillingham Blvd., #160  
Honolulu, Hawaii 96817  
Phone: (808) 768-3710  
Fax: (808) 768-3711  
[www.honolulu.gov/nco](http://www.honolulu.gov/nco)

*Hawaii Kai Neighborhood  
Board meets the last Tuesday  
of every month except Dec.,  
7 p.m., Hahaione Elementary  
School cafeteria. The public is  
welcome to attend.*

Senate Committees on Transportation & Energy, Public Safety,  
Intergovernmental & Military Affairs, and Ways & Means  
House Committees on Transportation and Finance  
Hawaii State Capitol  
415 S. Beretania St.  
Honolulu, HI 96813

RE: Honolulu's Rapid Transit System Informational Briefing

Dear Committee Chairs and Members,

At its February 28, 2017, meeting, the Hawai'i Kai Neighborhood Board (Board) discussed the Honolulu rail surcharge and related SB 1183 and HB 349.

The Board adopted a motion to not support an extension of the rail surcharge and not support additional county funding of rail construction by a vote of 9-2-3 (aye, nay and abstain).

In addition, HART provided the Board and community with a status update of the rail project at the Board's July 25, 2017, meeting. Board members raised continued concerns regarding the cost of rail and other issues.

Please take this into consideration as you discuss options for Honolulu's rail project.

Aloha,

Natalie Iwasa, Chairperson  
Hawaii Kai Neighborhood Board

cc: Members of the Board (via email)



**MILILANI/ WAIPIO/ MELEMANU NEIGHBORHOOD BOARD NO. 25**

c/o NEIGHBORHOOD COMMISSION • 530 SOUTH KING STREET ROOM 406 • HONOLULU, HAWAII, 96813  
PHONE (808) 768-3710 • FAX (808) 768-3711 • INTERNET: <http://www.honolulu.gov/nco>

**RESOLUTION SUPPORTING EXTENSION OF THE HALF PERCENT GENERAL EXCISE  
TAX SURCHARGE TO FUND COMPLETION OF THE RAIL PROJECT**

**WHEREAS**, traffic congestion is a serious problem for residents of Central and West Oahu and is expected to get worse with new residential developments in Koa Ridge and Ho'opili; and

**WHEREAS**, elevated rail transit offers an alternative means of transportation that would reduce automobile traffic and as well as commuter travel time; and

**WHEREAS**, despite delays, cost overruns and credibility issues, approximately ten miles of elevated guideway, rail cars and the operations center have been completed; and

**WHEREAS**, the current authorization of the general excise tax (GET) half-percent county surcharge, the revenue stream approved by the Federal Transit Authority, will not provide sufficient funds to complete the full project; and

**WHEREAS**, approximately one-third of the GET is paid for by nonresidents, including tourists, and the county surcharge amounts to half a penny for every dollar spent; and

**WHEREAS**, the Honolulu Authority for Rapid Transportation (HART) projects that the total construction cost for the full twenty-one stations and twenty miles of elevated guideway as defined in the Minimum Operable Segment (MOS) is \$8,165,000,000, which is based on more conservative estimates than previous projections; and

**WHEREAS**, independent outsiders, including the FTA, have vetted HART's total construction cost estimate; and

**WHEREAS**, extension of the half-percent GET surcharge will allow for the completion of the project without excessive financing costs funded by increasing property taxes or other more burdensome taxes which could impact neighbor islanders; now therefore,

**BE IT RESOLVED** that Neighborhood Board No. 25 encourages our Hawaii State Legislature to support extending authorization for the GET half-percent surcharge for an additional ten years to 2037; and

**BE IT FINALLY RESOLVED** that copies of this resolution be forwarded to the Governor of the State of Hawaii; all Hawaii State Legislators; the Mayor of the City of Honolulu, the City Council, and all Neighborhood Board Chairs.

*Adopted by Mililani-Waipio-Melemanu Neighborhood Board No. 25 at its regular meeting of June 28, 2017, by a vote of 15-04-0.*

A handwritten signature in black ink, appearing to read "Richard G. Poirier".

Richard G. Poirier, Chair



**MILILANI/ WAIPIO/ MELEMANU NEIGHBORHOOD BOARD NO. 25**

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c/o NEIGHBORHOOD COMMISSION • 530 SOUTH KING STREET ROOM 406 • HONOLULU, HAWAII, 96813  
PHONE (808) 768-3710 • FAX (808) 768-3711 • INTERNET: <http://www.honolulu.gov/nco>





**From:** [Sandra Albrecht](#)  
**To:** [TRE Testimony](#)  
**Subject:** Funds for the Rail Project  
**Date:** Friday, August 11, 2017 12:13:35 PM

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Hello,

I am a citizen of Maui County. I understand that you need to raise more money to help finish the rail project.

Why don't you increase the taxes on gasoline?

Maui County has the highest priced gas in the State, due to the taxes imposed on each gallon of gas sold on this island.

Oahu has more cars and uses a lot of gas. Why not put a tax on the gasoline that is sold on Oahu? Then you can start collecting money to help pay for the rail that benefits Oahu.

I am not in favor of raising the G.E.T. on the other islands.

Thank you!

**Sandra A. Albrecht, Realtor-Broker**

RB16686

AHWD, CDPE, SFR

Island Oasis Realty

1993 S. Kihei Rd. #209

Kihei, HI 96753

**808-891-2723 office**

**808-283-7080 cell**

**808-442-0959 eFax**

**From:** [Joanne Amberg](#)  
**To:** [TRE Testimony](#); [Joanne Amberg](#)  
**Subject:** Rail Testimony  
**Date:** Wednesday, August 9, 2017 1:29:15 PM

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[http://www.capitol.hawaii.gov/session2017/hearingnotices/HEARING\\_TRE-PSM-WAM-TRN-FIN\\_08-14-17\\_INFO\\_.HTM](http://www.capitol.hawaii.gov/session2017/hearingnotices/HEARING_TRE-PSM-WAM-TRN-FIN_08-14-17_INFO_.HTM)

Aloha and Mahalo for considering my testimony,

Recently I attended a Rail Forum at the State Capitol. The option of 2-level rail was discussed by experts in the field that have studied our system and needs.

Please consider two level rail. Running street level rail through downtown Honolulu is acceptable to the FTA as a viable financial plan and will result in completion of the rail 5 years earlier, at a cost savings of \$3+ billion dollars, and will provide a much more environmentally acceptable system downtown that can be easily extended to Waikiki and UH Manoa.

I do not support my tax dollars flooding indefinitely into a never-ending money pit. Street level rail is a proven technology used in at least 12 cities in the U.S. for downtown transportation.

Thank you for considering this testimony.

Joanne Amberg  
548 Kaimake Loop  
Kailua Hawaii 96734

**From:** [jeanhalt@gmail.com](mailto:jeanhalt@gmail.com) on behalf of [James Anhalt](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 2:41:07 AM

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**Campaign against these legislators and get them out of office. Hawaii is being made the laughing stock of the entire country with this corrupt, self-serving (pay for play) liberal government. Eventually, you will tax even the tourist industry out. Then what? This rail system is pure robbery of tax money. Even more foolish than your "interstate" highway system.**

--

**IMPORTANT:** If you forward this e-mail, please delete the forwarding history, which includes my e-mail address!

It's a courtesy to all of us who may not wish to have our e-mail addresses sent all over the world.

Erasing the addresses helps prevent SPAMMERS from mining the addresses and propagating VIRUSES.

I deleted the address of the person who sent it to me, and the address's of any previous senders.

Always use Bcc: for all your Send To names/e-mail addresses.

Thank you!

James E. Anhalt, Jr  
[jeajr@anhalt.org](mailto:jeajr@anhalt.org)

**From:** [Debbie Arakaki](#)  
**To:** [TRE Testimony](#)  
**Subject:** Outer islands paying for rail  
**Date:** Thursday, August 10, 2017 5:49:31 PM

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Aloha,

I do not feel it's fair for Oahu to take the neighbor islands money for more transit improvements for their island. It doesn't even connect to the airport for neighbor islanders to use as a commute into town. We already give a large portion of our transient taxes and other taxes for state that we do not see any benefits from while our own roads are deteriorating and we have such a limited public transportation system on Maui. Our traffic is getting ridiculous and we have our own problems of traffic to contend with.

Don't let Oahu take more of our tax money for rail!

Debbie Arakaki  
Elite Pacific Properties  
808-283-7214  
Search properties  
[app.elitepacific.com/debbie](http://app.elitepacific.com/debbie)

**From:** [Harvey Arkin](#)  
**To:** [TRE Testimony](#)  
**Subject:** financing the rail - HART No new taxes or money for rail. Don't bankrupt us  
**Date:** Tuesday, August 8, 2017 8:25:40 AM

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Aloha,

I support the idea of public transportation. Unfortunately the choices that have been made for the Honolulu rail system have not been well thought out or honestly presented. How is it acceptable to have a 50% overrun. Why is an elevated system being used? Why are we using a heavy rail instead of light rail? No heavy rail systems have been built in America for 20 years. Much larger cities have built light rail ground level systems that are working well.

Please stop funding HART as they have failed to perform or be honest about costs. I support <http://www.salvagetherail.org/> proposal.

Thank you,  
Harvey Arkin  
3349 Anoa'i Pl  
Honolulu, HI 96822

AIA Honolulu  
119 Merchant Street, Suite 402  
Honolulu, Hawaii 96813

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4452  
Phone: 808.545.4242  
Fax: 808.545.4243  
Website: [www.aiahonolulu.org](http://www.aiahonolulu.org)

**American Institute of Architects/Honolulu Chapter  
TASK FORCE REPORT:  
SUGGESTED LIGHT RAIL TRANSIT  
(LRT)  
FOR THE HONOLULU HIGH**

**-  
CAPACITY TRANSIT  
CORRIDOR PROJECT  
EXECUTIVE SUMMARY**

**The Honolulu Chapter of the American Institute of Architects (**  
**AIA Honolulu**

**)**

**continues**

**to strongly support the concept of a fixed rail transit system for  
Oahu. However, we also  
remain concerned over the appropriateness of the proposed**

elevated transit system particularly through the urban core of Honolulu. We therefore respectfully offer this report to assist the City administration, lawmakers, and stakeholders in strengthening community support, enhancing our neighborhoods and environment, investing taxpayer money wisely, and ensuring Federal funding for this historic project. AIA Honolulu promotes the implementation of a flexible transit system capable of operating at, above, or below grade to accommodate the particular conditions within each community. Widely used transit technologies such as light rail transit (LRT) with overhead catenary wires allow transit planners this greater flexibility while still satisfying transit design criteria for passenger volume and frequency of service. In light of the current economic recession, a predominantly at-grade light rail solution would offer Oahu residents a more cost effective transit system built in less time. Such a system would also be cheaper to operate and maintain, annually conserving taxpayer money. The resulting cost savings could be directed toward extending the system to UH Manoa, Waikiki, and perhaps even to Kahala Mall and Mililani/Wahiawa/Haleiwa. At

-

grade systems would encourage diverse, mixed

-

use Transit Oriented Development (TOD) along the entire length of the transit route and help revitalize existing communities and buildings rather than concentrating new development only at station locations.

Increased accessibility tends to stimulate ridership and promote inter

-

modal connectivity.

Such systems more easily complement active streetscapes and vibrant public space

s

,

helping to enhance Honolulu's sense of place. Compared with elevated rail, the minimal visual and environmental impacts of at

-

grade systems further preserve our unique island scenery for our visitors and residents alike.

The chart on the following page summarizes the findings in the report:

AIA Honolulu Task Force Report: Suggested Light Rail Transit (LRT) for the Honolulu High

-

Capacity  
Transit Corridor Project, February 2, 2009

2

## PROJECT CRITERIA

### ELEVATED RAIL

AT

-

### GRADE LRT

Overall Construction Cost (20 mile system)

\$5.3 Billion+

\$2.5 Billion

Construction Cost per Mile

\$265 Million+

\$125 Million

Construction Time

9 years

Approx. 4

years

Construction Energy Consumption per Mile

170,000 MBTUs

20,000 MBTUs

Operation & Maintenance Cost (OMC)

\$63 Million per year

\$39 Million per year

Visual Impact

Moderate/High

Low

Environmental Impact

High

Low

Potential for TOD

Limited to areas n

ear

Several major advantages

station entrances

for TOD

At

-

grade Traffic Impact

Low

Acceptable, using signal

synchronization

Passenger Capacity

(Passengers per Hour per Direction)

6,000

over 9,000

Current systems in North America

1 city



35 cit

ies

+ The lack of recent all

-

elevated rail projects makes it difficult to verify projected costs.

AIA Honolulu Task Force Report: Suggest

ed Light Rail Trans

it (LRT) for the Honolulu High

-

Capacity

Transit Corridor Project, February 2, 2009

3

S

UGGESTED

L

IGHT RAIL TRANSIT (LRT) FOR THE

HONOLULU HIGH

-

CAPACITY TRANSIT CORRIDOR PROJECT

AIA Honolulu continues to strongly support the concept of a fixed rail transit system for Oahu.

However, we also remain concerned over the appropriateness of the proposed elevated transit

system particularly through the urban core of Honolulu. AIA

Honolulu promotes the

implementation of a flexible

transit system capable of operating at, above, or below grade to

accommodate the particular conditions within each community. To

assist the City

administration, lawmakers, and community in strengthening

community support, enhancing our

neighborhoods and e

nvironment, investing taxpayer money wisely, and ensuring Federal

funding

for this historic project, AIA Honolulu's Transit Task Force has

prepared the following

comparison study of two different types of fixed rail systems:

The elevated “

hot”  
third rail  
s  
ystem currently proposed in the Draft  
Environmental  
Impact  
S  
tatement (DEIS) dated November 2008  
, and  
At

-  
grade light rail transit (LRT) systems using an overhead “catenary”  
power wire  
The LRT system was chosen for consideration in this study because  
of its  
flexibility; LRT  
guideways can be put at grade, below grade or overhead as  
required by planning considerations.

The two rail systems are compared in terms of:  
Construction Costs  
Operating and Maintenance Costs  
Visual and Environmental Impact  
Transit

-  
Orie  
nted Development, and  
At

-  
grade Traffic Impact  
I. C  
ONSTRUCTION COST  
Elevated rail

The latest cost estimate for the 20

-  
mile, 20

-

station elevated rail system proposed for the City & County of Honolulu is \$5.3 billion, or \$265 million per mile

<sup>1</sup>

. This figure is for the initial phase from Kapolei to Ala Moana and does not include extensions to Waikiki or UH Manoa. Due to the scarcity of recently built elevated systems, it remains difficult to evaluate these projected construction costs. The only instance in which an all

-

elevated mass transit line was built in a major city in the United States occurred in Miami in the 1970's, which is too long ago to provide reliable cost data.

Given the large cost overruns of recent transit projects in Hawaii (H

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3)

<sup>2</sup>

and elsewhere in the country (Boston's "Big Dig", Los Angeles subway), and the lack of construction data from elevated transit projects, we are concerned that current cost estimates and contingencies may not be adequate.

At

-

grade rail  
Currently there are 35 at

-

grade rail systems operating in urban areas of North America

<sup>3</sup>

(Appendix 1). These systems all use an overhead power wire and steel rails at grade (ground) level in dedicated street lanes or other existing public right

-

of

-

ways. A number of these systems

AIA Honolulu Task Force Report: Suggested Light Rail Transit (LRT) for the Honolulu High

-

Capacity

Transit Corridor Project, February 2, 2009

4

h

ave been built within the last 5 years and can offer a more accurate

idea of projected

construction costs if a 20

-

mile at

-

grade system was built in Honolulu.

The at

-

grade LRT systems in Charlotte,

Houston, Los Angeles, Minneapolis, Phoenix,

Sa

cramento, Sa

n Francisco

and

San Jose

were all completed between 2003 and 2008, with the

Phoenix line having just opened in December 2008. Final per

-

mile costs for these systems

ranged from \$43 million (Houston) to \$70 million (Phoenix)

4

. Using the final cost of the

Phoenix system (\$1.4 billion) and the current cost multiplier for

construction costs in Hawaii

(1.79 times Phoenix costs)

5

we conservatively estimate that the total cost of a 20

-

mile at

-

grade

LRT system in Honolulu would be approximately \$2.5 billion at today's prices.

The lower construction cost of at

-

grade rail is primarily due to the savings on materials (steel and concrete), energy and labor

required

to construct the elevated guideway and stations anywhere from 35 to 8

0

feet above ground level

6

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Second

dly, t

here are savings on the machinery (stairs, escalators, elevators)

and lighting

needed at each elevated station as well as the mezzanine structures which span the street below the stations.

In addition, there are substantial savings on

below

-

grade fo

undation and utility realignment work needed for support of the structural

columns in an elevated system.

Land Acquisition Costs:

Elevated Rail

According to the latest reports from the City administration, a total of

189 properties are in the path of the proposed elevated line and will have to be acquired in part or in full

7

.

The city has budgeted \$70 million to purchase the land based on current property assessments for these parcels. Our understanding is that the budget does not include a contin

gency for rising property assessments if and when economic conditions improve.

Although the bulk of the elevated guideway and stations will be built over public streets and right of ways, land acquisition along these areas will still be required becaus

e of the width of the guideway and of the stations. The proposed specification of "hot"

third rail technology requires that the train rails be grade

-

separated (moved above ground level) for safety. Since the most cost

-

efficient way to grade

-

separate third rail systems is to pair two lanes of rail together on an elevated guideway, this means that the guideway is double

-

wide throughout its length, and any stations require additional platform space

on both sides of  
this double

-

wide dimension. Land  
acquisiti

on is typically required at the stations, which will be 50 feet wide by  
300 feet long

8

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Land Acquisition Costs: At

-

grade Rail

Although LRT systems are installed at grade, land acquisition costs  
are not necessarily higher  
than those for an elevated rail  
system. At

-

grade guideways (rails) are typically installed in  
existing roadways and the turning radius of at

-

grade LRT is normally accommodated in existing  
street right

-

of

-

ways. At

-

grade stations require only a widened sidewalk area (approximately  
6 x

15

0 feet) on one side of the guideway. At

-

grade rail routes and station locations can offer  
planners and designers more flexibility compared with elevated rail  
systems which must account  
for large structural columns that can only be placed in the centerline

s or outside of streets. At

-

grade rail lines can be paired on the same street or separated and put on different streets to minimize surface traffic disruption and further minimize the need for land acquisition.

AIA Honolulu Task Force Report: Suggested Light Rail Transit (LRT) for the Honolulu High

-

Capacity  
Transit Corridor Project, February 2, 2009

5

Construction Time: Elevated Rail

According

to the city, the estimated construction time for the first phase (20 miles) of the

Honolulu system is 9 years, with construction to begin in December 2009 and full service to Ala

Moana starting at the end of 2018

9

.

Construction Time: At

-

grade Rail

Constr

uction time for an at

-

grade LRT system in Honolulu would likely be similar to the system just completed in Phoenix. The 20

-

mile at

-

grade system in that city was completed in 4 years (2004

-

2008)

10

.



Construction Energy Consumption  
According to the Draft EIS  
for the HHCTCP, "construction of at

-  
grade high capacity transit  
systems generally require 20,000 MBTUs of energy per track mile  
(Caltrans 1983), including  
track and power systems". For an all

-  
elevated system such as the one proposed for Honolulu,  
"an add  
itional 150,000 MBTUs of energy per track mile would be required to  
construct the  
elevated structure"

11  
. Total energy required to build a mile of elevated rail line is 170,000  
MBTUs,  
or 8.5 times  
the energy required for the same length of at

-  
grade rail.

S

UMMARY

: C

ONSTRUCTION COST, TIME AND ENERGY

Comparing the latest City estimate for elevated rail (\$5.3 billion) with  
the uppermost estimated  
cost for at

-  
grade rail (\$2.5 billion), a 20

-  
mile at

-  
grade LRT system would allow the City to build  
a transit system  
for one

-

half the cost, thereby reducing taxpayer funding. Comparing construction time of the Phoenix at

-

grade system (4 years) with the City's estimated construction time for Honolulu (9 years), at

-

grade LRT would allow the City to build a transit system in less than one

-

half the time, thereby reducing necessary traffic disruptions during construction.

Finally, as energy costs and consumption have come to the attention of the public in light of global warming concerns, it is important to note that the embodied (construction) energy required for a mile of elevated rail is 8.5 times that of at

-

grade rail.

II. O

### OPERATING AND MAINTENANCE COSTS (OMC)

#### Elevated Rail

According to the City's rail transit

website, the annual operating and maintenance costs (OMC) for

the proposed 20

-

mile elevated route will be \$63 million

<sup>12</sup>

, or \$3.15 million per mile. This figure can be broken down into track

-

and

-

train OMC (which are the same whether at grade or elevated) and OMC associated with an elevated system. According to the Light Rail Industry

(LRI), the typical OMC for an at grade LRT system is \$1.5 million per mile, or \$30 million for a 20 mile system. Using a 1.3 cost multiplier to account for Honolulu's relatively higher cost of living, we estimate that the projected OMC for tracks and trains alone in Honolulu would be \$39 million. Subtracting that figure from the City's overall OMC figure of \$63 million leaves \$24 million, which is the OMC for elevators, escalators, lighting, painting, restrooms, and security at elevated stations.

-

At grade Rail

-

At grade rail typically shares existing roadway and right of ways resulting in significantly lower OMC than elevated rail. No stairs, escalators or elevators are required. Steel rails are recessed

into existing streets so that

Capacity

Transit Corridor Project, February 2, 2009

6

into existing streets so that

At

-

At

At

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At

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At

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At

At

At

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At

At

At

At

track and station cleaning can be done as part of normal city cleaning

and maintenance programs. At

-

grade stations consist of widened sidewalk platforms with roof structures and ticket vending machines. Lighting and security needs at at

-

grade stations a

re

minimal since they can be monitored by existing police patrols and lit by existing streetlights.

The 20

-

mile, 28

-

station at

-

grade LRT system which opened in Phoenix in December 2008 has an

annual OMC budget of \$31.6 million (\$24 million for operations + \$7.6 million for

maintenance), for a unit cost of \$1.58 million per mile

13

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S

UMMARY

: O

PERATING AND MAINTENANCE COSTS

Compared with an elevated rail system, a 20

-

mile at

-

grade LRT system could save the City \$24 million in annual operating and maintenanc

e costs, and thereby further maximize use of taxpayer

dollars.

### III. V

## ISUAL AND ENVIRONMENTAL IMPACTS

### Elevated Rail

The proposed elevated rail system will have “moderate” to “high” impact, according to the Draft EIS, on several neighborhoods through which it is proposed to run

14

. The guideway and stations will have two types of visual impact: blocking existing views, particularly in mauka

-

makai directions, and being a visual element out of scale and character with the immediate neighborhood. Mauka

-

makai

view corridors are considered a critical part of the urban landscape of Honolulu and are protected under the City’s Primary Urban Center Development Plan of 2004. Existing mauka

-

makai views in the immediate vicinity along the full length of the system

wi

ll be significantly impacted. Views from existing apartments near the guideway will also be

impacted, particularly in units on the lower four or five floors.

There will be high visual impacts in Downtown Honolulu, where the views down Bishop Street

and n

eighboring streets to Honolulu harbor will be partially blocked by the elevated guideway

and its support columns. The Chinatown district, with its historic connection to the waterfront,

will be significantly impacted by an elevated concrete structure running the full length of the district.

The proposed elevated rail system is contrary to waterfront planning in leading cities throughout the world

.

Cities such as San Francisco, Boston, Seattle and Sydney have in recent years

removed elevated transit structures separating their neighborhoods from the urban waterfront.

A

n

elevated rail line adjacent to the waterfront in Honolulu will create a physical and visual barrier

between the waterfront and the Downtown/Chinatown area

, as can be seen in the

following

s

imulation

from the DEIS (Figure 4

-

32, Page 4

-

80)

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**From:** [margene ayers](#)  
**To:** [TRE Testimony](#)  
**Subject:** Rail testimony AGAINST  
**Date:** Wednesday, August 9, 2017 5:25:21 AM  
**Importance:** High

---

The rail project has been allowed to more than double in cost!!  
An audit was denied to keep the taxpayers from knowing the money trail that feeds a few and is funded by Oahu tax payers.

NO MORE TAXES!!!

The rail project does not benefit the tax payers. It will not make any improvement to the traffic.

There are one million people and thousands of vehicles on this one small island. No one will give up the freedom to drive.

