

INTERNAL Q&A

(UPDATED MAY, 8 2012)

WHY BUILD RAIL ON OAHU?

Voters on Oahu made the right choice. Rail transit will improve mobility and transform our transportation system, providing residents with more quality time for family and friends. It will enable sensible land-use planning that will preserve the things that make our island special, including a green environment, clean air and livable neighborhoods supported by a thriving economy. Oahu's transit system will be a legacy, a gift to future generations that we can all be proud of. We are building more than a world-class transit system; we are building a better future for Oahu.

WILL RAIL REDUCE TRAFFIC CONGESTION IN THE FUTURE?

Yes – traffic congestion will be far less with a rail system than without it. Doing nothing is simply not an option. Our island's population is expected to grow and that growth will bring added traffic. The fact is when rail is up and running, it will take 40,000 vehicle trips off our congested roads and highways each weekday. Commuters taking rail will have zero congestion -- the elevated system is free from traffic, accidents and delays on our congested roads and highways.

Supporting data:

- Studies show Honolulu has some of the worst traffic congestion in the nation. Honolulu was ranked as the second-most congested metro area in the nation -- second only to Los Angeles. *(Source: INRIX 2010 Travel Time Tax Study)*
- Traffic congestion causes an annual loss of \$40 billion for U.S. businesses. If all U.S. public transportation commuters drove instead, that loss would increase by more than 37 percent. *(Source: National Alliance of Public Transportation Advocates).*
- The most challenging and stressful part of the day for commuters is sitting in traffic. Drivers have increased risk of obesity, depression, high blood pressure and diabetes. Properly planned development around rail stations leads to more livable, walkable communities, which encourages a healthier lifestyle. *(Source: Health and the Built Environment, UCLA Institute of the Environment and Sustainability)*
- Approximately 116,300 trips per day are expected on the fixed-guideway system on an average weekday in 2030. *(Final Environmental Impact Statement, Chapter 3)*

COST: CAN WE AFFORD IT?

The project's finances are sound. Revenues are coming in higher than anticipated and the project's construction costs are roughly \$300 million under budget. There are two sources of funding for building the rail project: Federal transit funds and the half-percent GET surcharge, about 30 percent of which is paid for by visitors. Our revenue projections in our current financial plan forecast a surplus, and we have hundreds of millions in contingency funds to cover any unforeseen changes.

GET revenue received as of April 30, 2012 totals more than \$858 million -- about \$8 million higher than projected. That's 25 percent of the total GET revenue projected for the project. The federal government has already allotted \$120 million to Oahu's rail project, and we expect to receive a significant share of \$510 million this year. And President Obama has included \$250 million for the Honolulu Rail Transit Project in his 2013 budget.

There will be no debt left to future generations. One hundred percent of the capital cost is covered -- the project will be completely paid for in 10 years, using existing revenue sources (GET and federal funds). No property tax revenue or new taxes will be needed to pay for building the rail project.

On the operations side, after HART begins train service, the rail system will be less expensive to maintain and operate than a bus-only system.

Supporting Data:

- Construction contracts have come in about \$300 million under budget. We are more than halfway there: We have already have construction contracts the first 10 miles of track, the trains and "the brains," or the control center known as the maintenance and storage facility.
- No construction work is being done unless we have the money in the bank to cover those costs.
- The federal government and visitors are paying more than 50 percent of the cost of the rail system.

WILL WE RECEIVE THE FEDERAL FUNDING?

We are on track to receive the full \$1.55 billion in federal funding. Honolulu's rail project has already been allotted \$120 million in federal funds. And more is on the way. In FY 2012 we expect to receive a significant share of \$510 million in federal transit funds. President Obama's FY 2013 budget includes an additional \$250 million for the project.

Hawaii's entire congressional delegation, Federal Transit Administration officials and the U.S. Secretary of Transportation all support Honolulu's rail project -- and they have publicly voiced their support. In fact the U.S. Secretary of Transportation has said our project has been done "by the book." No city has more overall support or is better positioned to receive these funds than Honolulu.

Supporting quotes:

"This is an important project. This will deliver people all over the island...we're committed to this. We're committed to the money; we're committed to the project."

— U.S. Transportation Secretary Ray LaHood, statement to the Senate Appropriations Subcommittee on Transportation, March 15, 2012

"I will continue to do everything I can to support this project and direct federal funds to ensure its timely completion."

