

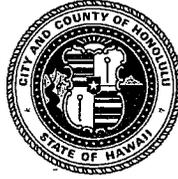
DEPARTMENT OF TRANSPORTATION SERVICES  
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL  
MAYOR



MICHAEL D. FORMBY  
DIRECTOR

MARK N. GARRITY, AICP  
DEPUTY DIRECTOR

January 12, 2016

The Honorable Ann H. Kobayashi, Chair  
and Members  
Committee on Budget  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawaii 96813

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CITY COUNCIL  
HONOLULU, HAWAII

Dear Chair Kobayashi and Councilmembers:

SUBJECT: Bill 23 (2015), CD 1 (Bill 23)

I want to start 2016 off by thanking Chair Martin, as the author of Bill 23, and the Honolulu City Council for its continuing deliberation of Bill 23. Collectively, we understand how important this general excise tax (GET) surcharge extension is to the rail project and the taxpayers, and we appreciate the rigorous public discussion via the Council's legislative process.

Mayor Kirk Caldwell and the Department of Transportation Services (DTS) have consistently testified in strong support of Bill 23, including strong support of the requirement of Bill 23, CD1 that the Honolulu Authority for Rapid Transportation (HART) provide certain periodic reports to the Council. We remain supportive of additional Council oversight reporting.

On the other hand, the Mayor and DTS have consistently testified in opposition to a "cap" or limit on the funds made available to HART. Given the November 12, 2015 letter from Therese W. McMillan, Acting Administrator of the Federal Transit Administration (FTA), to the city, we reaffirm our position. As stated by the FTA in its November 12, 2015 letter:

Thus, our finding that the revised financial plan for the project is adequate at this stage of the project will depend on having in place, without the need for further action by others outside of HART, all of the local funding needed to complete the project.

The Honorable Ann H. Kobayashi, Chair  
and Members  
Committee on Budget  
January 12, 2016  
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As such, consistent with our previous testimony before the Council, the city administration urges the Council to remove the conditions in the proposed amendments to ROH § 6-60.2(d), which are contained in Sections 2 and 4 of Bill 23, CD1.

Chair Martin introduced Bill 23 on March 12, 2015. Since April 1, 2015, Council has held no less than six public meetings to discuss and debate Bill 23 and its proposed amended forms. While we strongly support the Council's public process, HART testified in its letter to the Mayor and the Council dated August 3, 2015 (Dept. Com. 572), that the uncertainty in funding could result in even higher project costs. In her letter dated November 12, 2015, Therese McMillan expressed concern "that the city has not yet completed the actions needed to extend the GET which forms a crucial part of the financing for the project."

Based on the above, the city administration urges the Council to take immediate action on Bill 23, CD1 by passing an amended form of the bill that:

- authorizes the entire GET surcharge extension that the city is authorized to approve pursuant to Act 240, Session Laws of Hawaii 2015;
- authorizes the expenditure by HART of all monies deposited in the HART transit fund, without conditions precedent to the deposit of such monies into the transit fund or expenditure of those funds; and
- requests HART provide periodic reports to the Council as per Chair Martin's language in Bill 23, CD1.

Thank you for the opportunity to testify on this important measure.

Very truly yours,



Michael D. Formby  
Director

APPROVED:



Roy K. Amemiya, Jr.  
Managing Director