The rail will only be a moving homeless camp. Once they get on, they won't get off. Look what they have done to our public bus system.

It's all a big mess and my solution is to stop my money bleed and move out of this state. Many of my friends, classmates, and co workers are gone or leaving soon.  
No paradise here with the thousands of homeless, thousands of foreigners, millions of tourists, and a rail system we can not afford to build or maintain.

Honolulu has a water system close to 100 years old. Water main breaks are reported daily. We need to replace our water pipes more than we need to erect more concrete rail lines for trains that will be obsolete before they ever run!!

The cost of basic living is unsustainable unless working two jobs just to survive.

In order to retire I have to move to the mainland. Otherwise I would have to work until I die to remain in Hawaii.

Aloha to my birthplace. Mainland, here I come!!

Margene Ayers  
Tax payer and registered Republican voter.

**From:** [argyl bacon](#)  
**To:** [TRE Testimony](#)  
**Subject:** \*\*\*\*\*SPAM\*\*\*\*\* Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 9:02:53 PM

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Soon the legislature will be meeting to decide on fund or no fund the elevated heavy rail catastrophe. When first proposed it was sold as a way to ease traffic from the leeward area. Later it morphed into a make work project. Now I don't know what the purpose might be. I do know that nothing is so bad that it can't be made worse by continuing without a sensible plan. When digging a purposeless hole, stop digging. Investigate why the cost has doubled and no end is in sight; stop HART.

arg bacon  
624 ulili street  
honolulu, HI 96816  
tel 7346072



**From:** [Toni Baran](#)  
**To:** [TRE Testimony](#)  
**Subject:** Are I  
**Date:** Tuesday, August 8, 2017 3:40:28 PM

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The rail has always been a boondoggle.

Toni  
Sent from my iPhone

**From:** [John and Kathleen Biros](#)  
**To:** [TRE Testimony](#)  
**Date:** Friday, August 11, 2017 2:21:11 PM

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No way should other islands help pay for the rail. You got rid of the super ferry. Please don't incur any additional expenses on us in Maui.

Date: August 14, 2017

To: Senate & House Committees on Transportation, Public Safety, Ways & Means, Finance

From: Ronald Brown

Subject: **Honolulu Rail Project – Withhold further funding until the FTA’s Option 2A is considered**

Everyone knows except perhaps the mayor that the rail project is a disaster for the city and hence for the state as a whole; insanely over-budget, ineffective at its first and most important goal of reducing congestion on our roads, unlikely to attract a large number of riders and, most important, sucking up all the funds that are needed to tackle the city’s problems—including that of congestion on our roadways.

Many at the state level seem to be taking the position that rail is a city concern and they should not block the city’s requests for additional funds to finance it. I’ve heard legislators say that big public works projects are always over-budget and inefficient and that the present difficulties are just business as usual. I strongly advise against such a position—rail is so huge and its impact so devastating on our city and even on the state as a whole that the legislature simply cannot escape responsibility for letting it go forward. **When the full extent of how much this boondoggle has cost in treasure and the livability of our island, the people will not forget which legislators let it go forward.**

There are good alternatives to completing rail as proposed by the city, alternatives that could be implemented with no further funding. I refer you to the excellent proposals of the Salvage the Rail group and Scott Wilson’s testimony to these committees. Please do not give the city a blank check ; deny it access to further funding until it shows it has seriously considered these proposals. So far the city’s comments on them have been full of the most appalling misrepresentations. Deny further funding to force the consideration of better alternatives.

**From:** [Shantel Burns](#)  
**To:** [Sen. Lorraine R. Inouye](#)  
**Subject:** TAT Tax Oppose  
**Date:** Friday, August 11, 2017 9:57:14 AM

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Aloha Senator Lorraine Inouye,

My name is Shantel Burns I am the Sales Coordinator for the Embassy Suites by Hilton Waikiki Beach Walk, we are also part of the Outrigger Hotels and Resorts as they are our management company.

I am sending you this because I am concerned. As an employee of the hospitality industry – I strongly oppose any increase in the TAT, as a means of funding completion of the Honolulu rapid transit project (Rail).


Embassy Suites by Hilton Waikiki Beach Walk and Outrigger take no position on whether and how the rapid transit project should be completed. If it is to be completed and if completion is to be financed by state tax increases:

- (1) those increases should not be to the TAT but to the broad-based GET;
- (2) those increases should be limited strictly to what is required to complete the Rail project.

The GET is a far better and reasonable means of financing. It is broad-based and therefore does not disproportionately impact any of Hawaii's economy or community. It does not rely on one specific industry which can be especially impacted by international events and economic cycles. It is coming from Hawaii visitors as well and so they pay their "fair share" without the industry itself being placed at risk; which would be the case with another TAT increase.

Hawaii's people, our Kama`aina will benefit the most from the Honolulu rapid transit (Rail) project and they stand to lose the most if the visitor industry is harmed. I and my Embassy Suites `Ohana cannot accept any solution to the Honolulu rapid transit project financing challenge that involves increasing the TAT for any period.

Thank you for taking the time to read my email and Mahalo for your consideration.



**SHANTEL BURNS**  
Sales Coordinator

**Embassy Suites by Hilton Waikiki Beach Walk**  
201 Beachwalk Street, Honolulu, HI 96815  
Direct: +1 808 931-3517 | Mobile: +1 808 284-9270  
[shantel.burns@embassysuiteswaikiki.com](mailto:shantel.burns@embassysuiteswaikiki.com)  
[embassysuiteswaikiki.com](http://embassysuiteswaikiki.com) | [Facebook](#) | [Twitter](#)

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**From:** [Thomas Burroughs](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 4:08:27 PM

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After seeing the progress with my open eyes I can see that the rail is not even close to 1/3 completion. Anyone who says it's more must somehow see terminals, stations and elevators in working order. There's no power stations anywhere to be seen. There's no maintenance structure to be found. The only possible solution to this incredible waste and theft of taxpayers hard earned money is to bring both ends to the ground and use it for a bus lane immediately. If not, tear it down. Sincerely, Thomas Burroughs

Sent from my iPad

**From:** [Fred Cadiz](#)  
**To:** [TRE Testimony](#); [Sen. Jill Tokuda](#); [Rep. Sylvia Luke](#); [Sen. Breene Harimoto](#); [reptakiyama@capitol.hawaii.gov](mailto:reptakiyama@capitol.hawaii.gov)  
**Subject:** An Alternative to the GE Tax extension  
**Date:** Saturday, August 12, 2017 9:58:32 PM

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With all the "luxury" condominiums being developed and built, all the "luxury" cars being driven, and all the "luxury" goods being sold throughout the retail outlets on Oahu, why not impose a "Luxury Tax" (otherwise known as a Value Added Tax (VAT).)

That way, the people who can afford "it" will pay for "it."

Simply put, the rail is a luxury neither the City nor State can afford!!!

The many darkened (empty) condominium units reflects the loss of income to the State and County. Vacant condominiums are a "luxury" and does not generate taxes from the owners except when they actually occupy the unit.

You ALL KNOW that whatever "temporary" extension is going to become Permanent and the people cannot afford it...and are not stupid.

Hawaii is reverting back to the days when only the rich can afford to visit...and locals here to serve them.

Is the fix already in?

FCCadiz

Sent from my iPad

**From:** [Dennis Callan](#)  
**To:** [TRE Testimony](#)  
**Subject:** testimony for Dennis Callan  
**Date:** Thursday, August 10, 2017 12:15:12 PM  
**Attachments:** [King St BRT.pdf](#)  
[testimony state legislature regarding rail tax.doc](#)  
[N King St bus lanes.pdf](#)

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[I emailed you an earlier version but am not sure if it went through. This is a revised version, please use this, thank you. I do want time to speak at the briefing.]

Speaking in opposition to extending rail tax at the hearing on Monday of joint committees.

The best solution for our traffic problem has been hiding in plain sight: North King Street. This underutilized road can be easily made 6 lanes and properly managed to provide space for two lanes of express bus routes that can connect Middle Street with downtown and beyond.

Bring the elevated rail guideway to ground, ending at Middle Street with riders transferring to express bus. This would be cheaper and more effective than extending elevated rail through downtown to Ala Moana Center, producing better results for commuters. An efficient bus station can connect riders with express buses to a variety of destinations throughout Honolulu. With proper station design, the transfer from train to bus can be done quickly and efficiently.

North King Street to downtown is an idea route for express bus:

- Can be easily made 6 lanes throughout.
- Distance to downtown is just 2.5 miles.
- There are only 4 major cross streets.
- Traffic lights can be synchronized for express bus.
- Express buses can continue to Waikiki and University.

Rail advocates falsely claim there is no room for an expanded bus fleet on our existing downtown roads, but this can be fixed by improving North King Street, which is now under-utilized, varying in width from 4 to 6 lanes. It can be easily widened to a uniform 6 lanes, making space for BRT.

Bus lanes can be extended along S King, S Beretania, Kalakaua and Kuhio, completing a comprehensive BRT system at a fraction of the cost of rail, providing effective transportation and less damage to our environment.

This North King Street route will solve the major rail problems: 1) less expensive, existing tax is sufficient 2) will not disrupt the appearance of urban Honolulu, 3) provides express transit service to downtown, the university, Waikiki, and other urban destinations 4) can be created quickly 5) would improve Kalihi and provide new development opportunities. 6) utilizes and builds upon our existing excellent bus service. 7) should have no problem meeting federal funding requirements. 8) would have broad public support. 9) makes the elevated rail a useful delivery system feeding into the bus station.



You can see details about current situation and potential for North King Street in this movie:

<https://www.youtube.com/watch?v=-MdTNd1VRZ0>

There are also two pdfs attached here with graphic illustrations about North King Street, and this essay is also attached for your convenience.

You might think you are familiar with North King Street, between Middle Street and downtown, but did you know that it changes width 23 different times during its two-mile length? It widens from two lanes to four lanes to five lanes to six lanes and then narrows again, up and down.

Most of King has six lanes but parking is allowed all day, effectively reducing this wide pavement to a four-lane road with two lanes in each direction. This often gets further reduced to one in-bound lane due to cars waiting to turn left, or a bus stop blocking the right lane. King never does experience six actual lanes of through traffic, which is a waste of a precious transportation resource.

However, North King could very easily be made six lanes throughout the entire length, and with proper management, four of those lanes can flow together in the rush-hour direction. This would provide a major enhancement for traffic coming in from the Leeward side, with much better results than building a train at perhaps 2% of the expense; and these improvements could be done quickly, providing immediate relief.

North King Street begins at Oahu's worst traffic bottleneck, the dreaded Middle Street intersection, where it exits the freeway just before the crunch. An improved North King could provide an alternate route to get around this critical choke point and zip travelers to downtown in minutes. Relatively minor construction and sensible planning could more than double King's capacity, providing a new lane for express bus and carpools, while better serving local traffic and helping relieve the burden on H1.

The frequent choke points where the road narrows are caused by simple obstructions, including parking lots, overly-wide sidewalks, empty dirt yards, garbage dumpsters, storage spaces, and arbitrary curb extensions. Road space is further wasted by the arbitrary way lanes are painted on the surface: sometimes a lane is striped very wide, taking up 1 ½ or 2 actual lanes; at other places there is a useless "keep out" zone painted in the median where cars are prohibited, without any apparent safety purpose. Nearly all of the widening suggested here involves relatively easy lane additions, and there will still be excellent sidewalks for the entire length of the renewed street.

North King has just two lanes at the start, then quickly widens to four lanes and then six upon reaching Umi Street. It continues wide until just past Mokauea Street, seven blocks later, where it narrows to five lanes. It remains narrow for the next four blocks until reaching Kalihi Street. This narrowing is caused by a very wide sidewalk, a garbage dumpster, some parking lots, with no actual buildings in the way. It would be relatively simple to add a lane here and move the utility poles.

Beyond Kalihi Street, in the long block passing Farrington High School, King breezes

along as six lanes, but a lane of parked cars reduces this to five. At the intersection with Houghtailing it is still six lanes but striped as five, with a very wide right-turn lane that two lanes of cars usually squeeze into -- another example of the inefficient, thoughtless "planning" of this roadway.

The intersection on the other side of Houghtailing is partly blocked by an old wooden building on the makai side that juts into the roadway, taking up a lane and obstructing traffic. This is one of only two small, old wooden structures that probably need to be removed for the widening project -- not bad for a complete 2-mile enhanced corridor. A major bus stop is just beyond the building, yet the buses have to snake and twist their way around the protrusion to reach the curb.

Beyond Houghtailing things get rather chaotic for a couple of blocks, becoming in turn, 6, 5, 6, 5, 6, and then 5 lanes wide, for no apparent reason other than a sidewalk that keeps changing width. You can better understand this bizarre irregularity from an aerial perspective. The width changes are caused by several curb and sidewalk extensions, which do nothing but create a couple more free parking spaces. A paved lane on the mauka side beyond the sidewalk hosts a garbage dumpster and an unused parking lot remnant. None of this makes any sense.

Just after this, at Wolter Lane, we've got about 5 ½ lanes, but suddenly the road narrows to four lanes when it reaches Long and Mao Lanes, creating the narrowest section of King as it approaches downtown. This restriction is caused on the makai side by another widening of the sidewalk, used by an automotive repair shop to double-park cars and store their dumpster. The mauka-side obstruction is perhaps the strangest of all blockages on North King -- a short block of diagonal parking fronting the shops that juts into the street right-of-way. It's like a little stretch of quaint New England village with angled parking, convenient for customers but not very appropriate for downtown Honolulu.

At the end of this four-lane block, King jumps back out to six lanes, suddenly widening to the proper dimension that it should have been for the whole length, but one block later at Morris Lane, we are back to five. Fortunately, the bridge across Kapalama Canal is six lanes, so that avoids any serious reconstruction. Past the bridge, a "keep out" section painted in the median reduces us back to five, then we continue another couple of blocks at six-wide until reaching the Palama Fire Station at Austin Lane, where it's back to five lanes for the block at Tamashiro Fish Market. Part of the narrowing on the mauka side is due to a residential front-yard used for parking cars.

After this, at Kaumakapili Church we are back out to six, but then two blocks later at Pua Lane, you guessed it, back to five. This narrowing of the street is created once again by an arbitrary extension of the sidewalk, which here is littered with abandoned shopping carts, with a small used car lot on the corner of Akepo Lane. The makai side then expands to three lanes but the mauka half of King goes down to two because of a parking lot and storage area for slabs of marble -- not a very important use of land for a main road in our primary urban center. In the final block before Liliha Street we are back out to six lanes and then King rolls into downtown where it meets Beretania Street at Aala Park, briefly enjoying a grand combined width of twelve lanes.

This has been a ridiculous ride. North King Street needs to be fixed. Our noble King has been ignored, neglected, abused and underused and now it's time to correct this

problem. Let's make it six lanes all the way and prohibit parking during rush hour.

These six, unobstructed lanes could then be put to the best use by our creative traffic engineers. Considering the directional flow, a.m. inbound, p.m. outbound, it would be efficient to have four lanes coming in during morning rush, then four going out in the afternoon, easily controlled with removable traffic cones and synchronized traffic lights. The two center lanes can be reversible, morning inbound, afternoon outbound.

During non-peak times, the lanes flow as usual in each direction, with parking allowed. This would provide four lanes in the peak flow direction: 1. A left turn/passing lane, 2. Express bus – HOV lane, 3. Local traffic, 4. curb lane for local traffic, local bus stops and right turns.

Compare this with rail. King would now have a true dedicated bus lane, also for HOV for carpools, with tremendous capacity of 10,000 people per hour that would revolutionize our daily commute. Rail has a maximum of 6,000 passengers per hour if fully loaded, most of them standing. Also, the existing rail plan route is less functional, running along the makai fringe of downtown, through the Kaka'ako millionaire community, and then to the mall which has become a tourist shopping center and is not even open during morning rush hour. The bus line goes right into the heart of downtown and continues beyond to UH and Waikiki.

This improvement to King can be part of a new approach to comprehensive traffic solutions for Honolulu with similar kinds of innovative measures on our other streets. With this approach we don't need to build an elevated train running through the middle of our city -- we've got enough capacity on our existing streets if we manage them properly. An official corridor traffic study is urgently needed to sort this matter out and develop an engineering solution and supplemental EIS as soon as possible.

King Street needs planning and care instead of being ignored the way it has been for decades, as much of Kalihi has been generally neglected. This road improvement can help revitalize the neighborhood while at the same time easing Oahu's regional traffic problems, especially for those residents coming in from the Leeward side.

The work to create this project would provide good jobs for our local construction industry, creating an extremely useful product at relatively little expense or environmental impact. This could be done in a year if we really put our mind to it, producing immediate results. This modernized North King Street would seriously enhance commuter traffic, while also creating an enhancement to the quality of life for the people of Kalihi that would increase their mobility, revive retail businesses, and stimulate pride in a renewed neighborhood.

Dennis Callan

[www.tourvideos.com](http://www.tourvideos.com)

528-4411

**From:** [Patricia Carroll](#)  
**To:** [TRE Testimony](#)  
**Subject:** Rail  
**Date:** Tuesday, August 8, 2017 1:51:26 PM

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To Whom It May Concern:

Do not provide any additional funding for rail. The rail project has been mismanaged from the beginning and the situation is unlikely to change. The cost overruns are horrendous. HART will continually beg for additional money for the foreseeable future. There is no end. Additional taxes will mean an additional burden on the already overtaxed public.

Stop the madness called rail.

Thank you for your time.

Patricia Carroll  
94-822 Leomana Way  
Waipahu, HI 96797

**From:** [chamberlainsusan@yahoo.com](mailto:chamberlainsusan@yahoo.com)  
**To:** [TRE Testimony](#)  
**Subject:** Need Some Proof  
**Date:** Tuesday, August 8, 2017 11:39:26 AM  
**Importance:** High

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Ever since HART was established, no one has proved to me how the train is going to be economically feasible.

I want some proof NOW, before it is too late.

Sent from my BlackBerry 10 smartphone.

**From:** [Ku Ching](#)  
**To:** [TRE Testimony](#)  
**Subject:** Should neighbor island residents pay for the rail?  
**Date:** Wednesday, August 9, 2017 10:20:28 PM

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NO!

The "Rail" is a Honolulu problem!

The "Rail" is a Honolulu project!

The "Rail" will benefit the O'ahu population!

The "Rail" has NOT followed the rules! Decision makers on the "Rail" have NOT exercise common sense! Decision makers on the "Rail" have made poor decisions. Decision makers on the "Rail" have not followed "best effort" procedures. Decision makers on the "Rail" have overspent the budget at every turn! Decision makers on the "Rail" have squandered much money on their friend entities and have engaged in costly over-spending! Decision makers on the "Rail" have been grossly overpaid for sub-standard work! Decision makers on the "Rail" have irresponsibly and un-accountedly overspent the money (let's just say that thieves have made off with lots of money which is un-accounted for! Decision makers on the "Rail" need to have the entire project and all payments audited!

The Neighbor island populations have not been participants in the "Rail" project.

The Neighbor island populations have never been asked to participate in the project.

If the Neighbor island populations would have been asked to participate in the "Rail" project - they would have responded with a big "NO!"

So, now, after the Neighbor island populations have been left out of the ball - Why should they get involved in a Honolulu project that they weren't consulted on in the first place.

The Neighbor island populations will not be benefited by the "Rail" project!

If the Neighbor island populations will not be benefited by the "Rail" project - Why should they pay?

Legislature - You embarrass us Neighbor islanders by even considering that we should be paying into the pot!

Legislature - We will NOT pay for your "Rail" project!

Clarence ku Ching  
64-823 Mamalahoa Highway  
Kamuela, HI 96743

From: [Mel](#)  
To: [TRE Testimony](#)  
Cc: [All Senators](#); [All Reps](#)  
Subject: AGAINST NEW RAIL TAXES OF ALL TYPES OR EXTENSION OF ANY TAXES CURRENTLY USED TO PAY FOR RAIL.  
Date: Saturday, August 12, 2017 12:04:31 PM

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**TO ALL OF THE SENATORS AND  
REPRESENTATIVES.**

**I AM AGAINST THE IMPLEMENTATION OF ANY NEW  
TAX, TAX INCREASES OR EXTENSION OF THE  
GET TO PAY FOR RAIL.**

**THE LEGISLATURE HAS A GOLDEN OPPORTUNITY  
NOW TO DEFUND RAIL BY NOT CALLING THIS  
WASTEFUL SPECIAL SESSION JUST TO INCREASE  
OR EXTEND TAXES.**

**HAWAII TAXPAYERS ARE PAYING WAY TOO MUCH  
FOR RAIL.**

**HAWAII TAXPAYERS ARE TAXED ENOUGH ALREADY  
WITH THE TAXES ALREADY IN PLACE BY THE  
COUNTY, STATE AND FEDS.**

**RAIL IS NOT A SOLUTION TO THE  
TRANSPORTATION PROBLEM IT IS ONLY A  
DEVELOPMENT SCHEME TO MAKE OUR LIVES MORE  
EXPENSIVE AND TO FURTHER ENGINEER AND  
PRICE US OUT OF OUR CARS.**

**THE TOD IS GOING TO COST LONG TIME  
RESIDENTS WHO OWN OR RENT PROPERTIES NEAR**

THE RAIL LINE MORE MONEY IN TERMS OF HIGHER TAX ASSESSMENTS. MANY OF US ARE OLD TIMERS ON LIMITED OR FIXED INCOMES. THE TOD WILL POSSIBLY PRICE MANY OF US OUT OF OUR HOMES.

AN EXTENSION OR IMPLEMENTATION OF A NEW TAX TO PAY FOR RAIL WILL ONLY MAKE OUR FINANCIAL PROBLEMS WORST AND DRIVE MORE PEOPLE INTO HOMELESSNESS.

I AM ANGRY AT THE RAIL AND THE TAXES BEING USED TO PAY FOR IT.

TIME TO TOTALLY STOP THE RAIL, ABSORB THE LOSSES AND REDUCE OUR TAX BURDEN NOW.

NO SPECIAL SESSION.

NO TAX INCREASES.

NO TAX EXTENSIONS.

NO NEW TAXES.

LISTEN TO ME AND ALL OF THE OTHER ANGRY PEOPLE IN HAWAII.

THANK YOU.

MELVIN AH CHING.





**From:** [Benny Choi](#)  
**To:** [TRE Testimony](#)  
**Cc:** ["Gayle Miyashiro"; gvergara@waikikiresort.com](#)  
**Subject:** testimony  
**Date:** Friday, August 11, 2017 5:49:07 PM

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**WRITTEN TESTIMONY OF BENNY CHOI  
WAIKIKI RESORT HOTEL**

**Committee on Transportation and Energy, Senator Lorraine R. Inouye, Chair**

**Committee on Public Safety, Intergovernmental and Military Affairs,  
Senator Clarence K. Nishihara, Chair**

**Committee on Ways and Means, Senator Donovan M. Dela Cruz, Chair**

**Committee on Transportation, Representative Henry J. C. Aquino, Chair**

**Committee on Finance, Representative Sylvia Luke, Chair**

Dear Legislators,

My name is Benny Choi and I am working at Waikiki Resort Hotel as the Chief Engineer.

I want to express my opposition to raise transient Accommodations Tax revenue to fund the Honolulu rail project and education. I believe that this tax should not be targeted solely at the tourism industry.

As we facing the ageing of the hotels in Waikiki, operators are spending a lot of resources to sustain the operation of the hotels.

We did have a few years of increasing travelers in the past years, but let's not take this for granted, this is the hard work of the industry.

By increasing the transient accommodations tax, this will be a big impact to our industry which is facing a slowdown in visitors this year.

In order to stay competitive with the rest of the vacation destinations, I humbly OPPOSE the use of the the Transient Accommodations Tax (TAT) to fund the Honolulu Rail Project and asks that you consider other avenues to fund any future rail expenses. .

Thank you for your consideration.

Benny Choi  
Chief Engineer  
Waikiki Resort Hotel  
2460 Koa Avenue  
Honolulu, Hawaii 96815

**From:** [Choon James](#)  
**To:** [TRE Testimony](#); [All Senators](#); [All Reps](#)  
**Cc:** [akobayashi](#); [Martin, Ernie](#); [ianderson](#); [Menor, Ron](#); [Fukunaga, Carol A](#); [jmanahan@honolulu.gov](#); [tozawa@honolulu.gov](#); [Pine, Kymberly Marcos](#); [belefante@honolulu.gov](#)  
**Subject:** Do not enable a runaway city project that provides 2% traffic relief  
**Date:** Sunday, August 13, 2017 9:55:16 AM  
**Attachments:** [image.png](#)

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Aloha Hawaii State Senators and Representatives:

The Honolulu Rail Fiasco is not just about runaway and unknown costs. There are other irreparable damages that will forever alter the physical, economic, and social landscape of Oahu.