— Senator Daniel K. Inouye, February 06, 2012

“Honolulu’s new rail line will be a game-changer for a city that has long needed an efficient and sustainable way to combat congestion, bring people into downtown from the airport, and manage growth through smart transit-oriented development projects.”

— Peter Rogoff, February 2012.

CAN WE AFFORD TO OPERATE AND MAINTAIN THE SYSTEM?

Yes we can. Our financial plan accounts for operations and maintenance costs through 2030. Operation and maintenance costs for rail will be paid for the same way that we pay for bus operation and maintenance, through fares and transit funds — but rail will generate a higher percentage of revenue through fare box receipts. And it will be less expensive to maintain and operate a combination rail-bus system than an all-bus system. To carry the same passenger load, the city would have to add hundreds of buses to the system.

Supporting data:

- In 2024, when the system is fully operational, fixed guideway costs are expected to be approximately \$100 million. Roughly 40 percent of that cost will be covered by farebox revenue; and another \$8 million will be paid for using federal transit funds. That means the city pays about \$50 million. By comparison, the city pays roughly \$129 million for bus operations today, and that cost is expected to rise sharply in the future. *(Source: Updated Financial Plan, September 2011)*
- Operation and maintenance costs for rail will be paid for the same way we pay for bus operation and maintenance, through fares and subsidies. The difference is that rail return on farebox receipts is about 40 percent, compared to 27 percent for TheBus. *(Source: Updated Financial Plan, September 2011)*
- Rail will be the backbone of the city’s transportation system and will work with the bus system, increasing efficiency and enhancing service for transit users. Seventy percent of operating costs for the bus is labor, with 1,850 employees needed to operate 525 buses; rail’s driverless system will be more efficient with 300 employees operating and maintaining a fleet of 80 rail cars with higher carrying capacity and lower per-passenger costs.
- A combination bus-rail system will be more efficient to operate. Rail transit will allow the buses to circulate much faster and pick up passengers with greater frequency. Freeing buses from routes that the train will serve will allow the city to redirect those buses to routes that are currently underserved.
- None of the 5307 federal transit funds has been used to date. If GET comes in higher or other sources of revenue are found in the future, 5307 funds won’t be tapped.
- There is also the opportunity for increased tourist traffic and income, as well as public-private partnership opportunities around stations that could generate added revenue and benefits that have yet to be fully explored.

WILL THERE BE COST OVERRUNS, AREN'T RAIL PROJECTS ARE ALWAYS OVER BUDGET?

There are many examples of recent rail projects in other cities that have been completed on time and on budget, and we are confident Honolulu's project will be among them. In the last three years, Dallas, Seattle and Vancouver completed sections of rail on time and on budget. Why do some folks have such low regard for Honolulu? Surely Honolulu is just as capable as other mainland cities. The FTA process is specifically designed to avoid cost overruns and includes requirements for contingency funds to cover unforeseen expenses. And our financial plan is sound -- revenues are up and costs are down. The HART CEO and board, including the Finance Committee and the Project Oversight Committee, are exercising due diligence and are committed to delivering the project on time and on budget.

Supporting data:

The following rail construction projects have come in on time and on budget.

City	Project	Opened	Cost
St. Louis	MetroLink (starter line)	1993	\$355 million
Salt Lake City	TRAX Blue Line (starter line)	1999	\$300 million
Denver	Southwest Corridor Light Rail Line	2000	\$178 million
Sacramento	South Line Light Rail (Phase 1)	2003	\$222 million
Portland	MAX Yellow Line	2004	\$350 million
Phoenix	Valley Metro Rail (starter line)	2008	\$1.4 billion
Vancouver	Canada Line	2009	\$2.1 billion (CAD)
Seattle	Sound Transit (central link)	2009	\$2.1 billion
Dallas	Green Line	2010	\$1.8 billion

WHY IS HART REQUESTING \$450 MILLION IN COMMERCIAL PAPER?

The existing financial plan has always included the use of \$100 million in short-term commercial paper, which would be paid back using GET and federal funds. This would save on overall interest payments because commercial paper interest rates are low. We don't anticipate the need for commercial paper beyond that.

But to protect taxpayers' interest and their substantial investment in Oahu's rail project, the Federal Transit Administration has asked for additional assurance, in the event of a natural disaster or similar circumstance. They want to ensure that if construction is nearly done, and a disaster hits, that we have enough to make it over the finish line. That's the reason for the request beyond the \$100 million in the current plan. With a substantial contingency already in place totaling hundreds of millions of dollars, a sound financial plan with revenues higher than projected and expenses coming in under budget – we are on track and don't anticipate having to tap those additional funds.

