

At the 9/7/16 Council meeting,

Committee Report 263

and

Resolution 16-169, CD1 and Proposed FD1

were recommitted back to the  
Committee on Budget

# REPORT OF THE COMMITTEE ON BUDGET

## Voting Members:

Ann H. Kobayashi, Chair; Joey Manahan, Vice Chair;  
Carol Fukunaga, Trevor Ozawa, Kymberly Marcos Pine

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ADVANCE COPY

Committee Meeting Held  
August 24, 2016

Honorable Ernest Y. Martin  
Chair, City Council  
City and County of Honolulu

Mr. Chair:

Your Committee on Budget, which considered Resolution 16-169 entitled:

"RESOLUTION ESTABLISHING A COUNCIL POLICY TO SUSPEND ALL COUNCIL APPROVALS FOR ACQUISITION OF REAL PROPERTY BY THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION FOR HONOLULU'S RAIL PROJECT PENDING THE FEDERAL TRANSIT ADMINISTRATION'S APPROVAL OF A RECOVERY PLAN,"

introduced on July 7, 2016, reports as follows:

The purpose of the Resolution is to establish a Council policy to suspend all Council approvals for acquisition of real property by the Honolulu Authority for Rapid Transportation for Honolulu's Rail Project pending the Federal Transit Administration's approval of a Recovery Plan.

Honolulu Authority for Rapid Transportation (HART) Acting Executive Director Michael Formby testified that the agency understands the Council's concern on behalf of land owners and small business owners along the rail route. He also informed your Committee of an upcoming meeting with Federal Transit Administration officials and representatives from the City in San Francisco to discuss issues including those raised in the Resolution.

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**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

ADOPTED ON \_\_\_\_\_

COMMITTEE REPORT NO. 263

# REPORT OF THE COMMITTEE ON BUDGET

## Voting Members:

Ann H. Kobayashi, Chair; Joey Manahan, Vice Chair;  
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Page 2

HART Director of Planning, Permitting and Right of Ways Jesse Souki and HART Deputy Director Brennon Morioka also testified on the Resolution and provided further details regarding the properties along the rail route.

Your Committee received testimony one individual offering comments on the Resolution and written testimony from one individual in support of the Resolution.

After consideration and discussion, your Committee approved a CD1 version of the Bill that makes the following amendments:

- A. Amends the title as follows to remove the word "all" before the phrase "Council approvals".
- B. Amends the first Be It Resolved clause as follows: "that the Council establishes a policy not to approve any further real property acquisitions proposed by HART for the rail project [and expresses its intent to object to all such proposed acquisitions] until such time that a Recovery Plan is finalized [and] or the Council agrees that real property acquisitions for the rail project should continue."
- C. Amends the second Be It Resolved clause as follows: "that the Council urges the HART Board to "suspend all eminent domain [and other real property] acquisitions, including taking possession of these targeted properties..."
- D. Amends the third Be It Resolved date for HART to change the deadline for the report to the Council from August 31, 2016 to December 31, 2016.
- E. Makes miscellaneous technical and non-substantive amendments.

## CITY COUNCIL

CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

ADOPTED ON \_\_\_\_\_

COMMITTEE REPORT NO. 263

**REPORT OF THE COMMITTEE ON  
BUDGET**

**Voting Members:**

Ann H. Kobayashi, Chair; Joey Manahan, Vice Chair;  
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Page 3

Your Committee on Budget is in accord with the intent and purpose of Resolution 16-169, as amended herein, and recommends that be reported out for adoption in the form hereto as Resolution 16-169, CD1. (Ayes: Kobayashi, Fukunaga, Ozawa, Pine – 4; Noes: Manahan - 1.)

Respectfully submitted,

  
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Committee Chair

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**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

ADOPTED ON \_\_\_\_\_

COMMITTEE REPORT NO. 263



## RESOLUTION

ESTABLISHING A COUNCIL POLICY TO SUSPEND COUNCIL APPROVALS FOR ACQUISITION OF REAL PROPERTY BY THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION FOR HONOLULU'S RAIL PROJECT PENDING THE FEDERAL TRANSIT ADMINISTRATION'S APPROVAL OF A RECOVERY PLAN.