One economic injustice is the assault on small private properties and businesses along the 21-square mile Transit-Oriented Development (TOD) **corridor**, not just along the rail **line**.



The eminent domain case described below is just the tip of the condemnation iceberg. This is only condemnation along the **rail line**. The condemnation aka "**land assembly**" along the 21 square miles **CORRIDOR** is one of the best-kept secrets in this project. The city through "private/public partnerships" can easily seize private properties to allow other bigger private entities to develop!

We respectfully request that you be a STATESMAN or STATESWOMAN in these sessions.

We've seen too many politicians who are easily influenced by lucre or favors or friendships or status quo.

Please be bold and legislate in the best interests of the public good and the future of Hawaii.  
We must leave our children a better future, not one yoked with never-ending debt. History  
will judge us all.  
Mahalo!

Choon James  
55-052 Naupaka Street  
Laie, Hawaii, USA 96762  
[\(808\) 293 9111](tel:(808)2939111)  
[ChoonJamesHawaii@gmail.com](mailto:ChoonJamesHawaii@gmail.com)

-  
Join us! Country Talk Story  
Olelo TV 54

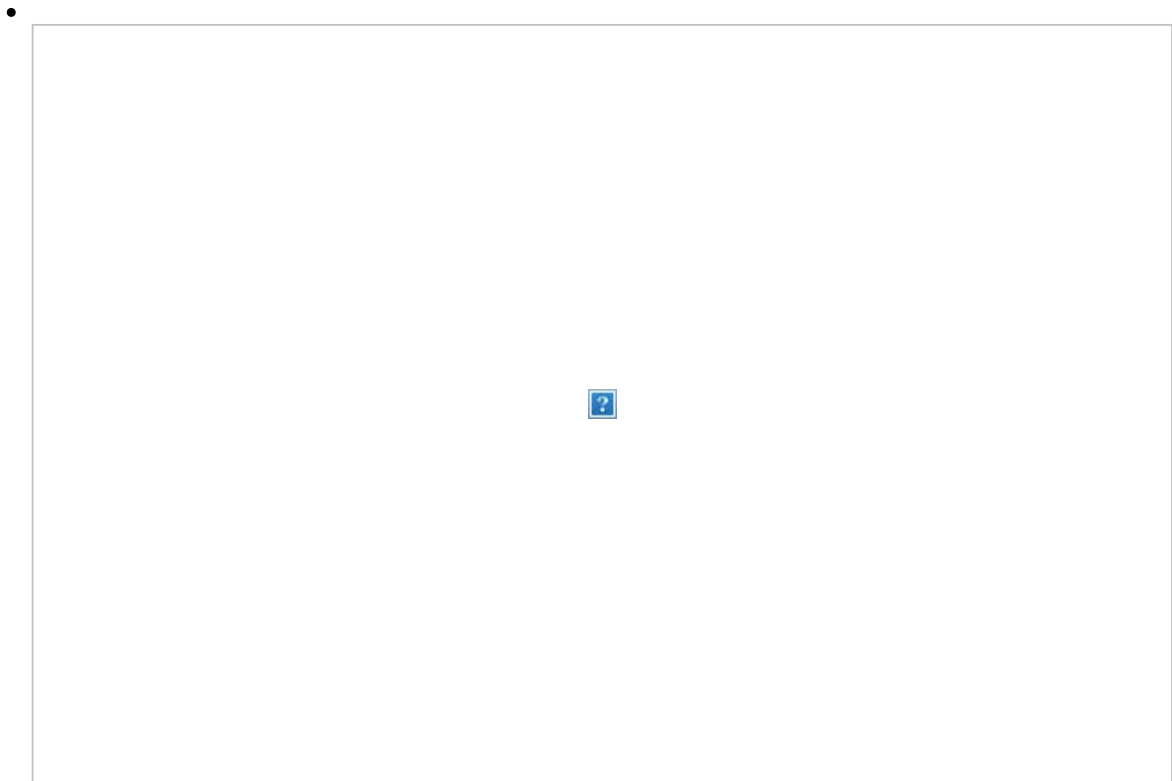


REFERENCE:

[Hawaii News](#)

## First rail land trial ends in condemnation

By [Marcel Honoré](#)  
August 13, 2017



CRAIG T. KOJIMA / [CKOJIMA@STARADVERTISER.COM](mailto:CKOJIMA@STARADVERTISER.COM)

The first jury trial for eminent domain began earlier this month in state civil court. On the stand on Monday, Honolulu Hardwoods owner Bryan Hoernig showed the location of his business.

-



CRAIG T. KOJIMA / [CKOJIMA@STARADVERTISER.COM](mailto:CKOJIMA@STARADVERTISER.COM)

The Honolulu Hardwoods building in Kakaako.

1 / 2

[PrevNext](#)

Bryan Hoernig often logs 12-hour days crafting high-end furniture, flooring and other woodcraft at his aging warehouse on Kona Street, part of Kakaako's shrinking industrial enclave near bustling Ala Moana Center and luxury condo high-rises.

"I enjoy it. I hate to be a cliché, but when you love your work, you don't work a day," Hoernig, a third-generation woodworker from Chicago, said in court testimony last week. "If it's made out of wood, we should be able to manufacture it."

However, Hoernig — similar to other owners whose land lies in the path of Honolulu's planned elevated transit line — has spent much of the past three years jostling with the city over the fair price to take his property, which is needed for rail. Earlier this month, he became the first such owner to take that fight all the way to a jury trial in state civil court.

#### ADVERTISING

Then, on Tuesday, the warehouse that he's owned since 2002 became the rail project's first official casualty of eminent domain.

#### RELATED

>> [Different appraisal methods led to \\$1M gap](#)

Hoernig, at considerable expense, challenged the city's efforts to condemn his 10,000-square-foot property for \$2.7 million. Based on his attempts to find a new warehouse, he said he believes the land and building where he runs his business, Honolulu Hardwoods, is worth \$2 million more than what the city offered.

For nearly a week, a jury heard painstaking testimony from the two dueling appraisers hired by the city and Honolulu Hardwoods. They also heard briefly from Hoernig himself.

But before they could hear closing arguments, the two sides reached a settlement to pay Hoernig \$3.15 million plus \$232,000 in moving fees.

Technically, the court-backed deal was still a condemnation. It almost evenly split the difference between the city's appraisal and the one done by Hoernig's appraiser, who valued the property at \$3.7 million. Both were prepared in October 2015.

## **DOUBTS OVER APPRAISALS**

Hoernig, who's done woodwork on Oahu since 1986, said he doesn't know if it will be enough for Honolulu Hardwoods to survive. He's now leasing a space about half the size in Kalihi near Sand Island but says he'll need to find a better location closer to his clientele.

"I don't know how much longer I'll be able to run it," Hoernig said outside the courtroom, minutes after they reached the settlement. "It really depends on what happens in this next year."

After they were dismissed, at least three jurors expressed strong doubts about the approach used by the city's appraiser, Jon Yamaguchi, who testified that he's appraised 85 properties needed for the rail line in the past eight years and averaged \$110,000 to \$150,000 annually in business for the transit project.

One of those jurors, Rick Chavez, said "it appeared (Yamaguchi) took shortcuts."

Testimony from Hoernig's appraiser, Steven Chee, convinced them that the warehouse property was worth at least \$1 million more than what Yamaguchi had found.

Yamaguchi further testified that he signed a contract with the Honolulu Authority for Rapid Transportation in April for up to \$1.26 million in additional appraisal work.

HART officials say they'll need 222 land parcels — or at least part of them — to build the entire 20-mile rail line. Not all of that land is privately owned, however.

So far, they've purchased part or all of 60 private properties, and they've gained the access they need to six others, according to the agency's most recent tally.

For the final 4-mile rail corridor that includes Honolulu Hardwoods and ends at Ala Moana Center, they'll need 77 total parcels. They report having access to 24 of those as of June.

Until Hoernig's eminent-domain trial, the agency reported successfully avoiding using condemnation — although it's come close. An 11th-hour settlement staved off condemnation at the Stuart Plaza property in Pearl City.

## **OWNERS IN TOUGH SPOT**

The HART board has also approved in recent years about 45 resolutions to start eminent domain proceedings, even as it continued to negotiate with those same property owners.

As of July, seven of those cases had been filed in state Circuit Court, according to a recent HART report. That included Hoernig's case as well as a high-profile dispute with the Blood Bank of Hawaii.

Rail leaders say they need the eminent-domain resolutions to keep the project on schedule in case talks break down. But Blood Bank President and CEO Kim-Anh Nguyen once likened the move to "living under (a) gun" during negotiations.

Meanwhile, other owners along the rail line who have felt the city is lowballing them have said they are put in a tough position because it may not be worth the hassle and expensive attorney fees to pursue a better price.

Hoernig said that going to court made sense for him because of the \$2 million or so difference in price. Still, the legal battle has consumed about 80 percent of his time and cost roughly \$500,000 in lost business, he said. He declined to publicly disclose how much he'll pay in legal fees.

During the trial, Hoernig and his attorneys were repeatedly blocked by Circuit Judge Dean Ochiai from telling the jury details they believed were relevant.

For instance, Hoernig could tell the jury that he believed his warehouse was worth \$4.5 million, but he couldn't tell them how he arrived at that dollar figure. (After the trial, he said that he had looked at more than 35 similar properties from Kakaako to Kalihi.)

At court, Ochiai said he aimed to keep the testimony as "expert" as possible. "We don't know the circumstances of the sale of the next-door neighbor or the lot across the street," Ochiai said while the jury was outside the courtroom.

Yamaguchi, the city's appraiser, originally valued Hoernig's lot at \$2.2 million in August 2014 before upping his

appraisal to \$2.7 million in October 2015.

Hoernig's lawyer, Dennis King, wanted to show the jury that his client's property had been appraised at \$2.2 million in 2008 — the same value that Yamaguchi would give it six years later. However, Ochiai ruled that the 2008 appraisal was "stale" and "too far removed" to be shown to the jury.

"We got blocked on everything," Hoernig said of the trial after the parties settled. "I've lost a million and a half dollars in equity in my building," he added before leaving the courtroom.

### **\$3M SAVED ON LAND BUYS**

HART leaders, meanwhile, say their offers aim to fairly compensate owners while also protecting the taxpayers' interests, and that they can't give special treatment to certain owners. They're required by federal law to get an independent appraisal of the property's fair-market value.

Those appraised at more than \$500,000 are reviewed by a second appraiser and agreed to by rail's partners at the Federal Transit Administration, according to HART spokesman Bill Brennan.

The rail agency can agree to a purchase at a price that's higher than the appraised value if "special circumstances warrant an adjustment in compensation," according to an emailed statement from Brennan. That's already happened in 42 rail acquisitions, he added.

Nonetheless, most of the 66 private parcels and easements that HART has acquired were purchased for less than what the agency had budgeted, rail documents show. Overall, the agency saved nearly \$3 million total on those purchases compared to their original budget.

Moiliili resident Garret Chang, who served on the jury with Chavez, maintains the city "shortchanged" Hoernig. "I felt he deserved much more" than \$2.7 million, Chang said. He favored offering Hoernig more than even Chee's \$3.7 million appraisal.

Chee "was the stronger witness," added Chavez. "He did his homework. He covered all the bases."

"I do think the city — they got a guy who gave them a low appraisal," Chavez said.

With the trial over, Hoernig started shifting his focus to moving his remaining heavy equipment out of Kakaako. The Kona Street warehouse had been a lumberyard for about 50 years, even before Hoernig bought it, he said.

"Now, hell really starts," Hoernig said.

August 8, 2017

To: Senator Lorraine Inouye, Chair  
And members of the Committee on Transportation and Energy

Senator Clarence Nishihara, Chair  
And members of the Committee on Public Safety,, Intergovernmental, and Military Affairs

Senator Donovan Dela Cruz, Chair  
And members of the Committee on Ways and Means

Representative Henry Aquino, Chair  
And members of the Committee on Transportation

Representative Sylvia Luke, Chair  
And members of the Committee on Finance

**TESTIMONY FOR INFORMATIONAL BRIEFING ON HONOLULU'S RAPID  
TRANSIT SYSTEM**

The Blood Bank of Hawaii plays a critical role in ensuring adequate supply of whole blood and blood products for accident victims and persons with serious medical conditions.

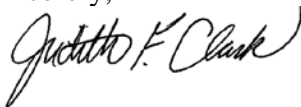
The Blood Bank's Dillingham Boulevard facility is directly along the proposed rail transit route, and the City and County is attempting to acquire a portion of that property for the rail route. The construction and operation of the rail system will jeopardize the Blood Bank's ability to maintain the sterile conditions necessary to ensure the safety of this precious resource. As a result, the Blood Bank has already moved donor center operations to another location, and has proposed that the City and County purchase the entire property as the Dillingham site will no longer be usable for Blood Bank operations.

I am a blood donor with a lifetime total of 170 pints of whole blood. I have friends and relatives whose lives have been saved because blood transfusions were available to them. I am also a dedicated public transportation user who commutes to work by bus.

Please ensure the continued safety and availability of the donated blood that saves lives of Hawaii residents on a daily basis. Include purchase of the Blood Bank of Hawaii's Dillingham property in rail transit planning.

Thank you for this opportunity to testify.

Sincerely,

A handwritten signature in black ink that reads "Judith F. Clark". The signature is written in a cursive, flowing style.

Judith F. Clark, MPH



My name is Tom Coffman. I am a board member of Hawaii Thousand Friends and a participant in the Salvage the Rail initiative.

I am testifying in favor of the Legislature not extending the GET, and not raising the TAT, but rather allowing the City government time to explore living within its means and developing a better transit plan.

For clarification on the issues before you, I want to return to the HART minutes of June 8, 2016, now more than one year ago.

Page two, paragraph 4: Chief Executive Grabauskas announced that HART had received notice from the Federal Transit Authority requesting “a recovery plan to identify budget and schedule shortfalls.” The deadline for the recovery plan was two months, or August 2016.

Page two, paragraph 6: Member Lui-Kwan asked “that as the FTA had previously been consistent in its position that the project could not be modified,” was it now receptive to modification?

Chief Executive Grabauskas: Yes, the FTA was looking for options “while leaving its \$1.55 billion commitment intact.”

Page Three, paragraph 6: Deputy Chief Morioka outlines six options for “building to budget, with no additional revenue.”

On the next page, of six options, Option Two A is: End the overhead guideway at Middle Street, “then continue with an at-grade rail system.”

Regarding the presumed urgency of a special session, since the FTA has waited a year for a recovery plan, can we not rationally assume it will wait longer?

Second, in the interim have HART, the City Council, and the City Administration used their time to seriously undertake a study of the six options? How are HART and the City doing with “building to budget, with no additional revenue?”

Recently, at the request of two frustrated HART board members, our at-grade Option Two A (Salvage the Rail) initiative advanced an in-depth study proposal for completion by Christmas 2017. The proposal was authored by three of the

leading rail experts in the world, Dr. Vukan Vucavic, Douglas Tilden, and Gary Andrishak. It provided a detailed path of inquiry for comparing the problems and costs of street-level, at-grade rail to the overhead guideway. The HART administration then responded by saying this was not their responsibility, but the City Council's. As an aside, I would add we have not given up, but are still working to engage policy-makers and the public in a rational examination of the options.

So far, however, rational examination has been displaced by the incessant political pressure in an atmosphere of self-inflicted crisis to wring more money from the public via yourselves, our elected representatives, and to proceed without thinking.

Our studies to date point to converting to at-grade at Middle Street, transitioning from a leeward commuter system to a user-friendly urban transit system, and completing with FTA approval without additional taxes being levied by the Legislature. We have consultants of great credibility available who are ready to make this case.

The rail has four years of funding and work before it gets to Middle Street. Let us use those four years to speak rationally with one another and to analyze options for the best way to proceed in light of the project's history to date.

Thank you.

**From:** [Tom Croly](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rail briefing  
**Date:** Saturday, August 12, 2017 11:57:08 AM

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The powerpoint presentation prepared for informational briefing on the rail funding is riddled with inaccuracies, errors in calculations and outright lies. In fact it is so inaccurate with its presentation of known revenue numbers, that these errors and inaccuracies call into question the validity of the entire report and certainly give zero credibility to any of the "projected" numbers relating to revenues or costs associated with the rail.

If this document is an example of HART's oversight of this project, then it is clear where cost over-runs of more than 300% have come from, making this the most expensive rail project per mile and per passenger served, in history of the entire world.

Specific errors in this report include all the GET revenue numbers shown on slide 25. The slide is titled, "GET Collections by County June 2017". To begin with, June 2017 GET revenue numbers have not yet been calculated or released by the State. But if previous month's or year's numbers are used, it is clear that none of the reported revenues on this slide are correct. More importantly, the slide seems intended to show where GET revenues are generated, but Hawaii GET revenues are not broken down by where the tax was generated, only by where the tax is reported. Oahu based companies, doing business on neighbor islands, report all their revenues on Oahu. And do not break down which island these revenues were generated.

Slide 27 attempts to show where TAT revenues come from. Again this slide is totally misleading. Reality is that more than 50% of TAT is generated on neighbor islands. However, many of the large hotel chains will report their revenues in their Oahu based filings, even though the revenues the tax is based on

actually came from hotels operating on neighbor islands. So any conclusion that 85% of TAT revenues come from Oahu would be false. Slide 29 then incorrectly presents that 71% of TAT revenues are generated on Oahu. An outright demonstrable lie. What is clear from these inaccuracies is that this presentation is intended to deceive rather than inform the public and legislators.

Within this same presentation, percentages of tax revenues are not even internally consistent within the presentation from slide to slide.

There is no reasonable argument that could ever be made to ask visitors to neighbor island accommodations to pay for a city and county rail project that has been designed to specifically support future development in a very specific area of that island. The rail project was never a State project and provides no benefit to 95% of the State. It is a regional project that is intended to create and serve new residential communities. The developers and residents of those new communities should be the ones bearing the costs associated with this project.

Tom Croly  
Sent from my iPad that has a mind of its own

Date: August 14, 2017

To: Senate & House Committees on Transportation, Public Safety, Ways & Means, Finance

From: Robert Crone AIA

Subject: **Honolulu Rail Project – No Further Funding until other Options Reviewed**

My name is Robert Crone. I'm an architect, planner and former chair of the AIA Honolulu Urban Design & Transportation Committee.

I strongly support the testimony of Scott Wilson AIA representing Salvage the Rail. As Mr. Wilson states in his testimony:

**So long as the Legislature continues funding for rail, the City will not consider the alternatives. As part of your duty to ensure that our taxes are used responsibly and effectively, I urge you to consider a modification to the rail project after it reaches Middle Street and to postpone further funding of the rail project until these options are reviewed.**

Furthermore, urban rail transportation is a long term investment. Any city in the United States that has invested in urban rail has over time invested in extension projects phase 2, phase 3 and so forth. As the population of Honolulu increases over the decades, Honolulu will do the same. By extending a commuter heavy rail system into Honolulu, the city will forever be forced into extensions of grade separated heavy rail. By proving an urban light rail system diamond head of Middle Street, whether the 2-seat ride option as described in Mr. Wilson's testimony or the 1-seat ride option of converting the entire system to light rail as described on the SalvageTheRail.org website, extensions even beyond the University of Hawaii and Waikiki in the coming decades will be able to be of much more cost effective light rail whether at grade, grade separated or a combination of the two. The correct technology is an investment in Honolulu's future well beyond what is currently under construction.

Thank you for the opportunity to testify.

**From:** [MJ](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony Against Rail  
**Date:** Tuesday, August 8, 2017 12:03:03 PM

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Senate Committee on Transportation and Energy  
Special Session Public Hearing on Increasing The Rail Tax  
August 14, 2017, 10:00 a.m.

We, the rail voices of reason, have been ignored for ten years, and yes, you have probably already made up your minds to push this rail disaster through to the very end, but we have a responsibility and obligation to do everything possible to stop you.

This train wreck must be stopped, perhaps by ending it at Middle Street, which would save billions and prevent the city center from being damaged by the useless elevated monstrosity. Enough damage and out-of-control debt has been incurred already.

It truly is a sad day when your legislative offices are more polluted than the waters surrounding your building.

Do what is right for our island, **stop funding** this monstrosity and see what happens. It will end!

Mary J Culvyhouse  
46-318 Haiku Road #55  
Kaneohe, HI 96744  
[808-247-5547](tel:808-247-5547)

**From:** [James R. Day](#)  
**To:** [TRE Testimony](#)  
**Subject:** TRETestimony  
**Date:** Wednesday, August 9, 2017 9:56:22 PM

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I oppose extending the tax to complete the rail system because rail costs way too much. It should never have been started. It won't do much to relieve traffic.

James R. Day  
1617 Keeaumoku Street 1806  
Honolulu, HI 96822  
808-521-5258

**From:** [Marian Diop](#)  
**To:** [TRE Testimony](#)  
**Subject:** Special rail briefing  
**Date:** Friday, August 11, 2017 8:37:36 AM

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This is my testimony in opposition to rail. I believe in open, transparent government. I believe the government works for the citizens of Hawaii and is responsible for every tax dollar is spent. The rail has been a special interest disaster from the beginning. It has been for the benefit of a small group of developers and legislators. The government is now looking for other ways to tax its already overtaxed citizens to finish a project that was wrong from the start. We are a small state and we will bankrupt ourselves if we continue down this route. Any business person knows that just because there is a large amount of sunk costs doesn't mean we should continue instead of just pulling out of a bad project. We must hold elected officials accountable for their promises and we MUST stop the rail. Thank you

Marian Diop  
45-470 Makalani St  
Kaneohe, HI 96744



**From:** [Bob Duffer](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 12:37:52 PM

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Sent from [Mail](#) for Windows 10

The people on the neighbor islands should not have to pay for the mistakes made on Oahu for the rail project. We have needs on our island that require our funds. Lack of planning and follow-through by the government of Honolulu and the state should not require us to send additional funds. These would most likely not provide enough to make the rail project successful. Don't raise the GET or any other tax or fees to bail out the Rail plans.

**From:** [jacqueline Dupont](#)  
**To:** [TRE Testimony](#)  
**Subject:** OAHU RAIL  
**Date:** Saturday, August 12, 2017 6:30:49 AM

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Good morning my names is Jacqueline m dupont.. I have lived her on the big island of Hawaii my whole life. I have 2 kids and a husband. We both would full time jobs and part time jobs just to keep a float in our day to day expenses . It was brought to my attention that Oahu/Honolulu is looking for neighbor islands to support the rail by ways of cash funds... let me make this clear as possible! ABSOLUTELY NOT!! This is not acceptable for any reason!! The people and families on other islands will never use it nor is it connected to outer islands for ways of traveling. I have gone to Honolulu 2 times in my lifetime so far and let me tell you the last thing I will be doing is catching the rail!! The rail is already over budget, it's cracking in some parts, it was a horrible idea and not properly executed.. we are one state yes.. but we are separate counties.. our community her on the big island do not support the rail and do not support it by any means.. our county needs the money to support our schools high ways.. this is not ok at all!! If you have any questions please don't hesitate to call me ... 808.896.1377

Thank you  
Jacqueline m DuPont

**From:** [adria@thewriteside.net](mailto:adria@thewriteside.net)  
**To:** [TRE Testimony](#)  
**Subject:** testimony for informational briefing Aug 14 10 am  
**Date:** Saturday, August 12, 2017 4:24:47 PM

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August 14 10:00 am Informational Briefing  
Senate Committee on Transportation and Energy

From: Adria Estribou, Kahaluu

Testimony: **opposed to giving more public funds to HART without financial accountability**

Financial mismanagement and lack of transparency should not be rewarded with more funds. As a taxpayer and small business owner, I am dismayed that my hard earned money is going towards this runaway train.

Two things must happen before more funds are approved for rail:

1. An external audit showing why costs have nearly doubled since the start of the project, and where the funds have gone.
2. HART should give transparent reporting of where the money has gone so far, and what its plans are for sustaining rail in the future.