WHY NOT USE RAIL FUNDS TO PAY FOR ROAD AND SEWER IMPROVEMENTS?

That would violate the law. State law and city ordinance establishing the half-percent GET surcharge clearly state that the funds raised through the surcharge can only be used for rail transit. People were told that the half-percent GET would be used for rail. Using it for any other purpose is just not right and would not inspire faith in government.

Supporting data:

- The County surcharge on state tax shall not be used to build or repair public roads or highways, bicycle paths, or support public transportation systems in existence prior to July 12, 2005. (Source: Act 247, 2005, Session Laws and City Ordinance 05-027, Bill 40 (2005), FD1, CD2)

WHAT ARE SOME OTHER BENEFITS OF RAIL?

Rail will keep our residents and our economy moving. Rail users will benefit from reliable schedules, shorter commute times and reduced stress. And rail will deliver jobs today and jobs for the next 100 years. Construction of the rail system has already brought young people who went to school on the mainland back home to Oahu to work on the project. Seasoned project engineers are mentoring this next generation of engineers, architects and planners.

According to the American Public Transportation Association (APTA), Oahu residents could save on average \$964 per month or \$11,573 annually by switching to transit. Taking rail means less money spent on gas, insurance, maintenance and parking.

The rail system will be “green,” reducing Oahu’s dependence on fossil fuels, reducing CO² emissions, and keeping our air clean. Electrically powered trains are also quieter and more energy efficient than alternative forms of transportation. The electrically powered system has the potential to be powered by renewable energy sources, including wind and solar. As Oahu meets state requirements to get more of its electricity from clean alternative energy sources, rail transit will become even greener.

There is also the potential for new investments totaling billions of dollars near rail stations, or transit-oriented development, which could include affordable housing, commercial centers and recreation areas. As other cities have seen, these developments can boost our local economy on a sustainable basis. Transit-oriented development encourages livable, walkable communities and promotes healthier lifestyles.

Supporting data:

- Independent economists agree that the rail project will create thousands of jobs now and in the future and stimulate our economy. (Source: University of Hawaii Economic Research Organization)
- Development along the rail line will fuel the economy, create new business opportunities, and foster long-term employment. Cities that built rail systems have seen billions of dollars in private investment along the rail line. Examples include: Dallas (\$4.3 billion in investments), Portland (\$6 billion in investments), St. Louis (\$15 billion in investments), Los Angeles (\$4 billion in investments). (Source: Transit Cooperative Research Program; Center for Economic Development and Research, University of North Texas; Metro Jacksonville; St. Louis Metrolink)
- The project will create approximately 10,000 jobs annually during construction, including 4,000 direct construction jobs and 6,000 non-direct jobs. (Source: FEIS: Chapter 1.2)

- Every \$10 million invested in transit capital projects or operations yields \$30 million in business sales. *(Source: National Alliance of Public Transportation Advocates)*
- Traffic congestion causes an annual loss of \$40 billion to U.S. businesses. If all U.S. public transportation commuters drove instead, that loss would increase by more than 37 percent. *(Source: National Alliance of Public Transportation Advocates)*
- The typical automobile user consumes twice as much oil as the average public transportation user. *(Source: American Public Transportation Association, "Relieving Traffic Congestion: The Benefits of Public Transportation")*
- Use of transit reduces pollution. For every 46 miles driven, 1 pound of pollution is produced. *(Source: Valley Metro RPTA)*
- Rail transit reduces annual fuel use by the equivalent of 4.2 billion gallons of gasoline and carbon dioxide emissions by 37 million metric tons. *(Source: American Public Transportation Association)*
- Rail will take 40,000 vehicle trips off the road each weekday resulting in a reduction of about 171 metric tons of carbon dioxide; rail is expected to increase Oahu's transit ridership by 44 percent reducing transportation energy demand by 3 percent – a significant reduction. *(Source: Final Environmental Impact Statement, Chapters 3 and 4)*

WILL PEOPLE RIDE RAIL?

