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Public confidence in rail suffers yet another blow

By David Shapiro

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The city's commuter rail project is supposed to broadly benefit the people of Oahu to justify its \$5.27 billion price tag, but it seems at every turn that the payoffs are going to the connected few.

The latest example is the news that Carrie Okinaga, chairwoman of the Honolulu Authority for Rapid Transportation, has landed a job as an attorney for First Hawaiian Bank.



Carrie Okinaga

One of Okinaga's main connections to First Hawaiian Bank is its chairman, Don Horner, who is her fellow board member on the city transit authority and a major power there as head of the finance committee.

How cozy.

Okinaga, a former city corporation counsel, admitted to Honolulu Civil Beat that Horner encouraged her to apply for a job at his bank, but said she waited to start until after Jan. 1, when Horner dropped the CEO title he held in addition to chairman. As if that makes all the difference.

She said she obtained an opinion from the city Ethics Commission that there was no conflict of interest, but that means little when even the commission's executive director admitted in another recent case that the city's ethics law lacks teeth.

It's quite possible for a situation that's in compliance with this weak law to still be unethical if you use the definition of ethics offered by former U.S. Supreme Court Justice Potter Stewart: "Ethics is knowing the difference between what you have a right to do and what is right to do."

It would be of concern if the transit authority's diversity was compromised by having two of its nine voting board members from the banking industry in general.

It becomes downright alarming when the two most powerful chairmanships on the HART board are controlled by one bank, especially when it's a bank with substantial financial interests in the rail project.

First Hawaiian Bank is a major landowner along the rail route and likely will get considerable lending business from rail-related development.

According to a report by blogger Ian Lind, First Hawaiian Bank's French parent company, PNB Paribas, has business ties to the Italian company that was awarded the \$1.4 billion contract to build, operate and maintain the rail cars for the Honolulu system -- the biggest single contract in city history.

Horner was the driving force on the HART board behind staying the course with Ansaldo Honolulu Joint Venture despite financial problems surrounding its parent company Finmeccanica Group and questions about its performance on rail car contracts in other cities.

These incestuous ties too often seen in the Oahu rail project erode public confidence that the most expensive public works job in Hawaii's history will be carried out in an honest and cost-conscious manner with the public interest foremost in mind.

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