Any business applying for a loan would be asked for a business and financial plan. HART owes the taxpayers this much before more funds should be given.

This false sense of urgency for the FTA is a gimmick. If there was so much urgency, why hasn't HART come to legislators with a cost-saving solution or proposed any budget cuts, instead approving an 11.5% budget increase in June 2017, including a 56% salary increase for executive staff while allowing costs to balloon unchecked? That is unconscionable.

More than one solution that would allow HART to complete the project within budget has already been proposed and accepted by the FTA as a viable option. My favorite is to run street level rail through downtown, which would mean the project could be completed without another extension of the GET surcharge. It would also mean rail would be completed four years earlier and not create a visible and audible blight on the city.

There's an old saying that applies as much today as it did in the 1700s: "Don't throw good money after bad."

## STATE LEGISLATURE INFORMATIONAL BRIEFING ON RAIL FUNDING

DATE: Monday, August 14, 2017  
TIME: 10:00 AM  
PLACE: State Capitol Auditorium

TO: Honorable Senate President, House Speaker, Committee Chairs and Members

Aloha e:

I am Ken (Kaleo) Farm, a resident of Kalihi-Palama and a member of the Kalihi-Palama Neighborhood Board No. 15.

This is a critical time for our state and the direction that we will go with funding the Honolulu Rail Transit System. I thank the Legislature for holding a special session to consider financial solutions to finish the rail project.

Our Kalihi-Palama area that is one of the most economically challenged on Oahu and within our state. Many residents here rely on public transportation for work. According to population studies, around 15 percent work in facilities and another 15 percent work in food services. The Honolulu Rail Transit Project (HRTP) will greatly benefit these residents, the least among us.

I am an ardent supporter of the rail project and see it as the catalyst for low income and affordable housing. Kalihi-Palama has the opportunity with Transit Oriented Development to create proper development that will foster housing that is affordable (60 AMI or below and 30% AMI or below) within the Kalihi-Palama area.

Along with housing, rail will create employment, and has the protentional to boost the local economy in the short and long term by creating both direct and indirect jobs. Besides jobs in the construction industry, rail would create long term careers in professional services, including engineering, planning and architecture as well as rail operations and maintenance of the system. This would give local youths more opportunities to have careers which allow them to stay home, here in Hawaii.

If HRTP is not completed on time, HART could be in default of the Full Funding Grant Agreement, jeopardize the \$1.55 B federal funds for the project, and face repayment of those federal funds. Delaying the project would only mean higher bids and increased costs down the road. A delay could cost hundreds of millions more in increased costs.

The Kalihi-Palama Neighborhood Board passed a resolution last month urging the state legislature to finish the rail project to the specifications of the Full Funding Grant Agreement.

I respectfully request the State Legislature to find a financial solution to complete the full 20-mile, 21 station rail project. HART needs funding in place in order to award construction contracts to complete the project. Any delay or shortfall in funding could cause contractors to stop work, resulting in layoffs for more than 1,000 workers and hurt the families they support.

Sincerely,

Ken (Kaleo) Farm

Kalihi-Palama Neighborhood Board No.15

Member-At Large

**From:** [Phyllis](#)  
**To:** [TRE Testimony](#)  
**Subject:** Tax extension vote  
**Date:** Wednesday, August 9, 2017 9:50:09 PM

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I oppose extending tax to complete the rail system because it is a waste of money and ridership would be minimal and not solve the problem the politicians promised us it would. I do not support any politician who supports this proposal.

Phyllis Fong

**From:** [Mollie Foti](#)  
**To:** [TRE Testimony](#)  
**Subject:** Extension of Rail Tax  
**Date:** Saturday, August 12, 2017 9:48:29 AM

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We are opposed to any further extension of the “Rail Tax”.

We believe this project should be stopped at Middle Street.

The opposition to this proposal is that people will not ride a train when they have to take a bus to get to their final destination.

Look, people will have to ride a bus or be driven to get to the train, especially those who live far from the start station in East Kapolei.

Then even if the line goes to Ala Moana, most riders will have to take another bus to Waikiki or the University or elsewhere.

This has to be a train/bus transportation system.

Let us not throw any more money into this black hole that our grandchildren will be paying for in years to come.

Philip and Mollie (Mary) Foti

**From:** [al@makaha.us](mailto:al@makaha.us)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony AGAINST any more State Funds for Rail - State Funds means MY MONEY  
**Date:** Saturday, August 12, 2017 5:21:04 PM

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Aloha Senators and Representatives,

I strongly discourage any new taxes or funding schemes that will be used to fund rail. The City and County must not be bailed out by the State. The City and County put itself in the predicament it finds itself in now; it did so with its eyes open and its conscious be damned. The City and County had no regard for financial accountability and was dishonest through the whole process of planning, designing and building of rail.

I and many others, including experts in the field of transportation and rail, testified numerous times over the past ten years to City and County and HART representatives to try to improve the rail concept and avoid the disaster we find ourselves in now. The rail project's Project Management Oversight Contractor consistently provided monthly reports to HART and the City, pointing out flaws and project risks. These reports, like my testimony and others, were blatantly ignored month after month; year after year. Now the CITY wants more money, even though it has no interest in accountability.

Recently in regards to a cancelled, budgeted "special audit" of the rail program, HART Board member Ember Shinn said HART needs the money [the audit's budgeted \$250,000] for other things. She stated, "It's not my intent to muck around in the past and try to figure out what we did wrong in the past." This is the sentiment shared by many at HART as well as the Mayor and members of the City Council, yet they ask for a blank check so they can continue their mismanagement without financial accountability.

Please, do not participate in the madness that is the financial quagmire of the Honolulu rail program. Please, do not reward bad financial behavior. Please, do not take the attitude that this project is too big or too far along to stop or be modified. Please, do not bail out the City and County. Please, do not get involved any more than you already have; remembered how you were lied to by Mayor Caldwell and his team last time he sat before you.

Mahalo for your time and consideration,

AL Frenzel

One of many Waianae residents who will not benefit one iota from rail.

(808) 343-4916

p.s. State Funds means MY MONEY not yours!





**From:** [Lawrence Friedman](#)  
**To:** [TRE Testimony](#)  
**Subject:** Senate Committee on Transportation and Energy HART information session  
**Date:** Sunday, August 13, 2017 8:46:41 AM

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On time  
On budget  
No new taxes

Those are the 3 biggest lies that have been perpetuated by the Mayor. There are others but let me just point the 3 biggest lies.

It is time to stop the madness! No more money for rail.

Poor management, the fact that the CEO of HART had NO idea that the blood bank had an eminent domain lawsuit filed against it is a clear example of poor management. How could he not know what is going on with the most important piece of property to everyone on the island?

The fact that part of the rail system is being built in a tidal/tsunami flood plan is an example of a terrible design. Add in the fact that steel on steel heavy rail is an outdated technology and we should be looking at a more modern solution.

For a HART board member to say we don't need a forensic audit to see what we did wrong in the past is just unbelievable to me. Talk about stupidity

I implore you to not extend or increase taxes and end this debacle now!

Thank you  
Lawrence Friedman  
808 629-9426

**From:** [Cinnie Frith](#)  
**To:** [All Reps](#); [All Senators](#)  
**Cc:** [TRE Testimony: "timeouthonolulu"](#)  
**Subject:** FW: Will Donald Trump Expose America's Great Mass Transit Hoax?  
**Date:** Sunday, August 13, 2017 7:02:06 AM

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Every member of the State legislation should read and understand the ramifications of building mass transit that neither serve the public need accurately nor are within the budget constraints of the populace. Produce a forensic audit by going to [www.audittherail.com](http://www.audittherail.com) and sign the petition.

Cynthia Frith

Resident of Kailua, Oahu

TimeOut Honolulu representative and facebook page monitor

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**From:** Cinnie Frith [mailto:[cfrith@fbsmgt.com](mailto:cfrith@fbsmgt.com)]  
**Sent:** Sunday, August 13, 2017 6:43 AM  
**To:** 'Cinnie Frith'  
**Subject:** Will Donald Trump Expose America's Great Mass Transit Hoax?

<http://thebea.st/2fyXVg2?source=email&via=desktop>

Will Donald Trump Expose America's Great Mass Transit Hoax?

Despite spending \$15 billion on seven new metro and light-rail lines and two exclusive busways, more Los Angeles-area residents work at home than take transit.

**From:** [Michael Seth Kawika Frutoz](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 10:03:31 PM

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Stop rail fix our highways waste of our tax money

**From:** [Gambla](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Thursday, August 10, 2017 11:23:12 PM

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Aloha,

There are many reasons why I do not support the rail project. I will list them here. In sum, stop the rail project as soon as possible. Do not continue all the way to Ala Moana. Do not plan on the other Hawaiian Islands help in funding this debacle.

1. From the beginning, basic tenets of project management were not followed thus allowing for a non-sensical dollar amount being used to estimate the cost of the metro.
2. If the estimate of 1-2% reduction in traffic is the accurate figure, then paying more than \$10B for such as reduction further shows that the planning for this venture was wholly inadequate.
3. Sunk costs are exactly that -- sunk costs. Do not factor them in when looking to rationalize why it is a good idea to continue. Again, it only shows a lack of sound financial/project management practices.
4. There are multiple other, better alternatives for the use of such capital expenditures. Off the top of my head, I could cite water pipes, road improvements, housing shortage, economic diversity, etc...

Please enlighten me on the merits of continuing such an effort with sound logic that a reasonable person would agree to -- that, in light of other competing CAPEX projects, has a better cost/benefit ratio and/or provides benefits that will significantly improve the lives of constituents.

Mahalo for reading,

Len Gambla

**From:** [Don Gerbig](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 8:28:07 AM

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## **Political Representatives**

I wish to advise you all that I am against the outer islands paying any part of this Oahu transit boondoggle that should be audited before any more money is spent.

Don R. Gerbig  
6 Tulip Place  
Lahaina, HI

# MICHAEL J. GOLOJUCH, JR.

92-954 Makakilo Drive #71 ♦ Kapolei, HI 96707-1340

## INFORMATIONAL BRIEFING

Monday, August 14, 2017 at 10:00 a.m.

Auditorium

State Capitol

415 South Beretania Street

Aloha Chairs, Vice Chairs & Committee Members,

My name is Michael Golojuch, Jr. and I grew up the Leeward Coast, going to Mauka Lani Elementary and then graduating from St. Louis High School. So I have seen the traffic go from bad, to worse and now to the worst in the nation. I also understand that rail will is not the silver bullet to the traffic nightmare for those of us that call the Leeward coast home, but it will provide us an reliable alternative to spending 15 – 25 hours a week in traffic.

Some want to know: “Why is the Honolulu Rapid Transit System project a State issue?” Well one reason is because the Legislature has said they are the only ones to set the GET level. Also the Legislature decided when the 0.5% of the GET was set to fund the O’ahu rail project that the State would keep 10% of the Honolulu Rapid Transit System GET 0.5% to cover costs of collecting the GET. When in fact the State only needed less than 1% with the remainder going into the General Fund to fund other State projects.

Another reason the Honolulu Rapid Transit System is state issue is because it is NOT only about transportation - the Honolulu Rapid Transit System will provide economic opportunities along the rail route from the new businesses that will spring up along to the rail route to the construction of transit oriented development, which will benefit everyone across the state from the General Excise Taxes the State will collect.

The Honolulu Rapid Transit System will create an economic corridor along the rail route, which links Honolulu to Kapolei. It needs to be noted that Kapolei has been the economic engine that helped keep this state going during the economic downturns the state has faced over the past 20 years.

The Honolulu Rapid Transit System will also help address the housing shortage that is facing the City and County of Honolulu because of the transit oriented development. As we have already seen this starting to happen with the development in the Kaka’ako area and with Ho’opili, the new housing development out on the Leeward coast, that is right along the Honolulu Rapid Transit System route.

Fact is the City & County of Honolulu only has enough funding to complete construction of the Honolulu Rapid Transit System from East Kapolei to Middle Street. According to my understanding the Federal Full Funding Grant Agreement, which is set to provide \$1.55 Billion in Federal Tax-dollars for the construction, requires that the rail system to go from East Kapolei to Ala Moana.

If the City & County of Honolulu does not complete the Honolulu Rapid Transit System as laid out in the federal Full Funding Grant Agreement, the City & County of Honolulu will be required to refund the Federal Government the portion of the \$1.55 billion they have already received and spent on the Honolulu Rapid Transit System. The only place the City & County of Honolulu has to generate that revenue to repay the Federal Dollars is from raising property taxes, which will just exasperate the housing crisis. This will lead to an increase in more of fellow citizens to experience homelessness, as well as even more locals having to move to mainland to make a living.

For all these reasons I urge each and everyone of you go into the Special Session and pass legislation for a clean funding source to complete the Middle Street to Ala Moana segment of the Honolulu Rapid Transit System. Please keep in mind Rail is not only about transportation, it is about economic development and opportunities as well as housing!

Mahalo for your time,

Michael Golojuch, Jr.

**From:** [mark.gordon333@gmail.com](mailto:mark.gordon333@gmail.com)  
**To:** [TRE Testimony](#)  
**Cc:** [Rep. Cindy Evans](#); [Richards, Tim](#); [Sen. Lorraine R. Inouye](#)  
**Subject:** Comments on the Money for the Oahu Rail Project  
**Date:** Saturday, August 12, 2017 10:03:45 AM

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Aloha !

Mahalo for the opportunity to offer comments and observations on the Subject Issue.

Please consider the following:

- There should not be any general excise tax increase, especially for Hawaii Island. Our Island is probably the Island with the highest unemployment rates, lowest wages and many people living under the poverty level. Having any general excise tax increase would Severely effect a large number of residents. The general excise tax effects All people, regardless of economic situation. Any general excise tax increase, if needed, should only be assessed to Honolulu County.
- An increase in the TAT is a great idea. Rather than a temporary increase, I Support a permanent one. The TAT increase should be for All the Islands. Tourists already are willingly paying high accommodation rates on hotels and other lodging. Having an increase in the TAT would not even be noticed and would not decrease tourism to the Islands.
- As is known, Hawaii County has already increased property taxes and the gasoline tax. These tax increases will be having significant negative economic effect on many, many residents. There should not be any further tax increases on Hawaii Island.
- An additional suggests is for Oahu to post Bonds to pay for the rail.
- Hawaii County property and gasoline taxes are to be used to improve Hawaii County roads, not an increase in the general excise tax to pay for this.

Any increase in funding to cover the Oahu rail project should be obtained from Oahu and Honolulu County solely. Very few Hawaii County residents would ever utilize the rail system.

Mahalo for allowing me to share my Comments and Observations.

Mark Gordon  
Waikoloa HI.

Sent from [Mail](#) for Windows 10



**From:** [Raymond Grillo](#)  
**To:** [TRE Testimony](#)  
**Subject:** Proposed raising the GE Tax to help pay for the Rail.  
**Date:** Friday, August 11, 2017 10:24:20 AM

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My name is Raymond Grillo and I live on the Big Island, specifically Hilo. I am totally against the proposed increase in the GE Tax to help pay for the Rail. I will never have a need to ride the rail therefore should not be held accountable to help pay for it.

Mahalo

**From:** [hawaiidive1@gmail.com](mailto:hawaiidive1@gmail.com)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 6:38:01 AM

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Please stop the rail project. The overspending and mismanagement has to end. I'm a voter and I want it to stop and be dismantled. Please stop it now.

Aloha,  
John Hansen

**From:** [Cory](#)  
**To:** [TRE Testimony](#)  
**Subject:** Rail  
**Date:** Tuesday, August 8, 2017 7:29:50 AM

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Aloha legislators,  
Please do NOT have neighbor islands pay for rail.  
mahalo, Cory Harden, Hilo

Sent from my iPhone

**From:** [Diane Harding](#)  
**To:** [TRE Testimony](#)  
**Subject:** Please consider stopping rail at Middle Street and moving to other at-ground options  
**Date:** Saturday, August 12, 2017 10:43:06 PM

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Aloha,

Why Not Stop Rail at Middle Street?

Most cities with mass transit require multiple transfers within the system to get where you are going. For example, in the Boston area, to get from Harvard to the airport, you can take the Red Line subway to South Station, change levels and transfer to Rapid Transit Bus Line to airport terminals. Or from Revere Beach to Back Bay, take Blue Line to State Street and transfer to Orange Line, again changing levels to do so.

Having a rail terminus at Middle Street, where commuters then transfer to some form of at-ground level transport, just makes sense, and is **common practice** in other cities.

Regardless of where the rail terminus is, most will still have to transfer to get to their final destination, for example UH or Waikiki, so **why** make that terminus be at, arguably, one of the already **most traffic congested** locations in Honolulu, Ala Moana Center?

Putting the terminus at Middle Street, where property values are lower, or at least have not escalated to the levels in the Kakaako area, is a pragmatic solution. Ala Moana is already developed, with the highest development costs per square foot in Honolulu.

With terminus space and development costs in mind, it is more reasonable to seriously consider stopping rail at Middle Street, and examining **at-ground** options to move commuters from that point to their final destination.

I urge you to do so in your deliberations on this matter.

Thank you,  
Diane Harding  
167 Ainoni Street  
Kailua, Hi 96734

**From:** [Hartmann](#)  
**To:** [TRE Testimony](#)  
**Subject:** rail  
**Date:** Tuesday, August 8, 2017 8:08:19 AM

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Stop this insanity and the fraud on Hawaii and its people and the environment now.

Hanni Hartmann

**From:** [shirleyinhi@aol.com](mailto:shirleyinhi@aol.com)  
**To:** [TRE Testimony](#)  
**Subject:** Stop Rail in its tracks  
**Date:** Tuesday, August 8, 2017 10:25:42 AM

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Do not continue to finance this fiasco. Stop it at Miller Street or sooner (stadium?). Please do not allow it to continue through Honolulu ruining Chinatown, the waterfront and businesses along the way. It has been a disaster from start and going to Ala Moana will truly ruin Honolulu and bankrupt the city and state.

Shirley Hasenyager  
[shirleyinhi@aol.com](mailto:shirleyinhi@aol.com)  
235 Kuuhoa Place  
Kailua 96734  
808-262-5069

**From:** [hui Heavies](#)  
**To:** [TRE Testimony](#)  
**Subject:** RAIL  
**Date:** Saturday, August 12, 2017 10:45:10 PM

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I do not support rail, and never have supported the building of rail. I knew from the start that this would be a scam for the people of this island, it would have never been any solution for traffic, and it would inevitably go WAY over budget.

DO NOT raise taxes for this disaster of a project.

I DO NOT wish to pay for this criminal enterprise, and I DO NOT want my children, grandchildren, nor great grandchildren paying for this for the rest of time.

DO NOT TAX FOR RAIL

Brendon Heal

VOTER  
Ewa Beach, Hawaii

**From:** [Roy Helms](#)  
**To:** [TRE Testimony](#)  
**Subject:** \*\*\*\*\*SPAM\*\*\*\*\* Rail Funding  
**Date:** Friday, August 11, 2017 5:10:17 PM

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Out of every \$100 I spend, an additional \$.50 is taxed for the rail project. I can certainly afford this, and support the continue funding for rail.

This \$.50 can continue far into the future, as far as I am concerned, so that the rail can be continued up to UH. Also, Tax should be continued to provide for proper maintenance so that it remains a first class operation.

For the short term funding gap, why not a full 1% tax for 3 to 5 years so that money doesn't have to be borrowed. Makes good financial sense.

Roy Helms  
1380 Molehu DR  
Honolulu, HI 96818

422-7362



**From:** [Carole Hickerson](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 12:19:26 PM

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Dear Legislators,

I was never in favor of the rail system and now know the reason why. I am not sure what the answer is at this point, but I put the rail system in the same disappointing bucket as the telescope and the ferry. Where is the responsible leadership??

Respectfully,  
Carole Hickerson

**From:** [Pearl](#)  
**To:** [TRE Testimony](#)  
**Subject:** Opposition to Rail Tax Extension  
**Date:** Tuesday, August 8, 2017 8:25:36 PM

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To the Honorable Committee Chairs and Members:

As one who was born and raised here, who continues to work here, and who wants to spend my sunset years in my home state and native homeland, I implore you all to re-think the vision that the mayor and city council have in store for us and our future generations.

You probably think we have reached the point of no return and have made up your minds. The rail project was intended to progress this way — build the monstrous elevated tracks first and worry about the consequences later when it's "too late" to do anything else.

But it's not too late. I can accept that this is being built no matter what, at least up to Middle Street. Some will try to convince you that going through town on a street-level system is not feasible or will cost too much. However, I and many others smarter than myself know this to not necessarily be fact. In the long run, many things, some priceless, will be saved from permanent desecration... and, as the commercial goes, this is priceless.

Please consider your conscience and your gut to do the right thing, for the people who want to continue calling Hawaii home, and not saddling future generations with staggering taxes to pay for what is essentially a transportation money pit.

Mahalo nui,

Pearl Hill  
1870 Lusitana Street  
Honolulu, HI 96813

From: [khirata2@hawaiiantel.net](mailto:khirata2@hawaiiantel.net)  
To: [TRE Testimony](#)  
Subject: Funding for rail project  
Date: Thursday, August 10, 2017 10:58:29 PM

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Dear Senators:

I'm writing to express my firm opposition to provision of additional funds to enable rail to reach Ala Moana Center and beyond.

This over-promoted, mismanaged, prohibitively costly, and least cost-effective of all options for improving Honolulu's transportation services, was a colossal blunder from the very beginning. It has been driven, not by sound engineering and financial analysis, but by money and politics.

If, instead, former Governor Cayetano's F.A.S.T. (Fast, Affordable, Smart Transportation) plan had been adopted and implemented, the city could already be enjoying more improvement in traffic congestion than rail could ever provide, at a cost of not more than \$2 billion, versus **\$10 billion (and counting!) for rail.**

The Legislature should refuse to enable more precious taxpayer dollars to be squandered on rail, which will not provide the benefits that its advocates have claimed that it will provide.

As you know, Mayor Caldwell insisted that rail will be "**on time and on budget,**" but it is now **billions** of dollars over budget, is **years** behind schedule, and will entail an operations-and- maintenance cost of up to **\$130 million per year.**

After initially declaring that rail will bring about a 30 percent (!) reduction in traffic congestion, Mayor Caldwell finally admitted that rail will **not** improve traffic congestion (<http://khon2.com/2015/03/30/community-gathers-to-discuss-rail-transit-issues/>). Accordingly, he has lost all credibility regarding why rail should continue to be built.

Rail's guideway should advance only as far as currently available funds permit. If this means that it has to stop at Middle Street, so be it. The taxpayers have already been fleeced enough.

Kent Hirata  
Punchbowl

August 11, 2017

TO: HONORABLE MEMBERS OF THE SENATE COMMITTEE ON  
TRANSPORTATION AND ENERGY, SENATE COMMITTEE ON PUBLIC  
SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS AND COMMITTEE  
ON WAYS AN MEANS

HONORABLE MEMBERS OF THE HOUSE COMMITTEE ON  
TRANSPORTATION AND COMMITTEE ON FINANCE

SUBJECT: **PERSONAL SUPPORT OF RAIL PROJECT AND A FUNDING MECHANISM  
THAT WILL ENSURE RAIL IS BUILT TO ALA MOANA WITHOUT  
JEOPARDIZING CITY FINANCES**

Informational Briefing

DATE: Monday, August 14  
TIME: 10:00 AM  
PLACE: Capitol Auditorium

Dear Members of the Joint Committees,

My name is Blake Inouye. I am submitting this testimony in personal support of the Honolulu Rail project and a funding bill that will ensure the project is built as originally planned and designed to Ala Moana Center.

While details of the funding proposals are being considered it is important that the funding mechanism ensures the following: that the Full Funding Grant Agreement is satisfied by using the same technology, same route and being built to Ala Moana; creates new funding that will withstand any legal challenges, because any delay will increase costs; and lastly that the funding is adequate and will not jeopardize other county resources already dedicated to protect public health, safety and welfare.

The 20-mile Rail project has been under construction in West Oahu for years now and as it approaches the downtown area we need to ensure that adequate funding is available to ensure it is completed. The completed rail system will provide permanent jobs, transportation alternatives, traffic alleviation, reduction in the use of fossil fuels, and incentivize more affordable housing. These benefits could result in increased spending and will help create a multiplier effect that will positively impact the state's economy. Furthermore, the project will encourage Transit-Oriented Development (TOD) around the rail stations and along the route, which will in turn support developing affordable housing that create sustainable and more livable communities.