Hawaii's transit usage for our bus system is among the strongest in the country. People will ride rail. Honolulu's population density along the urban core is ideal for a rail system, and there are successful new rail projects in areas with populations fewer than 900,000. Rail systems across the country are seeing ridership numbers skyrocket. High gas prices and the need for reliable commuting options continue to push rail ridership higher. Hawaii's gas prices are higher than anywhere else in the nation, a trend that is not likely to reverse itself anytime soon. According to the American Public Transportation Association (APTA), Oahu residents could save more than \$11,500 annually by switching to transit. Eighty percent of Oahu's jobs and 70 percent of its population lives along or near the rail route.

Supporting data:

- Approximately 10.4 billion trips were taken on U.S. public transportation systems in 2011, which calculates to second highest annual ridership figures since 1957. *(Source: American Public Transportation Association, 2011 Factbook)*
- In the Bay Area's BART system, for example, as gas prices skyrocketed, more and more drivers left their cars at home and rode BART instead. Ridership has exceeded projections. *(Source: BART 2009 annual report)*

- Metro served 12.6 Million riders in 2011, exceeding the prior year's ridership by 11 percent. (Source: Valley Metro, November 2011 news release)
- Total Sound Transit ridership for the year 2011 was up 10 percent compared to 2010, increasing from 22.8 Million to 25.1 Million boardings. (Source: Sound Transit, Quarterly Ridership report, 4th quarter 2011)
- Honolulu ranks 7th in the nation in the amount of money that could be saved by switching from automobiles to public transit. Residents would save \$964 per month or \$11,573 annually. (Source: American Public Transportation Association, News Release: "Beat High Gas Prices by Switching to Public Transit" March 27, 2012)

WHY SHOULD I PAY FOR IT IF THE ROUTE DOES NOT SERVE MY AREA?

It's a matter of fairness and equity. Development has been steered to new population centers in Leeward, Ewa and West Oahu. This is now among the most underserved area of Oahu in terms of transportation. Oahu taxpayers have paid for major transportation projects, including the H-2 and H-3 freeways, the Pali, Likelike and Kahekili highways, and the widening of Kalaniana'ole Highway, each of which served a specific part of the island. Oahu's transportation system is only as strong as its weakest link. Right now, our weakest link is the H-1 corridor between Honolulu and West Oahu.

Rail will help direct development in the right areas, areas consistent with our General Plan. The rail transit system will encourage development in the urban core and in the areas designated for growth, instead of pushing it into Windward Oahu and East Honolulu.

Jobs generated by rail will employ people from all over Oahu in a variety of professions and industries. Businesses islandwide will benefit either directly or indirectly from rail's economic stimulus and the resulting increase in demand for their goods and services.

Supporting data:

- Oahu's population is nearly 1 million people and there are currently 720,000 registered vehicles on the island. (Source: DBEDT's Fact Book, 2010)
- With the start of rail transit, the percentage of person trips taken using transit will increase as a percentage of all person trips taken daily on Oahu, while the percentage taken using single-occupancy vehicles will fall as a percentage of overall trips. While the overall number of person trips will increase by 26.9 percent by 2035, the percentage increase of person trips on transit will rise by 49.2 percent, while the percentage taken by single-occupancy vehicles will rise by 23.4 percent. (Source: Oahu Regional Transportation Plan 2035, April 2011)
- The majority of Oahu's voters believe we need rail and believe the project meets Oahu's needs. Voters approved the project in 2008 and voters approved the creation of HART in 2010.

WHY ELEVATED AND NOT AT-GRADE?

An elevated rail system is faster, safer, and more reliable for on-time performance than alternatives built at ground level and far less expensive than an underground system.

With elevated rail transit, the trains never get in the way of the cars or pedestrians, and vice versa, so both move faster and more safely. And transit riders can be sure they will get to their destination on time.

Going elevated means acquiring less land, and the smaller footprint of the 8-foot in diameter guideway means far less trenching, and less chances of disturbing iwi kupuna.

In fact, the elevated guideway will be lower and less obstructive to views than the existing condos and high-rises in Kakaako and Downtown Honolulu.

WHY NOT ADD MORE BUSES?

Honolulu's economic growth and vitality depends on reliable, efficient transportation. Adding more buses to our already congested highways is no solution. Buses are also far more expensive to operate and maintain per-passenger mile. Real solutions require longterm vision, complex planning and a combination of alternatives. Almost every major city has chosen rail transit as a solution for its transportation needs.

WILL THE TRAINS BE NOISY?

This is not your grandfather's rail system -- new rail systems like Honolulu's are quiet. Honolulu's rail system will be quieter than a car or bus passing by. Honolulu's light metro system, with electrically powered trains, will feature 21st century state-of-the-art technology that will be much quieter than older train systems in Chicago or New York.

