

Honolulu Rail Is Too Much, Too Late

By Cliff Slater & Randy Roth

Beyond exorbitant costs, we should stop rail now because it will be obsolete. By 2040, the answer to traffic woes will lie in ride-sharing services, driverless cars and other technology.

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The City garnered public support for rail by under-estimating construction costs, over-estimating ridership, virtually ignoring the inevitability of budget-busting operating costs, and outright lying about rail's likely impact on energy use, visual environment, sound levels, burial sites and, most importantly, traffic congestion.

The City then pursued a morally corrupt strategy of spending so much money, signing so many contracts, and pouring so much concrete that the project would be past a point of no return by the time the public "got it."

A rapidly growing number of people are now wondering: Is there still time to stop the madness? The simple answer is yes.

If the City stops construction, cancels contracts, and sells everything that's saleable (e.g. steel rails, rail cars, and unneeded land), the net cost of rail would be less than \$4 billion. A much larger amount — upwards of \$12 billion — would be "saved."

The above two numbers total \$16 billion partly because we think the City's latest estimate of \$10 billion is still woefully short of the likely \$12 billion total. We also believe that the City would eventually make the case that rail had to be extended to Manoa, for another \$4 billion, to reach the minimum ridership needed to justify a rail system.

As politically difficult as it is now to stop rail after spending less than \$4 billion, imagine what it would be like once sunk costs had reached or exceeded \$12 billion.



We could save billions of dollars by stopping the rail now and selling the steel, the rail cars and other components including the land.

Terminating the rail project now would save more than just the \$8 billion of additional construction costs. Annual operating costs would exceed \$100 million, and sinking-fund contributions necessary to ensure a safe and reliable system over time would be an additional \$100 million annually. Again, those would be annual costs.

The City has not yet said where it would find that kind of money.

In any event, it's a good bet that the new administration in Washington, D.C., will declare Honolulu's rail project a "boondoggle," or worse, and not provide any additional federal money.

Every penny of future spending on rail would have to come from local taxes. An average family of four would have to pay additional taxes totaling more than \$20,000—possibly as much as \$30,000—just to finish construction.

The same family of four would then have to pay about \$1,000 per year for operations, maintenance, and sinking-fund contributions. These amounts are in addition to the 30 percent of any such taxes that could be shifted to nonresidents.

The single best reason for stopping rail now is that it will be obsolete by 2040, probably sooner.

Just a few years ago, many people considered self-driving on-call vehicles as conceivable, but not likely to have a major impact on private or public transportation for many years. Since then, the world's most successful auto and technology companies have gone "all in," each pouring billions into not just conceptual design, but production and daily use.

General Motors, Ford, Chrysler, Google, Tesla, and Apple, to name just a few, are racing to be the first to dominate the new market that is taking shape. Millions of miles of test drives have already been logged around the world, most recently in the streets of London.

The operating costs of taxis and buses will be at least cut in half when drivers are no longer needed. This will facilitate major expansion of traditional bus service at fixed locations. Experiencing Atlantic City jitney bus service arriving every 40 seconds gives one an idea of the boost to ridership such service makes possible.

Even more exciting, the per-passenger operating cost of six-to-10-passenger vehicles will become competitive with large buses, which along with sophisticated on-call networks will make door-to-door service economically attractive.

Think vanpools, but with much greater flexibility and a significantly lower cost.



A self-driving car passes a bus near Google headquarters in Mountain View, California.

In addition to lowering the cost of public transportation, self-driving vehicles will make our highways far more efficient. For example, tailgating can be done safely; reaction times are virtually eliminated; and instead of clogging streets while looking for parking, self-driving vehicles drive themselves to an uncongested area, or provide transportation services to others during what would otherwise be down time for the vehicle.

Transportation experts believe a growing number of self-driving vehicles will dramatically reduce the number of accidents and save many lives.

When self-driving taxis and jitneys are ubiquitous and charging less than half the current rate, the need to own a car (much less multiple cars) will decline dramatically.

Self-driving, on-call transportation is expected to become the norm by 2040, at the very latest, probably much sooner. The pace of change is expected to rival what we experienced with cell phones and the Internet, which—believe it or not—just celebrated its twenty-first birthday.

If rail gets built, it will have been too much, too late. Too much concrete, too much money, too much funding for political campaigns, and too late to matter.

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About the Authors



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