If rail is not built to Ala Moana because of a funding shortfall it will be disastrous for Oahu and future infrastructure projects using federal dollars. If the project is not built as planned Honolulu stands to lose \$1.5B of federal funding, could be subject to lawsuits due to canceled contracts and planned affordable housing projects could be jeopardized. Furthermore, commercial investments in these areas will likewise suffer. Please ensure that the funding mechanism set forth provides adequate new funding that will ensure the success of the project and not jeopardize the future of Honolulu. Thank you for your support.

**From:** [R Jim](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 10:17:20 AM

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Dear Senate Committee of the Transportation and Energy:

I request that you consider STOPPING the RAIL. We have had so many broken promises, no transparency and I do not feel if completed it will accomplish what it was set to do. Will it really cut down on transportation time during rush hour? With the amount of stops anticipated it will take over an hour to get to point B from point A. Where and what is the budget for the parking lots and accessways on and off? What about ADA considerations? I do not believe in making jobs just for the sake of it. We should have started the rail plan like any other business proposal with the full plan upfront and not just start and things will happen as we go. That is poor planning or no planning and cause for misspending and that is where we are. Especially for the retirees and/or those with fixed incomes, it is not fair to keep increasing taxes to fund this.

We can use the money to fund other projects to better the quality of life on Oahu such as improvements our roads or schools. I am also a proponent of investing instead to build up the Kapolei UH campus to be equal to the Manoa campus. Everyone knows when UH is in session we are in the traffic jam which unfortunately is coming up.

I also propose some kind of credit or incentive for workers who work within so many miles of their home.

Again, please STOP the RAIL project and looking into other alternatives to reduce traffic and rush hour commute time.

Aloha,  
Roxanne Jim

**From:** [Pearl Johnson](#)  
**To:** [TRE Testimony](#)  
**Subject:** Funding for Honolulu rail  
**Date:** Saturday, August 12, 2017 10:07:24 AM

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Please do NOT give any more funds for Honolulu's rail system. Let it stop at Middle St or better yet, abandon it. It costs way too much and the reduction in traffic is so small as to be meaningless. Abandoning it would save millions in operating and maintenance costs.

--

Pearl Johnson  
45-090 Namoku St, apt 615  
Kaneohe, HI 96744

**From:** [Rita Kama-Kimura](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 12:39:53 PM

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**To Senate Committee of Transportation and Energy**

**Chair:** [Lorraine R. Inouye](#) **Vice-Chair:** [Donovan M. Dela Cruz](#)

**Members:** [J. Kalani English](#) [Breene Harimoto](#) [Maile S.L. Shimabukuro](#)

**Where is our money going?**



Over the years we have seen many projects mismanaged by our local government. I don't remember ever seeing one come within or close to budget or within the timeframe projected. The attitude always seems to be "not a problem" all that needs to be done is to reach into the pockets of the taxpayers and take more.

**One solution appears to be** "Lawmakers Consider Having Neighbor Islands Help Pay For Oahu's Troubled Rail Project" **yes, let's reach into the pockets of our neighbor island taxpayers, I am sure they will be thrilled.**

You are all responsible for bringing us to the point where so many of our Hawaii residents have found no other option but to leave the state and live elsewhere.

So this rail project which started around \$2.8 million is now somewhere in the \$11 million neighborhood, with no end in sight. ***So no more money*** until we have a full ***independent*** (forensic) audit with results released to the public, not by anyone on the HART committee or even in our government ... but someone we can trust. An independent organization like perhaps the Grassroot Institute.

***Meantime I suggest*** you go through the current state/county budget and get rid of all the pet projects and wasteful spending we all know is there.

When board member Ember Shinn make the justification on cancelling the audit because as she said: "'It's not my intent to ***muck*** around in the past and try to figure out what we did wrong in the past. It's more trying to get forward,'" **I found this comment insulting and arrogant.**

If this were the private sector, comprehensive audits would have been done, any fraud would have been exposed and those involved fired and prosecuted, those responsible for any overruns had better have a really good reason why or they would be gone! This would not be tolerated anywhere else, except in our government cartel.

I saw an article in [Civil Beat](#) that some of our elected officials are actually benefitting monetarily from the rail. Could that possibly be true?



**What about this in the [Star Advertiser](#):** Honolulu rail leaders are laboring to maintain public confidence in the project, yet their decision to defer an audit that would investigate how its price tag nearly doubled and its schedule got pushed back six years has critics crying foul.

**Frustrated but respectfully submitted,**

**Rita Kama-Kimura  
Mililani, HI**

**From:** [oahu808@hawaii.rr.com](mailto:oahu808@hawaii.rr.com)  
**To:** [TRE Testimony](#)  
**Subject:** \*\*\*\*\*SPAM\*\*\*\*\* Testimony on the Rail  
**Date:** Wednesday, August 9, 2017 6:28:11 PM

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Aloha,

My request as a lifelong resident of Oahu nei is to shut down the rail project for all the reasons that support stewardship of the aina and sustainability of our home. If you cannot bring yourselves to end this terrible project, then end the rail where it can reasonably be converted to street level transportation.

Mahalo.

Piilani Kaopuiki  
Honolulu

**From:** [Sally Kaye](#)  
**To:** [TRE Testimony](#)  
**Subject:** Honolulu Rail  
**Date:** Saturday, August 12, 2017 7:35:51 AM

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I strongly oppose ANY proposed increase on ANY tax base to support this out-of-control spending disaster. Shut it down now.

Sally Kaye  
511 Ilima Ave.  
Lana`i City, HI 96763

**From:** [PAT KELLY](#)  
**To:** [TRE Testimony](#)  
**Subject:** rail testimony  
**Date:** Friday, August 11, 2017 6:18:37 PM

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Please do not fund the rail for any further construction. The whole process, from the initial estimates, to the construction costs, to the unknown operating costs have been a disgrace to the taxpayers of Hawaii.

As taxpayers we should hold our leaders to honor their promises. Particularly when they use taxpayer monies to fund studies about said promises. That means you Mufi and Mayor Caldwell Banker. You don't just throw out some ballpark estimate and plan on doubling the price without any concept of operating costs. That kind of tolerance for fiduciary incompetence is the exact reason the Legislature shouldn't pass the GTE to fund rail. Jill Tokuda has the Lt. Governorship wrapped up because of her stand on rail.

The legislature would do well to follow the common sense lead of a South Carolina energy utility that recently shut down a half finished nuclear energy plant that already costs taxpayers \$10 billion dollars. See if any of this sounds familiar. The utility admitted their assumptions were wrong, they are years behind in scheduling and the estimated \$11 billion project had ballooned to \$20 billion. The Legislature should uphold their vows, refuse to fund the rail and save our children and grandchildren, at least the ones that can afford to stay here, the still unknown burden of building and maintaining the bottomless money pit that is rail.

Pat Kelly  
Kaimuki

3709 Sierra Dr  
Honolulu, HI  
780-1648

SENATE COMMITTEE ON TRANSPORTATION AND ENERGY

Senator Lorraine R. Inouye, Chair  
Senator Will Espero, Vice Chair

SENATE COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS

Senator Clarence K. Nishihara, Chair  
Senator Glenn Wakai, Vice Chair

SENATE COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

HOUSE COMMITTEE ON TRANSPORTATION

Representative Henry J.C. Aquino, Chair  
Representative Sean Quinlan, Vice Chair

HOUSE COMMITTEE ON FINANCE

Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair

NOTICE OF INFORMATIONAL BRIEFING

DATE: Monday, August 14, 2017  
TIME: 10:00 a.m.  
PLACE: State Capitol Auditorium

**TESTIMONY IN SUPPORT OF THE HONOLULU RAIL PROJECT:**

ALOHA COMMITTEE CHAIRS LORRAINE INOUE, CLARENCE NISHIHARA, DONOVAN DELA CRUZ, HENRY AQUINO, AND SYLVIA LUKE, VICE CHAIRS WILL ESPERO, GLENN WAKAI, GILBERT KEITH – AGARAN, SEAN QUINLAN, TY CULLEN AND COMMITTEE MEMBERS OF ALL COMMITTEES:

My name is Joy Kimura and I am a resident of Hawaii Kai. Mahalo for the opportunity to testify in **STRONG SUPPORT** of the Honolulu Rail Project.

I strongly believe that the City and County of Honolulu and its residents will benefit greatly from completion of the Honolulu Rail Project. The rail system will provide a much needed transportation alternative for residents, as well as provide opportunities for Transit Oriented Development and affordable housing along the rail line.

It is imperative that the .5 percent GET Surcharge be extended beyond the December 31, 2027 sunset date to ensure that the Rail Project can be completed to Ala Moana Shopping Center. An extension of the surcharge to complete Rail means that residents will NOT pay anything more until January 1, 2028. It has been suggested that increasing property taxes be a way to fund the Rail Project and I strongly disagree with this. I believe the burden of an increase in property taxes will result in this increase being passed on to renters, which will lead to additional hardship and affect the supply of affordable rental housing.

I also believe that using the Transit Accommodations Tax (TAT) as a method to pay for rail will have serious repercussions as this will make the project vulnerable to law suits, since this form of payment has not been properly vetted. For these reasons, I **strongly support** using only the .5 percent GET Surcharge as a method to fund the Rail Project to completion.

Mahalo for the opportunity to testify.

**From:** [Mary King](#)  
**To:** [TRE Testimony](#)  
**Subject:** Rail  
**Date:** Tuesday, August 8, 2017 5:19:01 PM

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Please end the rail at Middle street! For the sake of us taxpayers, to keep the waterfront as is, anything else is madness!! Mary king Kailua, HI

Sent from my iPad

**From:** [Mokihana Komoda](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 6:02:03 AM

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I am disappointed in Mayor Caldwell and the whole Rail L-I-E (Liars In Execution). The rail LIE initially would cost 3 billion dollars, but that cost has now risen to many billions more. Hawaii residents are already over-taxed and yet legislators want to make us pay more in taxes for a rail lie that is broken before even starting.

Legislators should be honest and transparent. They need to be reminded that they were elected "by the people for the people," and not for the unions or special interest groups.

I will be advocating and encouraging all voters to vote the "Rail L-I-E" out! It's time to hold campaign promise breakers accountable!

**\*Stop the RAIL! Vote out the LIE!**

**\*Mokihana Komoda\***

**From:** [Jerry Lam](#)  
**To:** [sens@hawaii.capitol.gov](mailto:sens@hawaii.capitol.gov); [TRE Testimony](#); [All Reps](#)  
**Subject:** Opposition to increasing our taxes!  
**Date:** Saturday, August 12, 2017 4:16:28 PM

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dear representatives and senators,

i am a resident of manoa. i have been very disappointed in your leadership, but especially the city and the HART Board. the people of honolulu do not want the rail. without mufi's use of city funds to push the rail before the balloting, the issue would have been defeated. without the embarrassing smear by PRP who later was found guilty of smearing ben cayetano, the project would have been stopped. now with the questionable ridership, the blind leadership pushing this boondoggle forward and the future unknown costs for maintenance and fare subsidies, you are on the brink of approving an unwanted tax without knowing the true cost of rail in the future. that is the height of irresponsibility. a financial audit is sensible and necessary and worth the wait. we are already not on budget and not on time. and many of you know that this rail is unsuited for our lovely island. it is a desecration of our aina and will saddle the State with a lead weight forever and ever. it will bleed the bus system, it will bleed the handi vans and it will bleed every future need of our city, including dealing with homeless, pensions, water quality, invasive species and sewer integrity. it will bleed your citizens. it will not help traffic, it will not bring us social equity. it will be a perpetual eyesore and a constant embarrassing symbol as the population drives by the graffitied pillars. you need to stop it now and get off. any corporation would have abandoned this money pit long ago and gone bankrupt. only because it is not your money that this drags on. you are not looking out for your constituencies. you are trying to spare yourselves embarrassment. returning the federal funds would be reasonable and save your communities many more tax increases to come in the future. please stand up for the people. no more taxes. we have common sense and you do too. we deserve more than what we are getting.

Sincerely,

Jeremy Lam, M.D.  
2230 Kamehameha Avenue  
Honolulu, HI 96822  
808-222-5235



**TESTIMONY BY PETER H. M. LEE**

THE SENATE  
HOUSE OF REPRESENTATIVES  
THE TWENTY-NINTH LEGISLATURE  
INTERIM OF 2017

COMMITTEE ON TRANSPORTATION AND ENERGY

Senator Lorraine R. Inouye, Chair  
Senator Will Espero, Vice Chair

COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL, AND MILITARY AFFAIRS

Senator Clarence K. Nishihara, Chair  
Senator Glenn Wakai, Vice Chair

COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

COMMITTEE ON TRANSPORTATION

Rep. Henry J.C. Aquino, Chair  
Rep. Sean Quinlan, Vice Chair

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair  
Rep. Ty J.K. Cullen, Vice Chair

NOTICE OF INFORMATIONAL BRIEFING

DATE: Monday, August 14, 2017  
TIME: 10:00 a.m.  
PLACE: Auditorium

**RE: RAIL TRANSIT**

Aloha Senate and House Chairs, Vice Chairs, and Committee Members...

**My name is Peter H. M. Lee and I strongly support Rail.** I am a Waipahu resident and member of the Waipahu Neighborhood Board, however, my testimony today represents my views as a private citizen.

Plainly stated...we need to finish rail to Ala Moana. Stopping short of Ala Moana because of a funding shortfall is unimaginable. Honolulu will be in violation of the Full Funding Grant Agreement and stands to lose over \$1.5B of federal funds, which includes returning approximately \$750M.

Rail has created thousands of jobs and has kept the construction industry busy, but more importantly, this project will foster and encourage Transit-Oriented Development (TOD) around the rail stations and along the its 20-mile route, where many believe is the best opportunity to develop affordable housing and create sustainable and more livable communities.

Furthermore, I believe an extension of the GET surcharge to 2037 with a ninety-nine percent (99%) split to the project will adequately fund rail to Ala Moana. The GET surcharge has been thoroughly vetted by the Legislature and is the most practical alternative, as it spreads the burden of the cost on both Oahu residents and visitors.

Mahalo for this opportunity to testify in **strong support** of Rail.

**From:** [Linda Legrande](#)  
**To:** [TRE Testimony](#)  
**Subject:** Fact Finding ...  
**Date:** Wednesday, August 9, 2017 4:12:23 PM

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Senate Committee on Transportation and Energy  
Special Session Public Hearing on Increasing The Rail Tax  
August 14, 2017, 10:00 a.m.

Aloha,

Four years ago, our Mayor pledged to finish rail on budget and on time. Now the mantra is finish at whatever the cost and this, dear people, is completely irresponsible and UNACCEPTABLE !! Middle Street is a reasonable finish given riders will have to connect to buses from *anywhere* along the line to get to their final destinations. This is the least expensive taxpayer option which serves the people well.

So we 'may' lose the Federal money but consider the savings in trying to complete the cumbersome line all the way to Ala Moana: eminent domain, utility re-alignment costs, mitigation expenses, etc.

There is a reasonable end in sight: Middle Street. Think of the stress that will be taken out of your lives if you give it the nod now !!

Linda Legrande  
2243 Mohala Way  
Honolulu, HI . 96822  
808) 384-0450

## TESTIMONY FOR LEGISLATURE INFORMATIONAL BRIEFING ON RAIL TAX-

(August 14 2017 – 10:00 am)

→ I am **FOR** doing the forensic audit.

→ I am **AGAINST** any more taxes for the Honolulu Rail Project.

→ I **WILL NOT PRESENT** oral testimony at the briefing.

### USING WAYNE GRETZKY'S STRATEGY FOR HONOLULU'S TRANSPORTATION PROJECT

The current Honolulu rail project is just not right for Honolulu. It cost too much; will serve too few; and will not meet the transportation needs of residents' modern-day lifestyles.

A new strategy for solving Honolulu's traffic and congestion problem is badly needed. May I suggest trying the strategy hockey's great, Wayne Gretzky, explained in an interview:

Sportswriter: "Mr. Gretzky, *what is your secret to success?*"

Gretzky: "*I skate to where the puck WILL BE... not to where it is... or to where it was.*"

So how should Honolulu use Gretzky's strategy?

Not by doggedly pushing ahead to complete Honolulu Rail (19<sup>th</sup> Century technology); that would be "*going to where it was*".

Nor by just building more lanes, roads and infrastructure to accommodate oversized, gas-guzzling cars (20<sup>th</sup> Century technology); that would be "*going to where it is*".

Instead, Honolulu should go to "*where it will be*", by utilizing 21<sup>st</sup> Century technologies.

Doing this can be done very simply.

First, stop the Rail as it now exists by doing the forensic audit that everyone knows should be done; and not feed the project by giving it any further tax money.

Second, take an earnest look at one of two options:

- (1) stopping the project at Middle Street, and finishing the route using alternative technologies designed for 21<sup>st</sup> Century needs; or,
- (2) converting the entire project from Kapolei to Ala Moana and beyond (i.e. U. H. Manoa and Waikiki) to a system utilizing 21<sup>st</sup> Century technologies.

CONCLUSION: Following this Gretzky strategy will benefit Honolulu immensely. It would give us a transportation system that will meet modern-day lifestyle needs of the people.... where it WILL BE when the project is completed. All it takes is a little vision on the part of our leaders, and a lot of courage to stand up to the big money, big land owners, big developers, and big contractors that have led us to this financial black hole.

Randy Leong

**From:** [sunexhi@att.net](mailto:sunexhi@att.net)  
**To:** [TRE Testimony](#)  
**Subject:** Transportation & Economy - Rail  
**Date:** Friday, August 11, 2017 3:18:42 AM

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Do not give any more money away, consider bringing rail down to the ground in the city.

Antonio Andres Lopez

**From:** [Kay Lynch](#)  
**To:** [TRE Testimony](#)  
**Subject:** Best reason to stop at Middle Street  
**Date:** Saturday, August 12, 2017 7:56:45 PM

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Dear Lawmakers,

It would be unconscionable to extend the tax for rail given all the project's flaws and failings of accountability. Further, the very best reason to stop this antiquated project at Middle Street is to allow the flexibility needed (at least for the remaining miles) for more modern, more flexible, more effective, less costly traffic solutions.

Mahalo,  
Kay Lynch

**From:** [Michele Matsuo](#)  
**To:** [TRE Testimony](#)  
**Subject:** Desecration of Hawaiian traditional cultural properties in Ewa  
**Date:** Sunday, August 13, 2017 9:22:28 AM

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**Subject: Honouliuli Ewa Traditional Cultural Properties**

Below is a link for a fairly comprehensive description of the many Hawaiian cultural places being impacted. Kanehili Cultural Hui is Kumu Mike Lee's organization, or one of them. Kumu Mike Lee traces his genealogy back to Pele.

The leina a ka uhane, Leilono, was identified as being in the area, but incorrectly placed. Kanehili says that because of the alignment of the jumping off point, it goes directly through/along the rail line.

The Shark Goddess Cave, The Shark God Cave, The Eel Boy Cave (Waipahu I think), the Malden Trails, the home of the Sacred Pueo, are other Hawaiian Cultural sites being impacted. And of course, the many many thousands of Iwi Kupuna buried in the area but not protected by a cultural monitor or sifting. All of these sites allegedly impacted by Rail or Ho'opili.

According to Kumu Lee, there were no cultural monitors and no sifting for the Rail project, and he has a letter from HART refusing his request for cultural monitors and sifting. This relates to the on-site construction on Oahu. There were reports of construction workers on the Rail project going in to stores to buy offerings, after iwi allegedly were found by them but not reported by HART.

<http://honouliuli.blogspot.com/>

Beyond the on-site desecration of Hawaiian sacred and cultural properties, there are now allegations that the sand used to make the concrete for the Rail guideway comes from a well-known battlefield on Maui, and allegedly contains iwi kupuna. Testimony regarding this will follow separately.

Aloha  
Michele Matsuo

Sent from my iPad

**From:** [lynnehi@aol.com](mailto:lynnehi@aol.com)  
**To:** [TRE Testimony](#)  
**Subject:** Aug. 14 meeting re rail  
**Date:** Thursday, August 10, 2017 9:05:16 AM

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Please do not be railroaded into continuing this disgracefully managed project which is way late and way over budget. Regardless of what number the city gives you, they will be wrong. Their staff is incompetent. They will say whatever their PR people think will get them more money. This project should end at Middle Street, and if necessary what is built should be ripped down or turned into a park, like the High Line in New York City.

It is a blight on our environment, hideous, and will not solve the traffic problem. It is pie in the sky.

Please say no to any new taxes, any extension of the GET, and consider repealing the extension to the GET that is in existence, as well as no more state skim.

Lynne Matusow  
60 N. Beretania, #1804  
Honolulu, HI 96817  
531-4260

**From:** [Andy Melamed](#)  
**To:** [TRE Testimony](#)  
**Subject:** FW: rail/kauai  
**Date:** Tuesday, August 8, 2017 2:04:43 PM

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To our state legislators

Mahalo and Aloha for working on transportation issues that affect us all. We on Kauai have many transportation issues that affect our lifestyles, where improvements are most necessary. Having funds to address issues here on Kauai are just as important. We have 73,000 residents and over 27,000 visitors that are challenged daily on roads that have barely expanded to accommodate the congestion we face. Over the past 50 years our population has increased from approximately 25,000 residents and visitors to over 100,000 people. The number of lanes heading into and out of our towns from Lihue to points North and West have remained the same. I would appreciate consideration of tax increases on our island to address our concerns and not those of a rail system that has been challenged in so many ways. The Oahu rail system and its routes do not really benefit neighbor island travelers. If we are to travel to Honolulu we would for the most part still need to have a car for the stops we would need. I suggest, if indeed a neighbor island visitor comes to Oahu and chooses to use the rail, at that time he or she would pay a surcharge for such use. Neighbor island residents are challenged, we have the same needs, the same concerns, the same planning issues. Funding if it were to go towards transportation fixes should directly deal with problems found continuously on respective islands.. Mahalo for your time and consideration.

Andy Melamed Productions  
Kauai lifeguard association marketing and events director  
[andymelamed946@gmail.com](mailto:andymelamed946@gmail.com)  
808-482-0218  
5728 NONI STREET  
KAPAA HAWAII 96746

**\*\* Please note new email address above. \*\*\***



August 11, 2017

TO: HONORABLE MEMBERS OF THE SENATE COMMITTEE ON  
TRANSPORTATION AND ENERGY, SENATE COMMITTEE ON PUBLIC  
SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS AND COMMITTEE  
ON WAYS AN MEANS

HONORABLE MEMBERS OF THE HOUSE COMMITTEE ON  
TRANSPORTATION AND COMMITTEE ON FINANCE

SUBJECT: **PERSONAL SUPPORT OF RAIL PROJECT AND A FUNDING MECHANISM  
THAT WILL ENSURE RAIL IS BUILT TO ALA MOANA WITHOUT  
JEOPARDIZING CITY FINANCES**

Informational Briefing

DATE: Monday, August 14  
TIME: 10:00 AM  
PLACE: Capitol Auditorium

Dear Members of the Joint Committees,

My name is Wesley Mikuni. I am submitting this testimony in personal support of the Honolulu Rail project and a funding bill that will ensure the project is built as originally planned and designed to Ala Moana Center.

While details of the funding proposals are being considered it is important that the funding mechanism ensures the following: that the Full Funding Grant Agreement is satisfied by using the same technology, same route and being built to Ala Moana; creates new funding that will withstand any legal challenges, because any delay will increase costs; and lastly that the funding is adequate and will not jeopardize other county resources already dedicated to protect public health, safety and welfare.

The 20-mile Rail project has been under construction in West Oahu for years now and as it approaches the downtown area we need to ensure that adequate funding is available to ensure it is completed. The completed rail system will provide permanent jobs, transportation alternatives, traffic alleviation, reduction in the use of fossil fuels, and incentivize more affordable housing. These benefits could result in increased spending and will help create a multiplier effect that will positively impact the state's economy. Furthermore, the project will encourage Transit-Oriented Development (TOD) around the rail stations and along the route, which will in turn support developing affordable housing that create sustainable and more livable communities.

If rail is not built to Ala Moana because of a funding shortfall it will be disastrous for Oahu and future infrastructure projects using federal dollars. If the project is not built as planned Honolulu stands to lose \$1.5B of federal funding, could be subject to lawsuits due to canceled contracts and planned affordable housing projects could be jeopardized. Furthermore, commercial investments in these areas will likewise suffer. Please ensure that the funding mechanism set forth provides adequate new funding that will ensure the success of the project and not jeopardize the future of Honolulu. Thank you for your support.

