

JOHN HENRY FELIX

P.O. Box 240778
Honolulu, Hawaii 96824

To: Damien Kim, Chair
Terrence Lee, Vice-Chair
Wes Frysztacki
Ford Fuchigami
Terri Fujii
Hoyt Zia
Glenn Nohara
Ember Shinn
Kathy Sokugawa

From: John Henry Felix

Subject: **HART FORENSIC AUDIT AND RE-EVALUATION**

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The credibility of rail transit on Oahu has virtually disappeared. No one, least of all the public, knows who is in charge. Nor does anyone believe anything with respect to costs, timetables, transit-oriented development (TOD) or projected financial plans. With multiple governing entities and their pronouncements, no one knows who is responsible for the existing dysfunction, let alone infrastructure policy.

I suggest the recent failure of the State Legislature to reach a conclusion on how to assist the City with funding for future construction and/or operation of rail transit is an opportunity to re-evaluate where we are financially and reconsider what is the most sensible way to move forward.

We must refocus on the original premise of what was considered **mass transit – not rail transit**. The mass transit proposal included Waikiki and the University of Hawaii at Manoa campus. It incorporated an at-grade orientation in the downtown/Capitol area and an extension to Ko Olina using the Oahu Railroad right-of-way with an express bus connection to the Waianae Coast was under consideration. Also, a Mililani extension was under discussion. Most importantly, it presumed the federal government would absorb the overwhelming majority of the cost.

Mass transit initially involved an elevated guideway with a small footprint and silent, easily maintained rubber-wheeled cars closely integrated with The Bus, especially in the Ewa Beach region.

Rail transit has completely obliterated mass transit conceptually, logistically and financially. We cannot continue to participate in the fiction that Ala Moana Center represents the end of a “full” route for rail transit, or that the financial burden of the tax-paying public in Hawaii has not exploded beyond reason.

To simply propose extending taxes and massively increasing fees, of whatever origin for any length of time beyond that presently authorized, is essentially to write a blank check again and again and invite the same pattern of endless change orders, failure to manage, and delay after delay. The present Mayor and City Council will be long gone before rail transit is operating, even in the most optimistic construction scenario.

Inevitably, the specter of raising property taxes will arise, and with it, the open revolt of the tax-paying public. Politically, such a proposition is unacceptable – period. We have finite resources, a limited-tax base, a very high cost of living, stagnant wages and many demands, including our water and sewage infrastructure, road maintenance, and homelessness, to name a few.

In a somewhat frantic scramble to continue to fund the extremely over-budget current rail transit plan, the City Council has now authorized up to \$350 million in obligation bonds for this project. One has to wonder what limitations this will put on securing bonds for other critical needs in the City and County of Honolulu.

We need to:

- Address the fiscal situation immediately and make adjustments as warranted and compatible with the financial means available to us.
- Consider a comprehensive review in which a bus/rapid-transit option is included within the framework of existing funding resources.
- Move forward with a mass transportation plan that includes whatever combination of transit alternatives are possible and plausible.

We need an expedited, independent forensic audit conducted immediately to include:

- A complete in-depth fiscal and management review.
- A formal examination of the organizational structure of decision-making on rail/mass transit.
- A methodical re-evaluation of the transit model and possible reconfiguration.

We have \$250,000 in our 2017 HART budget for this audit. We are half-way through 2017, so let's get started immediately.

Above all, a relentlessly honest appraisal needs to be made of the numerous alternative proposals that have emerged as the current debacle has unfolded.

Less energy needs to be spent on fixing blame and more on reaching for bold and forthright new directions or redirections, based on thorough analysis of the current situation.

The most recent City audit surfaced many of these issues, but focused only on HART. If anything, it was useful in its observations, but the value was completely lost in the drama of finger-pointing and defensive rejoinders that ensued. Personality clashes subsumed any helpful policy debate.

What, despite any good intentions, is supposed to be a partnership of the City, the State, the Council and the Legislature, has degenerated into a stagnant pond of accusations and recriminations leaving the public demoralized and lacking any confidence in leadership.

HART itself is a creature of this dilemma. It has become a convenient target for political blame, but, in all honesty, we deserve the criticism. We are not here to be cheerleaders for the rail project; we exist as an independent body to make responsible decisions and to evaluate progress without direct political pressure or interference. Frankly, like everyone else, we have been continually blindsided by the wildly escalating costs of building the rail infrastructure and we still have no idea what it will cost to maintain and operate the system. This is not acceptable to me personally and none of us should expect the public to accept this out-of-control situation.

HART needs to reassert its original role by stepping outside itself with an independent forensic audit.

Rail transit is on a path to financial and political ruin, and the taxpayers are and will be the losers. No good-hearted, well-meaning citizens' panels, community meetings or additional public hearings will solve or resolve anything at this stage. A hard-nosed audit needs to be conducted by some hard-nosed people who know the realities of politics and public policy and are not afraid to say what needs to be done and to make recommendations accordingly.

Anything less will leave HART stumbling and impotent as it steers rail transit over a fiscal cliff.

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