

City rail plan will be \$3 billion short:

The Mayor has told us that the 1992 plan will form the basis of the new project. Also:

- We know that the estimate for the Kapolei to Iwilei segment is estimated by the City and state to cost \$2.64 billion.
- We can make an approximate estimation of the Iwilei to UH addition at about \$1 billion (per mile cost of the first segment plus 15 percent), which will bring the total project cost up to \$3.6 billion.
- We know that, in practice, the federal New Start funds will be limited to \$500 million.
- We know that the City's 1991 estimate of rail transit's operating losses was \$45 million annually, over and above TheBus, and, allowing for inflation, that would be \$56 million today without allowing for the Waiau to Kapolei addition to the 1991 plan.
- We know that the ½ percent G.E. tax hike will yield \$148 million annually before the state takes its 10 percent cut, or \$133 million net of that.

Run all that through a spreadsheet and, allowing for revenue growth, inflation and interest, it shows we will be close to \$3 billion short when the 15 year tax authorization is up. See spreadsheet on the following page.

Financial analysis of imposing the ½ percent GE tax increase for rail transit.

(in millions of current \$'s)

Tax revenue growth rate = 4.2%			Interest costs = 5.0%				Inflation = 2.96%				
Year	Tax Revenues	Interest earnings (expense)	Annual tax Revenues Net of Interest	Operating Losses	Federal funds revenues	Revenues, net of interest & operating losses.	Capital Outlays	Revenues, less interest, losses & capital outlays	Inflated using above rate		
									Initial line	Operating Losses	Balance (net of fed \$500 mm)
2005	\$133.2								\$500.0	\$56.0	\$3,664.0
2006	\$138.8								\$514.8	\$57.7	\$3,772.5
2007	\$144.6		\$144.6			144.62		\$144.6	\$530.0	\$59.4	\$3,884.1
2008	\$150.7	7.2	\$157.9			157.93		\$302.6	\$545.7	\$61.1	\$3,999.1
2009	\$157.0	15.1	\$172.2			172.15	(\$561.9)	(\$87.2)	\$561.9	\$62.9	\$3,555.6
2010	\$163.6	(4.4)	\$159.3			159.26		\$72.1		\$64.8	\$3,660.8
2011	\$170.5	3.6	\$174.1		\$150.0	324.10	(\$1,117.4)	(\$721.2)		\$66.7	\$2,651.8
2012	\$177.7	(36.1)	\$141.6	(\$34.3)	\$150.0	257.25	(\$1,100.0)	(\$1,564.0)		\$68.7	\$1,630.3
2013	\$185.1	(78.2)	\$106.9	(\$35.4)	\$100.0	171.56	(\$600.0)	(\$1,992.4)		\$70.7	\$1,078.5
2014	\$192.9	(99.6)	\$93.3	(\$72.8)	\$50.0	70.46	(\$600.0)	(\$2,521.9)		\$72.8	\$510.5
2015	\$201.0	(126.1)	\$74.9	(\$75.0)	\$50.0	49.93	(\$525.6)	(\$2,997.6)		\$75.0	\$0.0
2016	\$209.4	(149.9)	\$59.6	(\$77.2)		(17.63)		(\$3,015.2)		\$77.2	
2017	\$218.2	(150.8)	\$67.5	(\$79.5)		(12.00)		(\$3,027.2)		\$79.5	
2018	\$227.4	(151.4)	\$76.0	(\$81.8)		(5.79)		(\$3,033.0)		\$81.8	
2019	\$236.9	(151.7)	\$85.3	(\$84.2)		1.05		(\$3,032.0)		\$84.2	
2020	\$246.9	(151.6)	\$95.3	(\$86.7)		8.56		(\$3,023.4)		\$86.7	
2021	\$257.3	(151.2)	\$106.1	(\$89.3)		16.79		(\$3,006.6)		\$89.3	
2022	\$268.1	(150.3)	\$117.7	(\$92.0)		25.79		(\$2,980.8)		\$92.0	
Totals	\$3,207.4	(1,375.1)	\$1,832.2	(\$808.2)	\$500.0	1,524.04	(4504.9)				

Notes: The 2005 tax revenue amount of \$133.2 million is the \$148 million being used by the Council as the tax revenues in today's dollars, less the 10 percent to be withheld by the state and that inflates to \$145.2 by 2007 using a 4.5% revenue growth rate.
 The \$500 initial line amount is that being used by the Mayor as the cost of the initial segment from Kapolei to Waipahu.
 Operating losses of \$56 million is the \$45 million (in \$1991s) operating loss over and above the TheBus losses, inflated at a 2.96% rate.
 For the initial segment from Kapolei to Waipahu half the full rate is used for the two year period.
 Total cost of \$3.164 billion is derived from \$2.64 billion as the original Kapolei-Iwilei estimate, to which must be added \$1.0 billion for the Iwilei to UH cost, and deducting \$500 million for the federal funding.
 The tax revenue growth rate of 4.2 percent is the average experienced by the state for the last fifteen years, 1989-2004.
 The rate of inflation shown of 2.96 percent is that forecast by DBEDT for the next five years.