

FTA letter shows rail financial plan remains weak

By Walter Heen, Benjamin Cayetano, Cliff Slater and Randall Roth

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The chairperson for the Honolulu Authority for Rapid Transportation, Carrie Okinaga, recently claimed that the Federal Transit Administration has approved the city's financial plan for elevated heavy rail. This implied that the path is clear for receiving \$1.55 billion of federal funding requested by the city -- and a recent Star-Advertiser headline suggested the same thing ("Rail project cleared for federal funding," Dec. 30). A more recent headline, however, probably gave readers a different impression ("Federal transit panel puts city on the spot over funding for rail," Star-Advertiser, Jan. 6).

The truth is that Congress has not yet appropriated any of the requested \$1.55 billion, and other major hurdles remain to be cleared.

In 2009, the FTA warned that the city's financial plan is inadequate. Since then, the city and HART have submitted several revised plans, each of which has been firmly rejected.

In its most recent letter, the FTA repeated that the latest HART financial plan is still deficient, and stressed that the city will receive none of the requested \$1.55 billion in federal funds until the plan is significantly stronger.

First, HART must "demonstrate the availability of additional revenue sources." This could be done by getting the state Legislature, governor and City Council to agree now to extend the rail tax in the future to fund rail construction, and the City Council to agree to raise property taxes, as needed to subsidize rail's operating losses. In addition, the Council would have to amend its ordinance restricting the use of funds that may be used for construction, if it intends to use tax increment financing to fund construction. Good luck with all that.

Second, HART must justify its assumptions that: (1) TheBus and HandiVan operating expenses will level off despite "historical patterns," (2) the City Council will agree to devote an ever-increasing percentage of the city budget to transit, and (3) federal funds currently earmarked for preventative maintenance will instead be used to build the railway system.

We doubt that HART will be able to justify any of these assumptions, much less all of them.

There are additional problems. One is the fact of trillion-dollar federal deficits and a U.S. House of Representatives that seems determined to reduce federal spending. Another is our lawsuit. We've prevailed on both of the two motions filed by the city thus far, and we fully expect to prevail on the core question when it is resolved a few months from now.

Meanwhile, Mayor Peter Carlisle said in a recent interview that the city intends to "plow forward" in any event, even if it receives none of the requested \$1.55 billion in federal funds.

Previously, Carlisle cited the availability of federal funds as a major reason to build rail. Now he's ready to build what would be one of the most expensive modern rail systems in the nation and give the entire tab to local taxpayers.

Several years ago, U.S. Sen. Dan Inouye said it would "bankrupt" the city if the Environmental Protection Agency were to prevail in a lawsuit over just \$1 billion of sewer-system upgrades. Since then, the city settled that lawsuit by agreeing to spend more than \$3.5 billion to bring the sewer system into compliance with federal law.

Sen. Inouye may have been exaggerating when he said that an unexpected \$1 billion cost would bankrupt the city, but his point was valid: there is a limit to how much the city can spend without creating an unreasonable burden on local taxpayers.

Elevated heavy rail was initially promoted by the city as a solution to traffic congestion. Since then, the city has quietly admitted that traffic congestion would get worse than it is today even if rail is built.

There are affordable public-transportation options that would reduce current traffic congestion levels without damaging the environment or economy, yet the city continues to "plow forward" with elevated heavy rail. What is wrong with this picture?

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