

July 3, 2005

Explanation of calculation of estimated operating costs for proposed rail system.

Start with the city's projected 2005 operating costs for a) the 1992 rail system, and b) the bus only system. We deduct one from the other to arrive at the difference between the two. We then increase this amount to allow for inflation.

Table 6.3, 1992 Final Environmental Impact Statement shows estimated "No-build" operating costs for 2005 (in 1991\$'s) to be \$104.6 million, and the full rail and bus operating costs to be \$149.2 million, a difference of \$44.6 million.

The CPI-U Honolulu was up 32.2 percent between 1991 and 2005. The 2003 State Data Book, Table 14.02, shows the CPI-U for 1991 as 148.0 and for 2003 as 184.5. The last two years were estimated using state projections of 2.96 percent annually and brings the CPI-U up to 195.6, an increase of 32.2 percent over that of 1991.

The \$44.6 million in 1991\$'s is thus inflated to \$59.0 million for 2005.

Caveat: The 1992 system was from about the H1/H2 merge to UH, a distance of 17.3 miles. The mayor's proposed extension to Kapolei is not allowed for in this calculation.