To ensure that this low-level of sound is reduced even further, HART will be implementing several sound-reduction measures. This includes lubrication applied to the tracks and wheels to further minimize sound. Sound wall barriers along the guideway will also be considered. In addition, the use of sound-absorptive materials under the tracks will reduce the noise exposure.

Supporting data:

- All traction power substations will be designed so that the noise generated by the substations measured at the nearest property line will be an hourly Leq of 45 dBA or less in areas zoned single-family residential, conservation, preservation, or similar type. *(Source: Final Environmental Impact Statement: page 4-123 Section 4.10 Noise and Vibration, Effects and Mitigation Measures)*

Typical Sound Levels

Relative Sound Level	½ as loud	Baseline			Twice as loud	Four times as loud	
Typical Sound Environment	Indoor Office	Urban Residential			Urban Commercial		
L _{max} of Common Noise Sources		Washing Machine (3 ft)	Auto (50 mph at 50 ft)	Vacuum Cleaner (3 ft)	Garbage Disposal (3 ft)	Delivery Truck (50 mph at 50 ft)	Dump Truck (50 mph at 50 ft) Blender (3 ft)
Sound Level dBA	60	65	70	75	80	85	90
L _{max} at 50 ft of Transit Noise Source		Rail Transit with a Barrier (50 mph)			Rail Transit City Bus (50 mph)		

Source: EPA 1971, EPA 1974, FTA 2006

WILL THE WORKERS HIRED BE LOCAL?

We are already employing hundreds of local construction workers from Hawaii-based engineering, architectural planning firms, as well as other local companies. Rail provides good-paying jobs and creates opportunities for new careers for our residents.

A recent snapshot of that workforce shows that of the 508 workers, more than 300 are local or are former residents who have returned home to work on this project. That number is expected to increase as construction progresses.

Supporting data:

- The project will create approximately 10,000 jobs annually during construction, including 4,000 direct construction jobs and 6,000 non-direct jobs. (Source: *Final Environmental Impact Statement; Chapter 4*)
- Kiewit will be employing more than 100 subcontractors for the Maintenance and Storage Facility, and the West Oahu and Kamehameha Highway portions of the guideway, 90 percent of them will be local contractors. (Source: *Kiewit Pacific*)
- Ansaldo Honolulu Joint Venture anticipates hiring 300 people for the operations and maintenance of the system, and local residents will fill virtually all of those jobs. (Source: *Ansaldo Honolulu, JV*)

WHY DID HART SELECT ANSALDO AND WHAT SAFEGUARDS ARE IN PLACE?

Ansaldo Honolulu Joint Venture was selected through a procurement process following state procurement law. That process was upheld at three levels – a city review under Budget and Fiscal Services, a review from the state Department of Commerce and Consumer Affairs, and

the court. At all levels, HART's procurement process was determined to be in accordance with state law.

The HART Board of Directors also thoroughly reviewed Ansaldo's financial capacity and there are strong safeguards in place to protect taxpayers' investment. Performance and payment bonds valued at \$361 million each will ensure the work gets done. In addition, Ansaldo has a line of credit in an aggregate amount of \$285 million and a guarantor commitment of \$50 million.

Ansaldo is also committed to our community. The company has pledged that local residents will fill virtually all of the 300 jobs it will create.

Supporting data:

- Finmeccanica, the parent company of AnsaldoBreda, remains financially solid. A recent review of Finmeccanica's financial capacity shows its credit rating from S&P and Moody's is investment grade.

WHY ARE WE STARTING CONSTRUCTION IN WEST OAHU?

Our maintenance and storage facility, a 43-acre site, which includes our control center and the location where our trains will be stored and maintained, is located in the West Oahu portion of the route. The only cost-effective site was in West Oahu, not urban Honolulu. But construction is not just happening on the West side, work on the entire 20-mile route is underway: soil testing is being done along Kamehameha Highway; and archaeological survey work is being conducted near the Aloha Stadium area and in urban Honolulu.

WHY NOT ADD MORE SEATS?

Honolulu's system is being designed with flexibility, including around the issue of seating. HART is exploring adding additional seating. Other options include expanding the current two-car train vehicles to three- and four-car trains. Trains will also run frequently – every three minutes during peak commute times – providing passengers with only short waits if they opt for less crowded trains. And as with rail systems in other cities, seats tend to open up along the route.