

August 21, 2009

City's statement in response to questions about rail funding

Department of Transportation Services

The following is the full text of a press release from the city:

In response to media inquiries, the Department of Transportation Services issued the following statement about a misleading and irresponsible article that appeared in (Thursday's) edition of The Honolulu Advertiser regarding funding for the city's rail transit project:

The fact that GET surcharge revenue for the rail transit project has been less than was projected before the current economic downturn is not surprising and is not new. The economy obviously has not fully recovered yet. The project will soon enter the Preliminary Engineering phase, and the city is working closely with the Federal Transit Administration and other officials to ensure the project's financial health.

It is important to understand that the surcharge is spread out over 16 years. Just because collections are lower today because of the bad economy does not mean collections will be lower a few years from now. Furthermore, construction costs may be substantially less than earlier projections, because of the poor economy and engineering refinements to the project.

As we explained to The Advertiser before (Thursday's) article was published, the information supplied to the newspaper by rail transit opponents in a May draft report is now obsolete. An updated financial plan will be included in the project's Final Environmental Impact Statement, to be released in about a month.

The Federal Transit Administration has indicated to us (Thursday) that it had also previously informed The Advertiser that the information in the report was outdated. The FTA's caution was selectively excluded from (Thursday's) article.

The city and FTA had clearly explained to The Advertiser that the May report was a draft, and that a revised final report would be released upon its completion. The city did not improperly withhold any information from the City Council or the public, as the article suggests.

The outdated report was supplied to The Advertiser by opponents of public transportation, who advocate instead for more freeways, including toll roads. The newspaper frequently relies on these opponents for information and provides their point of view. But the newspaper has been inconsistent in explaining to its readers who the opponents are, and what interests they represent.

In fact, the opponents include clear vested interests that depend on freeways and the use of private transportation for their profits, such as some taxi and tour bus companies and auto dealers. It's not surprising that they should have strong negative views about public transportation, but it's disappointing that the newspaper has neglected for so long to explain these interests and to give its readers a more complete picture to help them evaluate the motives and credibility of the opponents and their arguments.

The Advertiser article states that "In City Council testimony in June, city transportation Director Wayne Yoshioka said the project didn't have a funding shortfall. Yoshioka also said there was no

completed, updated financial plan for the project. During the June 10 hearing, Yoshioka said an updated financial plan would be made public as soon as it was ready."

That testimony was truthful and accurate. The May 1 draft plan included several scenarios for filling the projected GET surcharge revenue shortfall. Thus, there was no funding shortfall. Yoshioka did not suggest that there was no GET surcharge revenue projection shortfall. Furthermore, the May 1 draft plan was just that — a draft. An updated plan will be included in the Final Environmental Impact Statement that should be released in about one month.

The article falsely states that "Yoshioka said again in a July 27 memo to City Council member Charles Djou that there was no updated financial plan."

That is simply not true. The July 27 memo made no such statement whatsoever. The memo accurately stated that "the project's financial plan can be found in the project's Draft Environmental Impact Statement," and that "An updated financial plan will be included in our Final EIS and that will also be available to the public."

The article states that "The May 1 financial report is the first indication that has surfaced acknowledging the city may not meet its goal."

That is quite a stretch. The Advertiser has repeatedly reported that GET surcharge revenue has been less than was earlier anticipated. In fact, The Advertiser reported as much just four days before (Thursday's) article appeared. On Sunday (Aug. 16), The Advertiser reported that "Honolulu transit tax collections fell about 5 percent to an estimated \$160.9 million in the 12 months ended June 30 as the local economy weakened. That was \$27.1 million below what the city had projected it would collect over the period."

(Thursday's) article states that, "To make up for the shortfall, the May 1 financial plan anticipated \$301 million of federal funds that otherwise would go to pay for buses and bus-related activities from 2011 to 2019. That idea has been rejected by the city, said (Deputy Transportation Director Toru Hamayasu."

Hamayasu did not say that the idea had been categorically rejected. He said that, "The city will not use the bus funding if it would in any way compromise the quality of the city's bus service." There are various opportunities available to fill any funding gaps for rail or bus service, and all options are being prudently explored.