WHEREAS, a June 6, 2016 Federal Transit Administration ('FTA') letter sent to the Honolulu Authority for Rapid Transportation ('HART') and the Mayor criticized the lack of cost containment on the Honolulu High-Capacity Transit Corridor Project ('rail project'), which has increased from an original project cost of \$5.2 billion to \$8.3 billion in June 2016, and resulted in a projected \$1.5 billion budget shortfall. Alarming, the most recent statistical analysis performed by the FTA's project management oversight contractor reflects a highest possible cost projection of \$10.79 billion; and

WHEREAS, the FTA letter has requested that HART transmit a 'Recovery Plan' to the FTA by August 7, 2016, that should 'demonstrate HART is taking every reasonable measure to mitigate the cost overruns and minimize the delay in opening the project to revenue operations'; and

WHEREAS, HART has stated that much of the projected cost increase can be attributed to future construction costs of the rail line's City Center section, which has risen from estimates of \$703 million in October 2015 to \$866 million in March 2016, and most recently to \$1.5 billion in June 2016; and

WHEREAS, among the multiple options that HART is considering as part of its Recovery Plan response is one option to fully stop construction of the elevated guideway, at least for the foreseeable future, at the Middle Street station, which would eliminate most of the projected costs associated with the City Center section; and

WHEREAS, given the rail project's burgeoning cost overruns and growing projected deficit, both the Mayor and the Chair of the City Council have urged the HART Board of Directors to stop construction, at least for the foreseeable future, at Middle Street; and

WHEREAS, many long-time, family-owned small businesses in the path of the rail line have already been forced, or felt compelled, to vacate and sell their properties to the City because of the looming threat of rail project construction, which has resulted not only in the loss of valuable small businesses and family legacies, but also in decreased City revenues due to diminished property tax collections, in addition to the cost to the City of maintaining and securing these properties; and



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## RESOLUTION

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WHEREAS, as of June 16, 2016, HART was actively working on six eminent domain cases, including three in the City Center section, and examining another 55 potential eminent domain cases in the City Center section; and

WHEREAS, Section 17-103(2)(b) of the Revised Charter of the City and County of Honolulu 1973 provides for City Council approval or rejection of any proposal from HART for the acquisition of real property or any interest therein by eminent domain, purchase, lease or otherwise for the construction, maintenance, repair, extension or operation of the rail project; and

WHEREAS, the Council finds that, given the uncertainty surrounding the rail project's future construction activities to be proposed in the yet-to-be-determined Recovery Plan, especially should the HART Board of Directors recommend an option that would stop all construction at the Middle Street station, all activities leading to the acquisition of further real property are premature and unwise; and

WHEREAS, the Council further finds that by delaying or stopping the acquisition of real property for the rail project, the targeted property owners in the City Center section will be able to continue their family businesses and livelihoods, at least for the foreseeable future, and the City will benefit through continued real property tax collection and the elimination of maintenance and security costs associated with taking possession of these properties; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that it hereby establishes a policy not to approve any further real property acquisitions proposed by HART for the rail project until such time that a Recovery Plan is finalized or the Council agrees that real property acquisitions for the rail project should continue; and

BE IT FURTHER RESOLVED that the Council urges the HART Board to suspend all eminent domain, including taking possession of these targeted properties, in order to allow existing businesses to continue operations, and to allow the City to continue collecting property taxes and deferring maintenance and security costs that may ultimately prove to be unnecessary; and

BE IT FURTHER RESOLVED that HART is requested to report to the Council by December 31, 2016 on its cumulative real property acquisition activity to date, including the estimated amount of property taxes foregone and the maintenance and security costs incurred to date as a result of condemnation and purchase activities related to the rail project; and



**RESOLUTION**

BE IT FURTHER RESOLVED that it is not the Council's intent or purpose that this policy will negate or reverse any of its prior condemnation authorizations; and

BE IT FINALLY RESOLVED that copies of this Resolution be sent to the Mayor, the Managing Director, the Chair of the HART Board of Directors, and the HART Executive Director.

INTRODUCED BY:

Ann Kobayashi

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DATE OF INTRODUCTION:

July 6, 2016  
Honolulu, Hawaii

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Councilmembers