**From:** [Michael Miranda](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for public hearing  
**Date:** Saturday, August 12, 2017 2:47:07 PM

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Dear Chair Inouye, Chair Nishihara, Chair Dela Cruz, Chair Aquino, and Chair Luke:

Thank you for the opportunity to testify **against** increased Transient Accommodations Tax (TAT) and a 0.5% General Excise Tax (GET) surcharge extended to Kauai, Maui, and Hawaii counties as a means of funding the City & County of Honolulu's rail.

Increasing the TAT overburdens the tourist industry, where visitors already pay resort fees, GET, 9.25% TAT, and if they are renting a car to visit the most-remote scenery on any island, a State Highway Surcharge, a Vehicle Registration Fee, a Customer Facility Charge, and an Airport Concession Recovery Tax of 11.1%. Further taxing the tourist industry puts Hawaii as a disadvantage, when other destinations with similar climate already offer far more competitive costs.

Increasing the GET, which is already a regressive tax to begin with, will hit the poor and elderly the hardest. The poor and elderly spend most of their income on items that are subject to the GET.

Furthermore, I am strongly opposed to having the neighbor islands providing any more financial support for the Honolulu Rapid Transit rail system. It is unfair for neighbor islands to pay for a system that serves only the residents of the City & County of Honolulu. Although Honolulu taxpayers finance airports and harbors on the neighbor islands, those airports and harbors provide transportation of goods and passengers between islands, whereas the rail does not.

As an alternative solution, I would support paying either increased motor vehicle registration taxes or fuel taxes that would go to support public transportation on each island. I believe that motorists have a responsibility to finance transportation systems. Taxing motorists may also have an effect on behavior change, causing them to rely on public transportation and thereby reducing traffic.

Thank you again for the opportunity to submit testimony.

Sincerely,

Michael Miranda

Lihue, Kauai  
(808) 652-2165

**From:** [Marjorie Morgan](#)  
**To:** [TRE Testimony](#)  
**Subject:** AuditTheRail.Com  
**Date:** Sunday, August 13, 2017 7:14:04 AM

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Aloha!

My name is Marjorie Morgan, I was born and raised in Kalihi, graduated from FHS, and I currently live in Kailua.

I spent my entire childhood catching the city bus from home to school, from home to Waikiki Beach, from home to the Old Stadium, and from home to downtown Honolulu. It was the best part of my childhood, because it was a way to socialize with all of my friends, and my parents didn't have to worry about any derelicts fondling me or attacking me. Those were the good old days when children were free to roam, and life was just a bowl of papayas!

The children of today do not have that same opportunity of catching the city bus to school or anywhere else on this island, because of the derelicts and on our city buses and the same derelicts will be on the rail! Children of today are shuttled to and from home by their parents, grand parents, aunties, uncles, and other family members because the children of today are not free to roam for fear of being molested and/or abducted by the weirdos that are allowed to roam our streets, and who also receive free bus passes and who will also receive free rail passes! They come onto the buses with loads of stuff, smell to high heaven, disrupt the whole bus, and they get to ride free....do you allow your children to ride the bus on their own? If you don't allow your children to ride the bus and/or you don't ride the bus now, what makes you think you'll be riding the rail...because no derelicts are allowed on the rail? What about when you get into town and you will be forced to transfer to a bus? Does any of this make any sense to the government officials who don't and won't catch the bus, and I mean the higher arch of the government officials...not the hard working government employees...which I was a part of.

Now as a senior citizen I catch the bus into the city from Kailua twice a week to volunteer at the Honolulu Police Department, and the buses between Kailua and downtown Honolulu are immaculate! Then I get off at Bishop and Hotel Street, and that's where the adventure goes from fun to total disgust! There are flat pieces of cardboard spewed all over the sidewalk from the doorways of businesses that a homeless person slept on, peed on, and yes in some cases evidence of feces! The streets are so dirty and stinky, and the people are as disgustingly dirty and stinky as the streets! I have to walk past all of this to transfer to my bus on hotel street! The City and State cannot keep up with the bare bones necessity of our beautiful island, but our government officials continue to insist on this monstrosity of a project which will sink the economy of our beautiful islands! Yes, all of the islands if the

State gets involved! It's the City's project, and they have failed big time...so therefore they need to figure it out or call it quits! If the City wants to know how they got into this boondoggle of a project then they should insist on a Forensic Audit! The City Council should be screaming at the top of their lungs...what happened to the Peoples Money, and the State should insist on this also. It's like giving your child a \$1,000 a month for their rent then in in four months the child says they need \$5,000 this month for rent, wouldn't you scream at the top of your lungs and say...what and why? Would you just hand that child 5x more money because they asked, and said just trust me! It's easy to milk the taxpayers and tourist, but it's not easy to milk your personal pocket books! The People deserve to know where their money went, and until then no more money and no more taxes!

Why is it that our city council members and legislators think taxing the people to death for special interest groups is the right thing to do? We elect our city council members and legislators to watch over our city and state, and to watch over our hard earned tax dollars! All we get back in return is....we need more money so therefore we have the right to raise your taxes! We the People have the Right to say NO MORE TAXES until a Forensic Audit is Completed!

Our government is concentrating so much on The Rail it's like it's do or die for Honolulu, because the government is so intricately wrapped up into this project they cannot see the light nor the foresight to admit they are wrong! Even the greatest and brightest minds of our times have had to admit they were wrong, and that they were in the Wrong Forest! They've had to tell everyone we need to turn around and start all over again...we need to find the Right Forest! That's what takes real courage, to admit you are Wrong and we need to regroup and come up with a better plan. The answer isn't to bleed the citizens of Hawaii for the mistakes of the government! Climb up to the very top of the tree and scream at the top of your lungs...Wrong Forest...because everyone has been so busy at the bottom of the forest clearing the brush and the weeds that they forgot to look up to check their bearings! So who will be the first legislature to climb that tree and shout at the top of their lungs...Wrong Forest!!! I dare you, because I've had to do this many times in my life, and I'm sure many citizens and small businesses on our beautiful islands have had to admit the same thing! Wrong Forest!!!

I beg you as a senior citizen and a lifetime resident of Oahu, stand up, climb that tree, and admit it's the Wrong Forest!

Thank you,

Marjorie Morgan  
(808) 478-2619  
182 Aikahi Loop

Kailua, HI 96734

**From:** [Jane Moulin](#)  
**To:** [sens@hawaii.capitol.gov](mailto:sens@hawaii.capitol.gov); [TRE Testimony](#); [All Reps](#)  
**Subject:** Opposition to Rail  
**Date:** Saturday, August 12, 2017 6:51:33 PM

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Dear Representatives and Senators,

I am writing to register my strong opposition to raising taxes in order to complete the rail project. Besides pointing out the reality that there are many, many reasonable and well-substantiated facts that demonstrate how wrong this rail project is for our community, I also need to ask if you personally would conduct your private financial affairs in such a non-responsible manner. Maybe I am old-fashioned, but I was raised to believe, "if you don't have the money, don't buy it!!"

Given all the other truly pressing needs of our community (the ERS deficit, the homeless problem, our aging infrastructure, etc., etc.), I simply don't see how you can view the completion of the rail project as a fiscally responsible path. We just cannot have it all, and this is easily the most debatable, controversial and unsupported good use of that limited money we have. This whole disaster just makes me feel so very disappointed in and angry with the legislature. And I know I am not alone.

This project has not been handled properly from the get-go--from the lack of community input on the type of transportation to the failure to conduct a proper audit. You need to let us all off this train.

Aloha,  
Dr. Jane Freeman Moulin  
2318 Beckwith St.  
Honolulu, HI 96822





**From:** [michael mullahey](#)  
**To:** [TRE Testimony](#)  
**Subject:** Rail  
**Date:** Thursday, August 10, 2017 4:29:22 AM

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I grew up in Hawaii, born into 2 families that helped shape Hawaii in to a state. The Thurston's and the Mullahey's. Both of my family's traveled half way around the world, relying on faith as their biggest ally.

It's incontestable that I have a unique perspective on everything regarding Hawaii.

The concerns I have center around the lack of transparency from HART. As well as what seems like an inability to listen to what the people of Hawaii are saying.

Steel on steel rail in downtown Honolulu is a terrible idea. Elevated in that section isn't very bright either.

I've read recently that HART is considering taxing the outer islands to help pay for the shortfall facing the project.

My question is why?

Why continue this charade, you don't even have the funds necessary to maintain the rail. Nobody knows where all that money has gone? HART won't agree to do an audit. All shameful acts and not in the interest of the residents of hawaii.

I am presently living on the mainland, my wife and I pursuing career jobs. Eventually we plan to come back to hawaii, what kind of economic situation are we going to come back to? Honolulu very realistically could go broke from this project. I'm a graduate of Punahou, and I would like my kids to attend at least for high school. Just so they can get a little of what I experienced as a kid. But I may have to change those plans because I'm not interested in paying more taxes for something I have no interest in.

Recently bike hawaii released there rental bikes throughout Oahu. That is a real solution to traffic issues, not to mention much healthier. Why can't employers stagger hours or allow workers to work

Part time from home?? Wouldn't that be more effective then the rail? Who in hawaii will ride the rail? Possibly people from ewa coming to town. But why. Or stop the rail there, end it at the airport or at Kalihi. Stop thinking that bringing the rail into town will solve any traffic issues, because it wont. Even though I am on the east coast I follow everything going on in hawaii, hawaii is my home no matter where I'm living.

Thank you

Michael Mullahey

Sent from my iPhone

**From:** [Murchie, Margaret](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 5:23:19 AM

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Please stop the bleeding. This whole rail experience has been dishonest & painful. It was supposed to go to UH and that is why we initially voted for rail. Unfortunately, the wording on the ballot was confusing & those of us, supportive at the time, foolishly trusted our "leaders" to ensure that we had the best value & most modern, efficient system. It has been a blatant money grab from the start & will surely bankrupt the State. Hanneman, Carlisle and Caldwell are all culprits. Caldwell formed Hart to blame them for poor choices. If I did that to a client, I would likely be in jail.

Sent from my iPhone Warm Aloha, Margaret Murchie 808-226-6600 [margaret@margaretm.com](mailto:margaret@margaretm.com) 1636 St. Louis drive Honolulu HI 96816

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**From:** [Nancy Nagamine](#)  
**To:** [TRE Testimony](#)  
**Cc:** [All Reps](#); [All Senators](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Sunday, August 13, 2017 8:04:49 AM

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Special Session Public Hearing on Increasing the Rail Tax  
August 14, 2017, 10:00 am

My name is Nancy Nagamine and I oppose any bill that would provide additional funding for the Honolulu rail project.

Honolulu and our entire state is being burdened with this poorly conceived and grossly mismanaged "transportation" project.

As I look to the future the rail will drain the life out of our city and state, causing all things wonderful to fall in to disrepair to support the rail. The lifeblood of our economy, tourism, will be negatively affected as our island will become more and more like the third world. Longtime residents will be burdened with ever increasing taxes and fees, making our home a far less desirable place to live, not to mention increasingly unaffordable.

What was sold to the public through a massive advertising / propaganda campaign paid for by taxpayers as a solution to traffic congestion has morphed in to something entirely different depending on who you talk to. As an example, at the last city council meeting several pro rail advocates spoke in favor of the rail because of the need for housing for homeless. I scratch my head, if we need housing why don't we spend the money on housing, not a train?

I remember Mufi Hanneman repeating 3 questions when trying to sell this project. His answer to to all 3 were yes. It is clear now he was wrong on all 3.

The 3 questions:

1. Do we need it? NO. We need traffic congestion relief, the rail will hardly make a dent. We know now this was never even about transportation.
2. Can we afford it? NO. That's pretty obvious he got that one wrong.
3. Can we maintain it? NO. That's a deep dark hole, seems much repair work is already needed, fares will not make a dent in operating costs, and more city workers with pensions that will need to be funded etc. No one even knows the real maintenance costs. Just wait until the city rolls out massive property tax increases, and comes back to the state for even more help.

Even if the money the federal government has given so far had to be returned we would be far better off than continuing. When you are in a hole and trying to get out, stop digging, the hole is only going to get bigger.

It is critical you do the right thing for the people of Hawaii. Please step back, be courageous, and take these 3 logical steps before any decisions are made:

- 1. STOP THE FUNDING. DO NOT APPROVE ANY MORE TAXES OR FEES.*
- 2. SUPPORT A FULL FORENSIC AUDIT. NO MORE MONEY SHOULD BE SPENT AND NO NEW TAXES APPROVED UNTIL WE KNOW EXACTLY WHERE ALL THE MONEY HAS GONE SO FAR. FOR HART TO NOT DO A FORENSIC AUDIT BY A NEUTRAL*

*OUTSIDE 3RD PARTY SEEMS AN ADMISSION OF WRONGDOING.  
3. DILIGENTLY AND PROFESSIONALLY STUDY ALL OF THE ALTERNATIVES AND  
OPTIONS AND BE FISCALLY PRUDENT LONG TERM.*

Thank you for your consideration.  
Sincerely,

Nancy Nagamine  
42 Namala Place  
Kailua, HI 96734  
(808)286-3285

August 11, 2017

TO: HONORABLE MEMBERS OF THE SENATE COMMITTEE ON  
TRANSPORTATION AND ENERGY, SENATE COMMITTEE ON PUBLIC  
SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS AND COMMITTEE  
ON WAYS AN MEANS

HONORABLE MEMBERS OF THE HOUSE COMMITTEE ON  
TRANSPORTATION AND COMMITTEE ON FINANCE

SUBJECT: **PERSONAL SUPPORT OF RAIL PROJECT AND A FUNDING MECHANISM  
THAT WILL ENSURE RAIL IS BUILT TO ALA MOANA WITHOUT  
JEOPARDIZING CITY FINANCES**

Informational Briefing

DATE: Monday, August 14  
TIME: 10:00 AM  
PLACE: Capitol Auditorium

Dear Members of the Joint Committees,

My name is Kenneth Ogata. I am submitting this testimony in personal **support** of the Honolulu Rail project and a funding bill that will ensure the project is built as originally planned and designed to Ala Moana Center.

While details of the funding proposals are being considered it is important that the funding mechanism ensures the following: that the Full Funding Grant Agreement is satisfied by using the same technology, same route and being built to Ala Moana; creates new funding that will withstand any legal challenges, because any delay will increase costs; and lastly that the funding is adequate and will not jeopardize other county resources already dedicated to protect public health, safety and welfare.

The 20-mile Rail project has been under construction in West Oahu for years now and as it approaches the downtown area we need to ensure that adequate funding is available to ensure it is completed. The completed rail system will provide permanent jobs, transportation alternatives, traffic alleviation, reduction in the use of fossil fuels, and incentivize more affordable housing. These benefits could result in increased spending and will help create a multiplier effect that will positively impact the state's economy. Furthermore, the project will encourage Transit-Oriented Development (TOD) around the rail stations and along the route, which will in turn support developing affordable housing that create sustainable and more livable communities.

If rail is not built to Ala Moana because of a funding shortfall it will be disastrous for Oahu and future infrastructure projects using federal dollars. If the project is not built as planned Honolulu stands to lose \$1.5B of federal funding, could be subject to lawsuits due to canceled contracts and planned affordable housing projects could be jeopardized. Furthermore, commercial investments in these areas will likewise suffer. Please ensure that the funding mechanism set forth provides adequate new funding that will ensure the success of the project and not jeopardize the future of Honolulu. Thank you for your support.

**From:** [Susan Osako](#)  
**To:** [TRE Testimony](#)  
**Subject:** Rail  
**Date:** Wednesday, August 9, 2017 11:57:14 AM

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This project has been plagued by ineptness and crony capitalism from the beginning. In Hawaii we are all related by blood, marriage or friendship. There are no secrets. Asking neighbor islands to pay for corruption and ignorance in such a massive government project is audacity. It cannot happen! It would represent the very worst of what a democratic government can do to people. A family friend built H/Power and every day we heard how the plans were antiquated, the city officials were ignorant and uninterested... no one wanted to take responsibility or even cared that millions in tax payer dollars were going to a project that was outdated before it was built. Thankfully our friend built it correctly and ignored the ridiculous specs presented to him. He said his integrity and reputation were worth more than money. A rare individual indeed. Perhaps you needed a few more people like him on the rail project. This is your corrupt mess... clean it up yourselves or abandon it... do not burden outer island people who are struggling to survive with your folly.

Sent from my iPhone

**From:** [George Pace](#)  
**To:** [TRE Testimony](#)  
**Subject:** Stop the Rail! There must be a full, independent, outside forensic audit of the rail project  
**Date:** Sunday, August 13, 2017 8:30:39 AM

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Enough with the waste of taxpayer money via incompetence, cronyism, and possibly literal fraud and corruption. The only way citizens can find out what has happened with their tax dollars is via a full, independent, outside forensic audit of the rail project.

Legislators owe such an audit to the taxpayers. Order one now. No other funding until after completion of a full, independent, outside forensic audit of the rail project!

thank you,  
George Pace

From: [George Pace](#)  
To: [TRE Testimony](#)  
Subject: No Rail!  
Date: Friday, August 11, 2017 6:20:13 AM

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[TRETestimony@capitol.hawaii.gov](mailto:TRETestimony@capitol.hawaii.gov)

Legislators,

The rail has been a total boondoggle and horrifically mismanaged project from the beginning, when citizens were lied to about the costs and supposed benefits.

Refusing to have a forensic audit is tantamount to a serious crime. Who doesn't want, and why, there to be full public disclosure of exactly where all the money has gone?

The idea of taxing the outer islands to pay for incompetence and lying is disgusting.

Say NO to Rail. End the Rail project. Dismantle it. Enough already. I'm sure all the cronies have lined their pockets many times over by now... how much more public money must be poured down the drain?

thank you,  
George Pace



**From:** [Benton Pang](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Aug 14 informational briefing  
**Date:** Tuesday, August 8, 2017 7:18:05 AM

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The Honolulu Rail project is the most mismanaged project in Honolulu, starting from a project cost of \$5.2 Billion to now, \$10 billion. Neighbor islands should not be on the hook to pay for any portion of its construction, although I support extending the GET surcharge for Oahu. The FTA will likely withhold funds from the project because, unlike the citizens of Oahu, they can enforce terms of the original proposal for a rail line to Ala Moana.

I am dismayed that our legislature would consider taxing us for such a poorly managed project. With the homeless crisis in our neighborhoods I would have expected a bit more from our elected officials on that subject, rather than this one. Misplaced judgement by our leaders has wasted millions of hard earned money from Honolulu's working class.

Let's stop the bleeding, no GET increases for HART.

Sincerely,  
Benton K. Pang, Ph.D.  
Palolo, Oahu

**From:** [patriotonhi50@aol.com](mailto:patriotonhi50@aol.com)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 10:52:03 AM

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Aloha;

I live in Pearl City and Kam Highway has been a disaster ever since the rail project started. Miles of cones blocking traffic and cutting the roads to one lane and often day or night there isn't anyone actually working anywhere.

The road is a landmine of huge potholes metal plates and blocked lanes that could be driven with no danger to the workers.

I've also noticed there is no stop at Pearl Ridge Mall or anywhere else all along Kam Highway. I've also learned that those working on the rail project get paid 4 times more an hour for their work than they would make doing the exact same job in the private sector.

Why should anyone get paid 4x more then their friends neighbors and family members simply because they work on a project that is being paid for by our taxes and fees that we the people are forced to pay? This is unfair.

I do not believe that any of our testimonies will make any difference but maybe you might be willing to make a simple change that will lower the cost of the rail by %75.....cut the salaries of everyone working on the rail project to no more than %1.5 higher than their counterparts make in the private sector.

**From:** [Susan Phillips](#)  
**To:** [TRE Testimony](#)  
**Subject:** The Rail Project  
**Date:** Friday, August 11, 2017 5:45:52 PM

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Here is my take on the rail. Yesterday it took me 1 hour and twenty minutes to get from the airport to my home in Kailua, I left the airport at 4:20. One hour of that time was spent from the airport to the H3 off lane from the H1. Surely those who live in the west support the aggressive continuation of the rail project.

Please, be aggressive in advising Grassroots Institute of Hawai'i, and in particular Mr. Caytano, Mr. Slater, Mr. Roth and the university to professor Panos D. Prevedouros "thank you for your time. We have professionals handling this project." In other words, bye bye.

The people of Oahu voted in favor of the rail. The city council approved the rail. The mayor at that time approved the rail as does the current mayor. The state legislature had to, by popular demand support rail and all are challenged to find and provide financing for the rail. The bottle/can taxes have been one resource and should increase and continue into infinity. Besides building it, it will need to be maintained. Further, many cost overruns have be contributed to the legal maneuvering of the anti rail. Secure the funding and stand by this project - *visibly*.

As you see, I am a windward resident. I SUPPORT the rail. I expect you and your colleagues to do the same, and secure the funding. Recently a Hawai'i Kai resident said she resisted the rail because it doesn't do her any good. I asked her if H3 did her any good. She said "no, but...." Please be the leaders in speaking out to seeing this project through. Get the funding and let the RAIL pros do their job without micromanaging. If you do, others will follow.

Cordially,  
Susan Phillips, 148 Ku`upua Street, Kailua, 96734, 808-262-9626

**From:** [ramelbb001@hawaii.rr.com](mailto:ramelbb001@hawaii.rr.com)  
**To:** [TRE Testimony](#); [governor Ige](#)  
**Subject:** \*\*\*\*\*SPAM\*\*\*\*\* Funding for Rail  
**Date:** Wednesday, August 9, 2017 2:30:47 PM

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To:  
Senate Committee on Transportation and Energy  
Special Session Public Hearing on Increasing The Rail Tax  
August 14, 2017, 10:00 a.m.

Rail will NOT improve traffic from West Oahu despite spending greater than \$10 + Billion of taxpayers money. To ask for more from the taxpayer by legislators is CRIMINAL! We have been ignored for ten years, but we have a responsibility and obligation to do everything possible to stop you from spending more money for a useless project.

This train must stop at Middle Street to save the taxpayer from going bankrupt needlessly. Express buses from Middle Street will provide a more effective transportation mode for Oahu than Rail, without any ADDITIONAL cost to the taxpayer. Please, please save billions for the taxpayer and prevent the city center from being damaged by the useless elevated monstrosity. Enough damage and out-of-control debt has been incurred already.

Do what is right for our island, stop funding this monstrosity, please! This unnecessary spending of taxpayers dollars MUST end NOW!

Ben Ramelb  
Registered Civil Engineer/Master Planner (Retired)  
1148 Ala Lilikoi St  
Honolulu HI

**From:** [Poilady@aol.com](mailto:Poilady@aol.com)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 12:31:00 PM

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The RAIL is terrible, things are being done that have no basis in the rail

Now you hire someone to run the rail that had bid on the job previously.

The Rail will not help in the future rust on rust in a tropical climate, the connections to the pillars and cement track of askew. I just don't see how it will help UH Manoa, and the east side of Oahu.

It should be for all the people,

I like THE BUS and where it goes .There has to be a better plan. Getting rid of some of the bus stops already make it difficult for the handicap and disabled.

Aloha  
Brenda Reichel

**From:** [robert.retherford@hawaiiantel.net](mailto:robert.retherford@hawaiiantel.net)  
**To:** [TRE Testimony](#)  
**Subject:** Extension of Rail Tax  
**Date:** Wednesday, August 9, 2017 10:32:13 PM

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## **SENATE**

COMMITTEE ON TRANSPORTATION & ENERGY

COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL, & MILITARY AFFAIRS

COMMITTEE ON WAYS AND MEANS

## **HOUSE:**

COMMITTEE ON TRANSPORTATION

COMMITTEE ON FINANCE

### **Dear Senators and Representatives,**

My name is Ursula Retherford. I stand in complete **opposition** to a further extension of the GTE tax to finance the rail project. I am not opposing this extension because I live on the Windward side. I am opposing it because it does not make any sense and is a misuse of taxpayers' money.

I was opposed to this project from the beginning when the projected cost was about 4 billion. How can any honest person justify to us taxpayers an increase from that figure to 8 or 10 billion today - and keep asking for more?

