



RESOLUTION

EXPRESSING COUNCIL SUPPORT FOR THE HONOLULU HIGH-CAPACITY TRANSIT CORRIDOR PROJECT AND URGING THE STATE LEGISLATURE TO EXTEND THE GENERAL EXCISE TAX SURCHARGE TO PROVIDE AN ONGOING AND DECIDED SOURCE OF FUNDING FOR THE RAIL SYSTEM.

WHEREAS, every world-class city in the U.S. is home to a vibrant mass transit system including: 1) Chicago, with its "L" rapid transit system, Metra commuter trains and buses, 2) Washington, D.C., with its Metro subway system and buses, 3) Los Angeles, with its Metrolink commuter rail, Metro Rail light rail and subway lines, and bus system, 4) New York City, with its New York City Subway, trains, ferries and buses, and 5) San Francisco, with its BART rapid transit system, MUNI light rail, subways and buses; and

WHEREAS, the Honolulu High-Capacity Transit Corridor Project ("rail project"), in addition to providing a much-needed transit alternative once it is in operation, will also be the backbone of an island-wide multimodal transportation network that will integrate rail and TheBus with facilities in the Oahu Bike Plan and "complete streets" improvements; and

WHEREAS, near the rail project's alignment, transit-oriented development ("TOD"), a type of community development that includes a mixture of housing, office, retail and other amenities integrated into a walkable neighborhood and located within easy walking distance of a rail station, will allow the City to build a better future for Oahu and its residents that will result in transformative changes, including: 1) More housing choices with a range of sizes and affordability, 2) New economic opportunities that are linked with higher concentrations of jobs and housing in the area, and 3) Expanded community amenities and community revitalization that will occur as other elements that complete neighborhoods—public and social services, parks, and open spaces—are realized and incorporated as necessary components of these dynamic neighborhoods; and

WHEREAS, TOD, which is designed to encourage walking, biking and the use of public transit, will create more choices in where we live and how we travel. The experience of other cities with vibrant mass transit systems demonstrates that rail systems and associated TOD spur growth and neighborhood investment, connecting living accommodations with major employment and education centers, and providing convenient access to goods, services, and recreation; and



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WHEREAS, several other U.S. cities and municipalities have used an excise tax to provide important funding for their rail systems, including Seattle's Link light rail system and Los Angeles' Metro Rail light rail system; and

WHEREAS, like excise taxes in other jurisdictions, Honolulu's General Excise Tax ("GET") surcharge provides essential funding for the Honolulu rail project that is broad-based and represents a dedicated source of funds for the construction of the rail project. The GET serves as an equitable and fair way of funding the rail project, with low-income residents able to file for tax credits that help offset the GET, while visitors pay about 25% of the total collected excise tax, thereby spreading the cost of the transit system, which will serve both Oahu residents and visitors alike; and

WHEREAS, although the rail project has recently experienced increased construction costs, these cost increases have largely been due to outside factors, including: 1) A GET revenue collection shortfall of \$100 million as of July 2015, due to an uneven recovery from the recession of the late 2000's and other economic uncertainties, 2) The deletion of \$210 million in federal 5307 funds in 2015 when the Council determined that these funds would only be used for Honolulu's bus and Handi-Van system, 3) Delays caused by lawsuits, including a Hawaii Supreme Court challenge that stopped the rail project for thirteen months while the City was required to perform additional and expedited archaeological survey work, a federal lawsuit challenging the project's Environmental Impact Statement, which required the City to address three areas of concern to the U.S. District Court, and a succession of bid challenges by contractors unhappy with bid results, 4) Unpredictable swings in the economy, as reflected in the fact that in 2009 and 2010, the recession resulted in an economic environment of negative inflation, where costs were actually going down. In 2011 and 2012, during an initial recovery period, construction inflation climbed between three and five percent per year, but by 2014, the annual rate of construction inflation had jumped to an unforeseeable and unprecedented fourteen percent on Oahu, and 5) One of the most expensive construction markets in the U.S. According to state economists, the construction industry currently leads Hawaii's economy with the fastest growth rate of any industry, with a year-to-year employment increase forecast expected to top twelve percent by 2016-17, the third-fastest growing construction market in the U.S.; and

WHEREAS, the Council finds that for many reasons, including all of those noted above, the rail project continues to be a positive and transformative transportation system to serve our communities now and in the future, and will improve the quality of life in the City and County of Honolulu; now, therefore,



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BE IT RESOLVED by the Council of the City and County of Honolulu that it expresses its continued strong support for the Honolulu High-Capacity Transit Corridor Project; and

BE IT FURTHER RESOLVED that the Council, in addition to its overall support for the rail project, also affirms its support for the following points: 1) Continued efforts at the State legislature to obtain a permanent GET surcharge of 0.5 percent in order to provide an ongoing and dedicated source of funding for the rail system, and extensions, as well as for operations and maintenance, 2) An elevated, fixed-guideway system as the City's locally-preferred transit alternative for Honolulu's high-capacity transit corridor (Ordinance 07-01), 3) Completion of the minimum operable segment ("MOS") from East Kapolei to Ala Moana Center, as designated in Resolution 08-261, 4) Future extensions to the University of Hawaii at Manoa and West Kapolei, as funds become available, and 5) Further exploration of public-private partnerships as an additional source of funds and logistical support for the rail project; and

BE IT FINALLY RESOLVED that copies of this Resolution be sent to the Mayor, the Managing Director, the Acting Executive Director and the Board of Directors of the Honolulu Authority for Rapid Transportation, President of the State Senate, and the Speaker of the State House of Representatives.

INTRODUCED BY:

DATE OF INTRODUCTION:

AUG 3 1 2016

Honolulu, Hawaii

Councilmembers