Our geographical configuration and layout never favored a fixed, inflexible, steel on steel rail line. It is the wrong technology, one never designed to serve the transportation needs of our island. As admitted even by the promoters of this project, it will do little to improve traffic. We do not have the demographics and tax base to finance and maintain this project. The project as it stands is unsustainable.

Rather than continue to feed the insatiable monster, let's be sane and cut our losses by stopping the line at Middle Street and transition to street level at less cost and an earlier completion date. It would serve our transportation needs better, make later flexible extensions possible, and save our waterfront and city from visual disfiguration.

I plead with you to help stop this runaway juggernaut that is threatening to bury us in a financial quagmire and destroy the fair face of our city -- with little improvement in our traffic woes in exchange.

Ursula Retherford

42 N. Kainalu Drive, Kailua, HI 96734

tel. 808-261-4537

**From:** [Windward Oahu](#)  
**To:** [TRE Testimony](#)  
**Subject:** City and County of Honolulu's rapid transit system Testimony  
**Date:** Wednesday, August 9, 2017 12:21:18 PM

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Subject: City and County of Honolulu's rapid transit system Testimony

From: Lilia Roberts  
45-015 Waikalualoko Loop, Kaneohe HI 96744  
(808)392-6058

Aloha esteem members of the Senate Committee on Transportation and Energy,  
I'm tired of being lied to about how much City and County of Honolulu's rapid transit system will cost in the end.  
We the tax payers are beyond angry that the rapid transit system cost keep going up and that generations to come will have to pay for it!

I want it to stop!

This is nothing but a money pit. The completed City and County of Honolulu's rapid transit system will never make enough money to sustain itself in operations and repairs. We could have purchased 100+ more buses, paid bus drivers more, added more bus stops, let passengers ride for free and it still wouldn't have cost as much as this cash eating monster! Please find a way to stop the wasteful spending. Also please stop the importing of rail workers from other states and hire local workers.

Mahalo for listening.

Best Regards,  
Lilia Roberts

**From:** [Lynn Robinson-Onderko](#)  
**To:** [TRE Testimony](#)  
**Subject:** Finance and Finish The Rail  
**Date:** Friday, August 11, 2017 10:35:09 AM

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Aloha Chair and Committee Members,

My name is Lynn Robinson-Onderko. I am a resident of Ewa Beach. I am writing to simply say that while there are justified concerns about the growing costs associated with rail, these concerns should not impede progress. I agree that there is a need for greater oversight and would be in favor of an audit, but this project is incredibly important to the quality of life commuters on Oahu and needs to be fully funded to completion. I'm confident that our House and Senate can come to a compromise for funding sources in the upcoming Special Session. Thank you for your time and attention.

- Lynn Robinson-Onderko



**From:** [Randall Roth](#)  
**To:** [TRE Testimony](#)  
**Cc:** [All Reps](#); [All Senators](#)  
**Subject:** Testimony for August 14, 2017, Special Session Public Hearing on Increasing the Rail Tax  
**Date:** Saturday, August 12, 2017 9:05:43 PM

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Senate Committee on Transportation and Energy  
Special Session Public Hearing on Increasing the Rail Tax  
August 14, 2017, 10:00 a.m.

My name is Randall Roth, and I oppose any bill that would provide additional funding for rail.

Local taxpayers will have to provide the bulk of construction costs (including debt servicing costs), the total of which is currently expected to be at least \$10 billion.

To illustrate the magnitude of \$10 billion in an island community like ours, I have prepared a simple quiz for you:

**If the City of Honolulu were to put every penny of its real property tax revenues into a giant piggy bank, how long would it take to accumulate \$10 billion?**

Seriously, how long would it take?

The Answer:

**To have \$10 billion by now, the City would have had to start doing this about eleven years ago.**

Feel free to check my math: The average amount of real property taxes collected each year since 2006 has been approximately \$900 million.

Does it make sense to you to spend the equivalent of eleven years of real property tax revenues for a rail system that would damage the environment, hurt tourism, cost a fortune to operate and maintain, and leave unsolved the very real problem of traffic congestion?

Please help stop the madness by refusing to provide any additional funds. Mahalo.

Randall Roth  
1040 Noio Street  
Honolulu, Hawaii 96816

**From:** [Shannon Rudolph](#)  
**Subject:** Rail: There"s got to be a better way  
**Date:** Wednesday, August 9, 2017 11:00:18 AM

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Aloha,

Everyone I know thinks the rail situation has turned into a giant boondoggle full of corruption.... and they are really sick of it.

I don't know what the solution is - but if the outcome isn't in residents best interests, word will filter out across the state & there will be consequences for the August primary & general election.

One thing for certain, no neighbor islander that I know wants to put in a dime for the Honolulu rail after seeing how badly it has been managed.

While you're in session, how about protecting out keiki and banning Chlorpyrifos?

Giving some funding to UH rat lung researchers who really deserved the money you gave the the Health Dept.

Pass the Death With Dignity bill.

And quit dragging your feet on legalizing cannabis so we can provide jobs within a new, thriving ag industry and start collecting the millions in taxes other states are cashing in on. If we were collecting these taxes we could build rail on every island.

Mahalo.  
Shannon Rudolph  
Holualoa, Hi. 96725

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How wonderful it is that nobody need wait a single moment before starting to improve the world. ~ Anne Frank

**From:** [Frank Russell](#)  
**To:** [TRE Testimony](#)  
**Subject:** Mag Lev Public transport neighbor island  
**Date:** Tuesday, August 8, 2017 4:56:50 PM

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I live on Maui and no I absolutly am against paying for Oahu's (BOONDOGGLE) called HART. No way.

I would be in favor of Mag Lev Public transport on Maui like Sky Tran. We should have Sky Tran on Maui. I believe it would pay for itself over and over with the added tourism. Very efficient small two person pods with Mag Lev. Please please check out Sky Tran.

Franklin Russell  
HC1 BOX 965  
Kula Hi. 96790  
808-878-6135

**From:** [Jackie Scott](#)  
**To:** [TRE Testimony](#)  
**Subject:** Rail Tax  
**Date:** Friday, August 11, 2017 2:37:18 AM

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Senate Committee on Transportation and Energy  
Special Session Public Hearing on Increasing The Rail Tax  
August 14, 2017, 10:00 a.m.

Do you honestly think the people would have voted for this rail project if they had been told the truth 10 years ago? They were lied to then and now we are all dearly paying the price. Do none of you not see the burden you are putting on your children and their children. Do you not have to pay all the same taxes we do? It's mind boggling to me that you want to saddle the future generations with such a financial burden. It's going to be about as successful as the bulb outs in Chinatown. Please do not allow this rail tax.

Jackie Scott  
2743 Ferdinand Avenue  
Honolulu, Hi 96822

**From:** [Steve Scott](#)  
**To:** [TRE Testimony](#)  
**Cc:** [sens@hawaii.capitol.gov](mailto:sens@hawaii.capitol.gov); [All Reps](#)  
**Subject:** Rail Funding  
**Date:** Sunday, August 13, 2017 8:44:57 AM

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Dear Senators and Representatives

The current rail project that is coming before you in special session for additional funding is truly a train wreck. There has been mismanagement, arrogance and fraud from the start, and for HART to arrogantly say that the project does not need a complete audit is a tacit admission that things are not right. Now, for you as legislators to not demand an audit of the project prior to giving them any more money or an extension of the tax makes you complicit in this fraud and corruption.

It's time for you in your fiduciary position as managers of our money that you take from us, in the way of taxes and fees, to do the right thing and demand an audit prior to giving HART any additional funds. If you don't do this you are part of the problem and the corruption in our government.

Consider wisely the decisions you are about to make.

Mahalo for your time

Steve Scott

2743 Ferdinand Ave.

Honolulu, HI 96822

Senate and House of Representatives  
Informational Briefing on Rail  
August 14, 2017 10 am  
Auditorium, State Capitol

## TESTIMONY

To: Committee Chairs, Vice Chairs, and members  
From: Beppie Shapiro, individual and lifelong Oahu resident

I have watched askance as Honolulu moves forward, or sideways, to build and finance a rail system. I now want to speak up. I like many voters, citizens and residents of Oahu am horrified at the huge columns, railways and stations planned for our up-to-now beautiful island.

Please, Please, stop this madness and insist the city move the remaining unbuilt sections of rail to ground level. I have read all the opinions and analyses of this option and I'm convinced it is the only one which makes sense.

Yes. It is conceivable the federal subsidy will be reduced - although it is equally conceivable that this new plan, which would be cheaper and more acceptable to voters and residents, would continue after discussion and analysis, to receive the previously promised federal funds. Even if those funds were to be reduced, rail would be cheaper to build and maintain and in the long run we'd be much better off.

Picture the Honolulu you work in (and most of you live in or near). Do you really want that behemoth dominating every view plane and creating more dubious environments for rubbish and homeless encampments? Have you walked along ground below elevated sections of : Max, in Portland; BART, in the San Francisco Bay Area; the "T" in Boston; the "EI" in Chicago... What would make you imagine we in Honolulu can prevent this blight?

And, lastly, please do not increase the regressive excise tax and make the poor pay so much larger a share for this project. That is just not fair!

Beppie Shapiro  
4118 Pakolu Place  
Honolulu 96816  
email [beppie@hawaii.edu](mailto:beppie@hawaii.edu)

**From:** [Teri Sherrow](#)  
**Subject:** Don't tax neighbor islands for Oahu rail!  
**Date:** Sunday, August 13, 2017 9:36:45 AM

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Aloha,

With 80% of the population of the State of Hawaii living on Oahu, why do we have to support their transportation when we need to fix our own islands?

Please support and stand in solidarity! DO NOT TAX NEIGHBOR ISLANDS FOR OAHU RAIL PROJECT.

<http://kanielaing.com/dont-make-neighbor-islands-pay-for-oahu-rail-shortfall>

Mahalo,  
Teri Sherrow  
620 Kumulani Dr  
Kihei, Maui, HI 96753

**From:** [Lorraine Shin](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 8:27:50 AM

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Lorraine Shin  
184 PUUEO STREET  
HILO, HAWAII 95720

MY TESTIMONY ON THE HONOLULU RAIL SYSTEM  
AGAINST TAXING OUTER ISLAND TAX PAYERS TO PAY FOR HONOLULU RAIL

My name is Lorraine Shin, and I reside on the island of Hawaii. I am a Native Hawaiian who was born and raised on Oahu. The rail system has been a disaster for Oahu on all levels from inception, design, and now run away cost. As a resident of the island of Hawaii, with my extensive family statewide, do not support any legislation to have residents from the outer islands pay for the disaster created by those Legislatures who are in support of the rail. I sympathize with thousands of Oahu residents who are being forced to pay increased excise taxes for a rail system they do not want or will never use. As rumored, will this be the new haven for the homeless?



**From:** [sua002@hawaii.rr.com](mailto:sua002@hawaii.rr.com)  
**To:** [TRE Testimony](#)  
**Subject:** Rail Funding  
**Date:** Tuesday, August 8, 2017 10:54:22 AM

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Decisions regarding additional rail funding should be made only after a forensic audit of the project's financial condition from its beginning to the present. A public poll would show an overwhelming preference for the project ending at Middle St. with a light rail on-grade and bus system continuing to its originally-intended terminal at University Avenue. More taxes would impose so much hardship on a large segment of struggling tax payers. Legislators, let your consciences be your guide!

**From:** [Bobbie Slater](#)  
**To:** [TRE Testimony](#)  
**Subject:** rail  
**Date:** Sunday, August 13, 2017 9:24:02 AM

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Thank you for sharing the many options you are considering to fund the rail. However, there was one glaring omission that I would like to draw your attention to.

So nothing.

You all know that this will not alleviate traffic: it was never intended to do so.

Just think, with the money already spent we could actually solved the homeless problem in our city. Solved it in a meaningful way. We could have air conditioned all the schools that need it, can we could have started on real solutions to solve our traffic situation.

Ask the people here? Which would you choose?

**From:** [Scott Stensrud](#)  
**To:** [TRE Testimony](#)  
**Subject:** Support for Honolulu Rail  
**Date:** Friday, August 11, 2017 1:52:07 PM

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I am writing to support fully funding the completion of the Honolulu Rail system to Ala Moana and would like to see connection to UH Manoa and Wakiki as well as a line to Millilani.

Like others I have concerns about cost overruns and believe tighter fiscal controls should be put into place.

As a resident of the Leeward Coast my quality of life has deteriorated over the past 25 years due to traffic delays. For someone living in Kapolei that has to be at work by 8:00AM you need to leave at 6:30AM and that is still no guarantee that you will arrive on time. Spending 2 to three hours every day to commute less than 20 miles has a negative impact on our community. People no longer have disposable time to volunteer in the community or participate in with their child's school. They don't have time to be physically active because of all of the time they spend sitting in their car. It directly cuts into time with friends and family, not to mention the stress it puts on commuters sitting in traffic that long. With the cost of housing families cannot afford to move closer to Honolulu. Our children are heading off to the mainland because of all of these factors. Rail is the only viable solution that can help address this.

Rail isn't going to change our problems overnight but it will provide an option for people who currently have none. Honolulu is paying a high price for rail for many reasons but the real cost is doing nothing or stopping at middle street. Most modern cities have well used rail systems and they are expanding them. Honolulu deserves an alternative mode of transportation.

For those on the Windward or East side of the island that feel like they will not benefit from rail, are you willing to take on additional development in your communities? If we are going to keep the county country we have no choice but to continue to develop in the second city and to provide transportation options for them other than cars so that those that live in the rural areas can continue to do so.

Sincerely,

Scott Stensrud  
scstensrud@aol.com

**From:** [Alvah T. Strickland](#)  
**To:** [TRE Testimony](#)  
**Subject:** Rail funding  
**Date:** Wednesday, August 9, 2017 7:58:36 PM

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I am not in favor of any continuation of rail funding. Rail was misconceived, mismanaged and will do nothing to mitigate traffic congestion.

Sincerely,  
Alvah T. Strickland

Sent from my iPad

**From:** [59surf](#)  
**To:** [TRE Testimony](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 4:17:35 AM

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The rail project is the worst designed transportation project ever. It is not designed correctly to service the people who might use it needs. It should have started in Watanabe and gone to university with a station drop off at the Ala Wai canal.

The design wasn't even going to go to airport??? Until the U.S. government told you to do so, or No Funds!!!! Airport to Ala Wai Canal would take the millions of tourists to shuttles to their hotels. Of course the cab union didn't want this, so drop them at Ala Moana Shopping center with their luggage!!!! Stupid or CORRUPTION is a better word.

Insiders buying land along rail, no real idea what it will cost? Or cost to run? Hawaii the highest state for road repairs, STUDYING REPAIRS @ \$90,000 a mile in Nation. Just a Bloated Government not don't or working for the people of Hawaii.

This rail project shows that goverment can't do private construction jobs with any sense of budget.

Sent from my Galaxy Tab® A

August 11, 2017

TO: HONORABLE MEMBERS OF THE SENATE COMMITTEE ON  
TRANSPORTATION AND ENERGY, SENATE COMMITTEE ON PUBLIC  
SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS AND COMMITTEE  
ON WAYS AN MEANS

HONORABLE MEMBERS OF THE HOUSE COMMITTEE ON  
TRANSPORTATION AND COMMITTEE ON FINANCE

SUBJECT: **PERSONAL SUPPORT OF RAIL PROJECT AND A FUNDING MECHANISM  
THAT WILL ENSURE RAIL IS BUILT TO ALA MOANA WITHOUT  
JEOPARDIZING CITY FINANCES**

Informational Briefing

DATE: Monday, August 14  
TIME: 10:00 AM  
PLACE: Capitol Auditorium

Dear Members of the Joint Committees,

My name is Mark Tagami. I am submitting this testimony in personal support of the Honolulu Rail project and a funding bill that will ensure the project is built as originally planned and designed to Ala Moana Center.

While details of the funding proposals are being considered it is important that the funding mechanism ensures the following: that the Full Funding Grant Agreement is satisfied by using the same technology, same route and being built to Ala Moana; creates new funding that will withstand any legal challenges, because any delay will increase costs; and lastly that the funding is adequate and will not jeopardize other county resources already dedicated to protect public health, safety and welfare.

The 20-mile Rail project has been under construction in West Oahu for years now and as it approaches the downtown area we need to ensure that adequate funding is available to ensure it is completed. The completed rail system will provide permanent jobs, transportation alternatives, traffic alleviation, reduction in the use of fossil fuels, and incentivize more affordable housing. These benefits could result in increased spending and will help create a multiplier effect that will positively impact the state's economy. Furthermore, the project will encourage Transit-Oriented Development (TOD) around the rail stations and along the route, which will in turn support developing affordable housing that create sustainable and more livable communities.

If rail is not built to Ala Moana because of a funding shortfall it will be disastrous for Oahu and future infrastructure projects using federal dollars. If the project is not built as planned Honolulu stands to lose \$1.5B of federal funding, could be subject to lawsuits due to canceled contracts and planned affordable housing projects could be jeopardized. Furthermore, commercial investments in these areas will likewise suffer. Please ensure that the funding mechanism set forth provides adequate new funding that will ensure the success of the project and not jeopardize the future of Honolulu. Thank you for your support.

**From:** [Teves, Glenn](#)  
**To:** [TRE Testimony](#)  
**Subject:** Rail  
**Date:** Wednesday, August 9, 2017 1:20:47 PM

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Aloha,

This issue of neighbor islanders having to pay for is a hard one, but we won't benefit from it, so there you have your answer. This project has not be well planned out, and is an early Christmas present for the large construction companies who benefit from cost overruns, and limited bidding on projects. Instead of making political decisions we have to start making socio-economic, and especially economic decisions starting with benefit-cost ratios. The buses will never disappear, and have to be figured into the equation. While it's easy to attack this project, coming up with a solution is few and far between. You will not get rid of cars unless you overtax them, then you really affect our lifestyle. Can you take surfboards, coolers, and pets on rail? This project will put Oahu residents in bondage for generations to come, and I wouldn't want to be the ones laying this burden on them, their children, and grandchildren, great grandchildren, and possibly beyond.

Thank you,

Glenn Teves  
Molokai

**From:** [Alfred Torres](#)  
**To:** [TRE Testimony](#)  
**Subject:** Rail Testimony  
**Date:** Wednesday, August 9, 2017 10:07:49 AM

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Good morning,

I believe because of the constant gridlock in Oahu that there definitely is a need for some form of mass transit. However, I have always been concerned about why apparently we chose the most expensive system. Mismanagement and administration of the rail has been abysmal! We are sick and tired of cost overruns and delays. Also, if they expect people to actually use the rail where will all the parking be for people to access the rail? Why is it in Hawaii nothing ever gets done on time and always cost exorbitantly more than the bids? Why is no one ever held accountable for mismanagement and incompetence? When people get fed up enough that's when you see GOP take over of States.

Regards  
Alfred Torres Jr  
Halawa Voter 40+ yrs

Sent from my iPad



**From:** [Terri Torres](#)  
**To:** [TRE Testimony](#)  
**Subject:** Regarding the Rail Project  
**Date:** Wednesday, August 9, 2017 9:41:28 AM

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Whom It May Concern:

I writing on behalf of the people of Hawaii, due that the Rapid Transit is still going to take all tax payer money. I feel that is should be stopped at the Dillingham stop. Tax paying are paying to much money already. I feel that people of Hawaii would be very happy for me to claim that Hawaiian people could have stopped it from the very beginning but the Politicans started this up from the days of Mufi Hanneman days. Then the other's had to clean up his mess. So they say that the Rapid Transit would not take tax payer money. If the Chairman of the Rapid Transit committee and the Mayor of the City County would find another way to fund this program. I would consider it to be okay. But if they can't find funding then I oppose of this project to be finisher and it should end at Dillingham and not at Ala Moana Shopping Center.

Mahalo  
Terri Torres

**From:** [tracking101@yahoo.com](mailto:tracking101@yahoo.com)  
**To:** [TRE Testimony](#)  
**Subject:** Rail Testimony  
**Date:** Wednesday, August 9, 2017 11:28:05 AM

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I'm tired of public officials lying to us about how much this rail will cost in the end. We the tax payers are beyond angry that the rail cost keep going up and that generations to come will have to pay for it!

I want it to stop!

This is nothing but a money pit. The completed rail system will never make enough money to sustain itself in operations and repairs. We could have purchased 100+ more buses, paid bus drivers more, added more bus stops, let passengers ride for free and it still wouldn't have cost as much as this cash eating monster!

**From:** [Olan P Tratchel](#)  
**To:** [TRE Testimony](#)  
**Subject:** Outrageous, outlandish and unfair.  
**Date:** Thursday, August 10, 2017 4:36:51 PM

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Maui residents should not suffer the burden of helping pay for the Oahu rail system.

- 4) Extend Oahu GET Surcharge + **Statewide TAT increase NOT!!!**
- 5) **Statewide** GET surcharge **NOT!!!** + **Statewide** TAT increase **NOT!!!**

**Olan P Tratchel REALTOR® SALES PERSON RS-56717**  
**Coldwell Banker Island Properties (P)**  
**Office @ Home**  
**c/o PO Box 309**  
**Lahaina, Hi 96767-0309**  
**Mobile 808 419-1359**  
**HOME Landline 808 661-1601**  
**Home Fax 808 661-8199**

I seldom go to the office so the above contact information is best.  
However, I must provide the following legally required  
contact information:

**Olan P Tratchel REALTOR® SALES PERSON**  
**Coldwell Banker**  
**Island Properties (P)**  
**35 Baldwin Avenue**  
**Paia, Hi 96779**  
**808 579-8000 ext 55**  
**808 579-9564 FAX**

Date: August 14, 2017

To: Senate & House Committees on Transportation, Public Safety, Ways & Means, Finance

From: Christine Trecker

Subject: **Honolulu Rail Project – No Further Funding until other Options Reviewed**

I strongly support the testimony of Scott Wilson AIA representing Salvage the Rail. As Mr. Wilson states in his testimony:

**So long as the Legislature continues funding for rail, the City will not consider the alternatives. As part of your duty to ensure that our taxes are used responsibly and effectively, I urge you to consider a modification to the rail project after it reaches Middle Street and to postpone further funding of the rail project until these options are reviewed.**

Thank you for the opportunity to testify.

**From:** [Mark and Ginger White](#)  
**To:** [TRE Testimony](#)  
**Subject:** Written Testimony Against Increased Taxes for Rail  
**Date:** Friday, August 11, 2017 8:16:37 AM

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Aloha Committee Members,

I have been a permanent resident of Hawaii since 2012 and before then had been stationed at Hickam AFB for a 2-year tour of duty. I have seen the terrible mismanagement of the Honolulu rail project go on and on for several years and I can not in any way support an increase in taxes to justify this boondoggle of a poorly planned, over politicized, and badly administered project that will yield so little benefit for Oahu residents.

Hawaii's cost of living, especially on Oahu, is among the highest, among the worst, in the nation and any increase in any taxes to fund rail will exacerbate our increasingly dire situation. Because of our cost of living, young people can not earn enough of a living to live here. Most have to move to the mainland to start their careers leaving Hawaii with a dearth of young talent and no future workforce. Because of our cost of living, businesses are closing. Because of our high costs for labor, goods, and services, roads, bridges, buildings and infrastructure goes unmaintained and continues to deteriorate. Any new tax levied on an already over taxed public will create more detriment, more homelessness, more destitution. And this degradation does not come from those paying the additional tax. It comes from those that would have benefited from the monies that could have been spent on a more vibrant economy—an investment lost that went instead to pay taxes for a dead and unless project.

If money is to be taken for additional rail construction, take it from other programs that have limited effect and lower priority. How about reducing the states bureaucracies? Its time the City of Honolulu and State Legislature prioritize programs and decide that some are not needed as badly as others. If "Rail" is one of those high priority programs then fund it through existing tax structure.

I ask your consideration against any increase in taxes or fees to pay for rail.

Mark White  
94-217 Olua Place  
Waipahu Hi 96797  
(808) 753-5323

**From:** [Tina Wildberger](#)  
**To:** [TRE Testimony](#)  
**Subject:** Rail funding  
**Date:** Thursday, August 10, 2017 7:02:00 AM

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Aloha from Maui,

Neighbor islands would like to shed their colony to Oahu status. Not only would neighbor islands like to see TAT returned (The convention center has been done for a LONG time.), neighbor islands do NOT want to help fund Oahu's rail debacle. Please decide NO on any funding options that force the colonies of the State of Oahu to pay for transportation improvements that don't remotely benefit the colonies.

West Maui is on the verge of being cut-off because we can't get #HIDoT to #movetheroad. State of Oahu reps who attempt to justify taxation of colonies for rail because 'we help out with their roads' are so completely out of touch with transportation issues affecting our communities.

Please do not vote to tax Maui, Kaua'i, or Hawai'i to pay for YOUR poorly managed rail project. You break it; you buy it.

Mahalo,  
Tina  
808-870-1739  
[Tina@kiheice.com](mailto:Tina@kiheice.com)

**Date:** August 14, 2017  
**To:** Senate & House Committees on Transportation, Public Safety, Ways & Means, Finance  
**From:** Scott R Wilson AIA  
**Subject:** Option for Completion of the Honolulu Rail Project

My name is Scott Wilson. I'm an architect, planner and member of Salvage the Rail, which organized a Public Forum on Rail in the Capitol Auditorium on July 14 (you can view the Forum at [Olelo.org](http://Olelo.org), on demand). At the Forum, three nationally recognized rail transit experts, Dr. Vukan Vuchic, Doug Tilden and Gary Andrishak discussed their recommendations for completion of the Honolulu rail project. The three were unanimous on one point: The current elevated guideway with trains powered by a "hot" third rail should stop at Middle Street. Beyond Middle Street, the project should either transition to street level operation using low-platform cars with dual power pickup ("one-seat ride"), or a separate system should be built to allow street level operation to Downtown and other destinations ("two-seat ride"). The "two-seat ride" is the least costly and will be focus of my remarks. Based on seven years of research with two Transit Task Forces and the recommendations of three national rail transit experts, I would highlight these four points:

1. **Livability.** We have become fixated on the cost of rail, but the experts at last month's Forum reaffirmed a more fundamental concern: the impact of "freeway architecture" on the quality and livability of Chinatown, Downtown, Honolulu harbor and other city streets. When was the last time you walked under the H-1 freeway at the airport or in Kaimuki or even at Kahala Mall? It's a no-man's land: no view of the sky, concrete above and below, litter swirling, noise echoing. Is that what we want for the center of our city? I was struck by a quote from Dr. Vuchic, the preeminent authority on rail transit in the US today. After touring the rail construction in Waipahu and Pearl City, he told me, "Even if elevated rail was cheaper than street level rail (which it is not, by a factor of 5 or more), I would not recommend it because of the damage it will do to your city". By contrast, street level rail consist of rails in the street and a power cable overhead. When the train is gone, the system is practically invisible.
2. **Costs.** According to HART, the total cost to build to Ala Moana will be \$10B, or \$3.2B more than current funding of \$6.8B. When you divide this by the number of miles, you get a unit cost of \$640M/mile. In contrast, street level rail, based on the latest (2017) construction costs from Los Angeles, is \$150M/mile, less than ¼ the cost of elevated rail. To save further, Salvage the Rail proposes an initial route, vetted and approved by the transit experts who visited last month, of a three-mile loop on King, Alapai and Beretania Streets, costing \$450M. This would provide a transit path for Leeward-to-Downtown commuters and satisfy FTA requirements for federal funding. No additional rail cars would be needed; the City would simply modify the existing Ansaldo contract so that the final 20 cars of the contract are low-floor with overhead power. These 20 cars would be used for the street level rail system beginning at Middle Street. Aside from the three miles of tracks, the only construction cost would be an O&M facility at Middle Street. The current City facility has approximately 26 acres of land, so the City would have to purchase 10-15 acres nearby. The

cost of these additional acres can be taken from the land acquisition budget for Dillingham Blvd and Kakaako which will no longer be needed. The cost of redesigning the Middle St facility and building new O&M facilities, based on the cost of the existing O&M facility next to LCC, would be approximately \$250M. Added to the cost of three miles of track, the total Construction cost would therefore be \$700M. A&E costs, based on a 20% fee, would be \$90M and EIS review costs would be approximately \$5M (more on that later), for a total of \$95 M for Redesign, bringing the total cost of the “two-seat ride” option to \$795M.

Currently the City expects to have \$580M left over for rail after construction to Middle Street. If the current State “skim” of 10% is lowered to 1% (as was proposed in the last Legislative session) it would generate \$300M in funds over 10 years , **bringing available funding to \$880M, or enough to cover the \$795M required to complete the system.**

3. **EIS.** Transit expert Doug Tilden has worked with the FTA on rail transit projects for 40 years. At the Forum, he stated that a change to the rail project, including a change of route, would only require a Technical Memorandum to the EIS rather than a new EIS. He pointed out that when the original EIS for the rail project was about to be filed in 2010, a last-minute change of the route at the airport was made. The entire process of moving the route, filing a Technical Memorandum in the EIS, and getting approval from the FTA took only 4 months, from March to July 2010. Claims by the City and HART that a change to the rail project will require a new EIS and take 3 -5 years are simply false. What takes time with an EIS or Technical Memorandum is studying the impacts on existing conditions and the beauty of street level rail is that it has so little impact. Taking a lane of traffic for rail on an existing 6-lane street would have an impact similar to creating a bike lane on King Street which was done two years ago by the Department of Transportation without any EIS. Given the minimal impact of street level rail and its bus-stop type stations, a more reasonable estimate for the drafting a Technical Memorandum for the EIS would be 6-12 months and a cost of \$3-5M.
  
4. **Timing.** With completion of the segment to Middle Street four years away, we have time to select an option, draft an EIS Technical Memorandum and redesign the final segment of the rail route. If we begin planning now, **street level rail could be completed by 2021**, which is when the elevated rail is scheduled to arrive at Middle Street. By contrast, the soonest elevated rail can be completed to Ala Moana is late 2025 or early 2026. Despite allegations from the City, several options for completing the project in accordance with Federal funding are available. The HART meeting notes of June 8, 2016 included three options which could be built within the current budget (\$6.8B), but the City has consistently ignored serious discussion of these options. **The point is: so long as the Legislature continues funding for rail, the City will not consider the alternatives. As part of your duty to ensure that our taxes are used responsibly and effectively, I urge you to consider a modification to the rail project after it reaches Middle Street and to postpone further funding of the rail project until these options are reviewed.** Thank you for your time and attention.



**From:** [Laura Wolf](#)  
**To:** [TRE Testimony](#)  
**Subject:** Oahu Rail  
**Date:** Wednesday, August 9, 2017 7:56:18 PM

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To Whom it May Concern,

You may find it helpful to find a better argument than Oahu pays into state coffers for infrastructure on other islands. You are dealing with an increasingly more educated public who understand the speciousness of that claim. Each and every island contributes to subsidizing the harbors, air port, highways throughout the state. This Oahu rail falls under a different category however from those other capital improvement projects. This rail has burgeoned into a bottomless money pit with no end in sight. From the onset the rail has suffered from poor planning and management. It could have been done cheaper, faster, with less disruption to existing homes and businesses. It has grown a life of it's own with too many vested interests to walk away from a honeypot of at least 7 billion dollars. You managed to walk away from the ferries each time. Why not throw in the towel on this? Let it sit until the economy improves and focus instead on some of the truly pressing issues like homelessness, affordable housing, burgeoning welfare ranks?

To argue the entire state should foot the bill for this boondoggle is outrageous. Cost of living here increases daily it seems between the State and County scrambling for dollars in any way they can find. Added to this year's increase in property taxes, gas taxes and others which hit kamaaina whether they pay income tax or not, the democratic caucus wants to burden us with more taxes? Not for keiki, not for schools, not for health care or jobs to move people off welfare, not for homeless. No, for a failed boondoggle of a money pit.

I am Democrat, always have been but no longer can say always will be. I am being taxed into party disloyalty over a demand that I help bail the big fail rail.

Sincerely,  
Big Island Resident  
Laura Wolf 13=1282 Kahukai  
Pahoa, HI 96778

**From:** [inunyabus@gmail.com](mailto:inunyabus@gmail.com) on behalf of [LKY](#)  
**To:** [TRE Testimony](#)  
**Subject:** RAIL COSTS-TESTIMONY IN OPPOSITION & SOLUTION TO YOUR PROBLEM  
**Date:** Wednesday, August 9, 2017 6:41:26 PM

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How dare you saddle tax payers with something the public WARNED you about from the beginning?  
How dare you try to cover your HUGE errors in judgement and planning by sitting idly by as the corruption went on for years?  
How dare you try to include outer islands in cleaning up your mess?  
How dare you override public outcry at the burial desecration included in this STUPID project?  
My suggestion: YOU PAY FOR IT FROM YOUR SALARIES THAT ARE OBVIOUSLY TOO HIGH WHEN YOU ALLOW INCOMPETENCE LIKE THIS NIGHTMARE.  
GET OFF OUR BACKS ALREADY. YOU'VE DRAINED US.

Sincerely disgusted,  
E.Y.

**From:** [Eloise M. Yano](#)  
**To:** [TRE Testimony](#)  
**Subject:** rail  
**Date:** Tuesday, August 8, 2017 5:26:08 PM

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If this project (that is the rail) was rather a personal one, i.e home construction, no one would continue in the same plan with projected expenses increasing in leaps and bounds.... NO WAY!

We would make changes to plans, or stop ...how could anyone handle such an unexpected high cost.

And as a taxpayer, I will find it very difficult to handle the increased tax burden if such is the solution to gain more funds.

Please... make changes or STOP....not add to tax increase.

What about future expenses, especially maintenance...where does this money come from?

The state has so many more areas of responsibility that relies on tax dollars.

**The rail is taking too much of the tax burden...not proportional with the overall needs of the state.**

Concerned,  
Eloise Yano

**From:** [Lois](#)  
**To:** [TRE Testimony](#)  
**Cc:** [Rep. Isaac W. Choy](#); [Sen. Brian Taniguchi](#)  
**Subject:** Testimony for Rapid Transit Informational Briefing  
**Date:** Friday, August 11, 2017 10:13:36 AM

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Aloha Legislators,

I believe there is enough information presented that you can make a sound decision to scrap the rail and cancel the information gathering session on Monday, Aug 14. How much kala is this special session costing us tax payers? and how much more do we need to cough up in property taxes and GET for rail?

Do the math, evidence shows this project has a proven looming and increasing price tag for our future generations and you wonder why our ppl are choosing to live elsewhere?

Thank you for voting to STOP THE RAIL and cancel the special session.

Lois Young

Manoa Resident

--

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3 John 1:2

**From:** [zhu Yue](#)  
**To:** [TRE Testimony](#)  
**Subject:** honolulu rai...  
**Date:** Friday, August 11, 2017 12:00:24 PM

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dear sir, madam  
the thrust of light rail is movement of people. What should be given more weight in generac discussions that the bulk of building should be done by vendors. In light of rail development overseas, that option should be looked at more vigrouslly. A good rule is that over 3/4 of the project could be vended out with no adverse effects what so ever.

sincerely,  
s yue

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

Re: Extending the GET (0.5%) in perpetuity for Rail Funding

Aloha Honorable Speaker Scott Saiki,

*"Aloha" means mutual regard and affection and extends warmth in caring with no obligation in return. "Aloha" is the essence of relationships in which each person is important to every other person for collective existence. HRS §5-7.5*

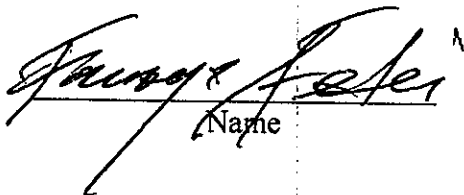
Extending the Honolulu surcharge on the general excise tax (GET) at 0.5% *in perpetuity* is an act of Aloha. This will provide funding for: (1) the first leg from East Kapolei to Ala Moana, (2) additional legs including – UH Manoa, Central Oahu, Windward Oahu, and Makaha, and (3) operation and maintenance.

Traffic is a problem that affects all on Oahu—morning, midday, and evening. A third of our Oahu residents, on the West-Side, are on the road before daybreak and do not get home until late evening. Their children and elders are often left to fend for themselves. With the addition of thousands of new homes in Central and West Oahu, including Hoopili (11,750) and Koa Ridge (3,000), traffic will drastically increase. Also, tourism is a major industry for us—providing countless jobs—and we must consider that nothing is worse than sitting in traffic while on vacation. Not only will Rail improve the quality of life for families on the West-Side, but also, it means less time on the road for all that need to drive. We and past generations supported the completion of H-1, H-2, H-3, Likelike Hwy, Pali Hwy and more, and we all use them today without question. Let's support the Rail for us *and the future*, and provide a transportation alternative for tens-of-thousands of families and visitors both.

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Mahalo,

  
Name

90-1090 Kaahumanu St. #A  
Pearl City, HI 96782  
Address

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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Name

94-143 KAA'A ST.

Address

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Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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Paul Arakaki

Name

91-1002 Huliau St

Address

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Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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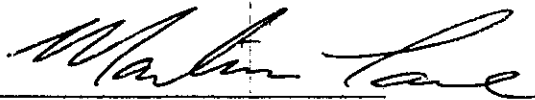
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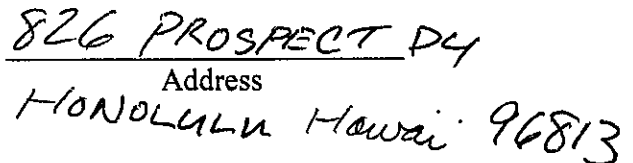
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1507 Nanakai St.  
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Hawaii State Capitol  
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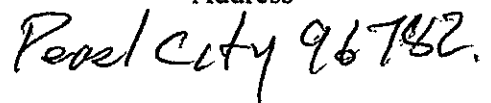
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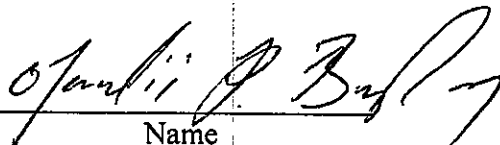
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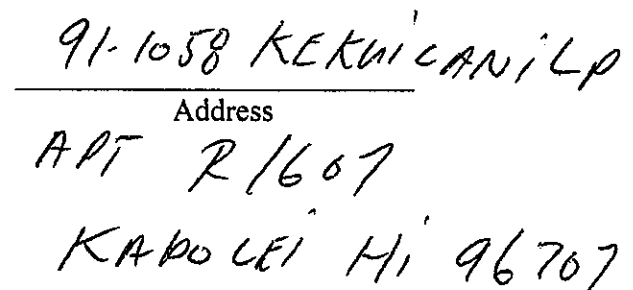
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Mahalo,

Thomas M. Allen

Name

72 Akakalani Pl

Address

Wai'anae, HI 96793

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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KAIPO KAUHANE  
Name

2366 AKALAKALA ST.  
Address  
PEARL CITY, HI, 96782



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Hawaii State Capitol  
Room 431  
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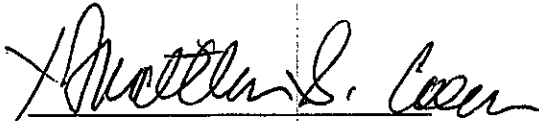
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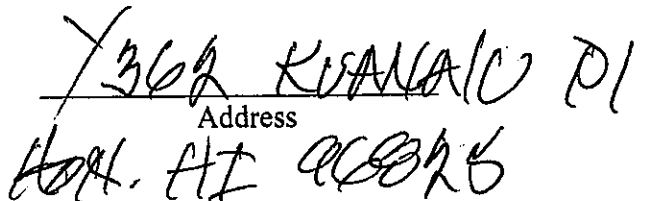
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We need your leadership, Speaker Saiki. Let Aloha be your legacy.

Mahalo,

Danne Galindo-Seic  
Name

85-135 Ala Aka<sup>st</sup> apt E  
Address

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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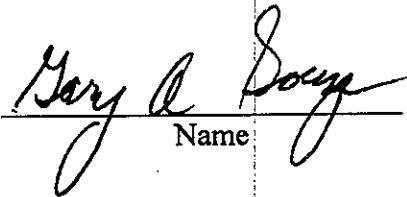
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Mahalo,

  
Name

2811 LIHOLOANI ST #19  
Address Pukalani, HI  
94768

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

Re: Extending the GET (0.5%) in perpetuity for Rail Funding

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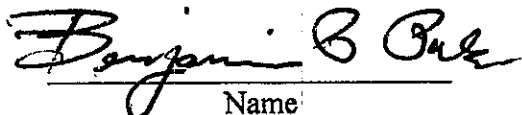
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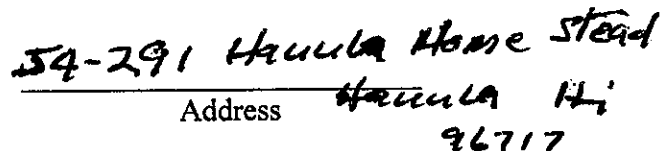
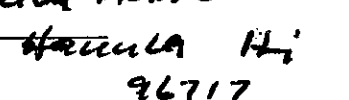
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Mahalo,

Nicholas MOLE

Name

87-176 MAIPALAOA RD #3;  
WAIANA'E, HI 96792

Address

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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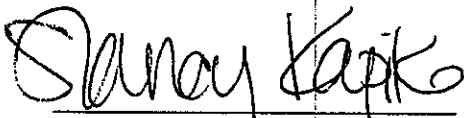
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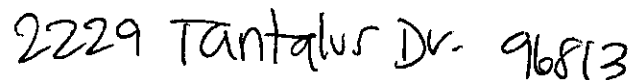
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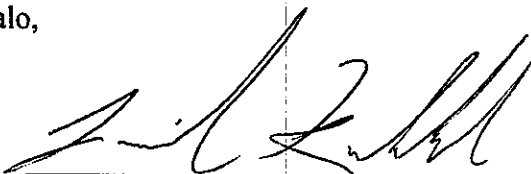
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Mahalo,



Name

Jacob Kukahiko

91-1037 Kaupea St.

Address

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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Mahalo,

Chelsea Makela

Name

71059 Honolulu ST

Address



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Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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Mahalo,

Mitchell Cabiles

Name

P.O. BOX 487 Kahaione, HI 96731

Address

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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Mahalo,

  
Name

Emily Morton

95-124 Kaulahea Pl.,  
Address MILWAUKI, HI  
96789

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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Mahalo,

Oniana Paris

Name

91-1018 Kealiiahonui St.  
Address Kapolei, HI  
96707

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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Mahalo,

*Francine K. Paaluhii*  *89-127 Piliiaall Ave.*

Name

Address

*Waianae, HI 96792*

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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Mahalo,

  
Name

94-497 Ukee St.  
Waipahu, HI 96797  
Address

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Hawaii State Capitol  
Room 431  
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We need your leadership, Speaker Saiki. Let Aloha be your legacy.

Mahalo,

Wesley Harris

Name

94-298 Wai'anae St.

Address

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

Re: Extending the GET (0.5%) in perpetuity for Rail Funding

Aloha Honorable Speaker Scott Saiki,

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Mahalo,

RAYSON ESPERAGO  
Name

965-1052 PALLAKU ST MILILANI  
Address

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

Re: Extending the GET (0.5%) in perpetuity for Rail Funding

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Mahalo,

Landis Lewis

Name

91-205 Wil Wilihela Pl.

Address



Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

Re: Extending the GET (0.5%) in perpetuity for Rail Funding

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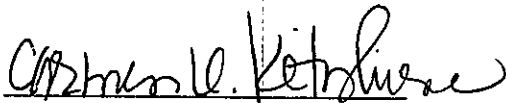
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Mahalo,

  
Name

87-111 Kaleiwohi St. Waianae 96792  
Address

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

Re: Extending the GET (0.5%) in perpetuity for Rail Funding

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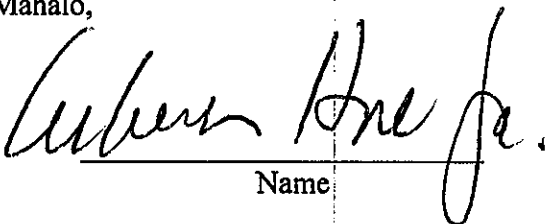
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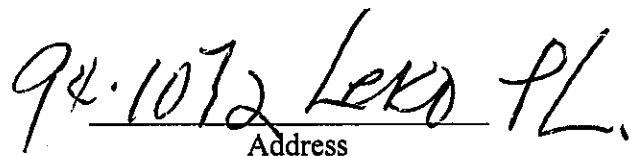
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Address

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
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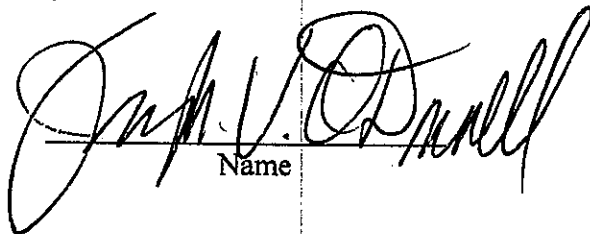
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Mahalo,

  
Name

45-02 Kuwakaia Pl  
Address  
Kaneohe, HI

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

Re: Extending the GET (0.5%) in perpetuity for Rail Funding

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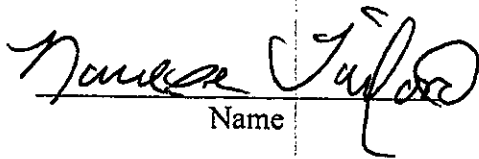
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Mahalo,

  
Name

87-948 ADUUPUU ROAD,  
Address  
WAIHANA, HI 96792

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

Re: Extending the GET (0.5%) in perpetuity for Rail Funding

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Mahalo,

Joey Tokiwa

Name

85-1148 Kane Aki

Address

Waianae HI 9671

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

Re: Extending the GET (0.5%) in perpetuity for Rail Funding

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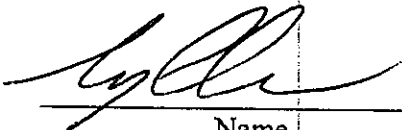
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Mahalo,



Name

2888 ALA LUANA ST  
Address  
APT # 907

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

Re: Extending the GET (0.5%) in perpetuity for Rail Funding

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Mahalo,

Kekoa Kamakeeaina

Name

87-121 Kaleiwohi St 96792

Address Waianae HI

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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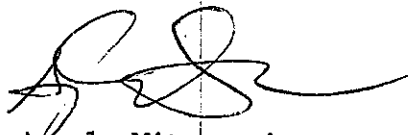
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Mahalo,



Angela Mitaumori

Name

91-836 Oama Street, Ewa Beach HI 96706

Address



Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

Re: Extending the GET (0.5%) in perpetuity for Rail Funding

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Mahalo,

MILLO.MILOVALE

Name

53-549 Kam-Hwy Hawaii Hb  
Address 96717

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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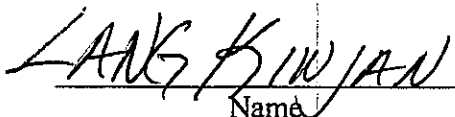
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Mahalo,

  
Name

94-817 Kuhaulua Street #213  
Waipahu, HI 96797

Address

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

Re: Extending the GET (0.5%) in perpetuity for Rail Funding

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Mahalo,

X Gerry Fernandez Jr

Name

X 486 Kuanana St.

Address

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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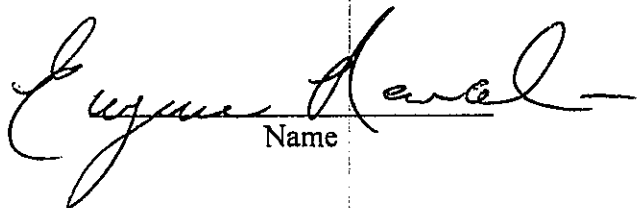
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Name

7-24-17  
Address

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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Mahalo,

Manaluga Faulantua  
Name

94-786 Kine St.  
Address

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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Mahalo,

Clyde K. DeCosta  
Name

85-175 Kona Hwy #431  
Address  
Waiānana, HI 96792  
Cell # 371-6064

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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Mahalo,

242 Circle Mauka St.  
Mililani, HI 96700

Koaokalani Danao

Name

Address

Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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Alan D Brown  
Name

98-871 Okeana ST  
Address  
Aiea HI



Speaker Scott Saiki  
Hawaii State Capitol  
Room 431  
415 S Beretania St.  
Honolulu, HI 96813

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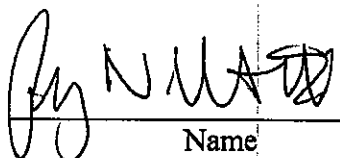
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Name

92-1333 Panapa St  
Address #55