MEMORANDUM

TO: ALL COUNCILMEMBERS

FROM: RON MENOR, COUNCIL CHAIR

DATE: March 16, 2018

SUBJECT: PERMITTED INTERACTION GROUP REPORT

Resolution 18-38, Meeting with the Federal Transit Administration in Washington, D. C. on March 6, 2018

Pursuant to the provisions of Resolution 18-38, a Permitted Interaction Group (PIG) was established to investigate, during March of 2018, issues relating to the Federal Transit Administration's (FTA) review and approval of the September 15, 2017 Rail Recovery Plan. Members of the group as established by the resolution are:

- Council Chair Ron Menor
- Council Vice-Chair Ikaika Anderson
- Councilmember Brandon Elefante

The group hereby submits this joint report on the March 6, 2018 meeting with the FTA.

cc: Glen Takahashi, City Clerk
    Jim Williston, Office of Council Services
Permitted Interaction Group ("PIG") Report

Established by Resolution 18-38
Meeting with the Federal Transit Administration in Washington D.C.
March 6, 2018

Council Chair Ron Menor, Council Vice-Chair Ikaika Anderson,
Councilmember Brandon Elefante

The Permitted Interaction Group (PIG) was established by Resolution 18-38 to investigate, during March of 2018, issues relating to the Federal Transit Administration’s (FTA) review and approval of the September 15, 2017 Recovery Plan for the Honolulu Rail Transit Project (Project). A meeting with the FTA was held on Tuesday, March 7, 2018, at the FTA office at 1200 New Jersey Avenue, SE, Washington D.C., 20590.

In addition to the PIG members, the following individuals were also present at the meeting: Mr. Denis Dwyer of Williams & Jensen, PLLC, Mr. Alan Texeira, Legislative Aide, Office of Vice-Chair Ikaika Anderson, and Ms. Mary Schmidtke, Senior Advisor to Councilmember Brandon Elefante. Representing the FTA at the meeting were:

- Matthew Welbes, Executive Director, Office of the Administrator
- Bruce Robinson, Deputy Associate Administrator
- Beth Day, Director, Office of Project Planning
- Philip Neuman, Sr., Government Affairs Officer, Office of the Assistant Secretary (of DOT) for Governmental Affairs
- Lucy Garliauskas, Associate Administrator for Planning and Environment
- Bernado Bustamante, EPA Region 9 Director of the Office of Program Management & Project Oversight (via Conference Call)

The meeting began with introductions and Council Chair Ron Menor thanked the FTA team for the recent meetings in Honolulu reviewing the Recovery Plan. He explained that in February 2016, the City Council voted for, and Mayor Caldwell signed into law, a $1.1B, 5-year extension of the 0.05% general excise tax (GET) surcharge. In September 2017, the Council voted again for, and the Mayor signed, an additional 3-year extension of the 0.05% GET surcharge. These actions, combined with the State of Hawai‘i’s dedicated proceeds from its Transient Accommodations Tax, and the City’s share of Honolulu Authority for Rapid Transit (HART) administrative costs included in the FY ’19 budget proposal, bring Honolulu’s total local share of the Project to 82%. These actions reflect the City’s ongoing and repeated commitment to the completion of the Project and the City’s commitment to continue to work with HART to assure the necessary funding.

Mr. Welbes noted that the FTA team is working through the information from the meetings of the previous week and is looking at the resources needed to support completion of the project.
Mr. Robinson, who participated in the Honolulu meetings, indicated more time is needed to review the Recovery Plan and conversations will continue through an iterative process. Their response to the Recovery Plan will depend on the results of the Risk Assessment process which might necessitate revisions to the Recovery Plan. They will be looking at the costs, schedule (including schedule contingency), accounting, project risks, and financial plan. These will determine their comfort level in moving forward with the Project. They will also be evaluating the risks associated with the City Center section and the Pearl Highlands contracts and at procurement efficiencies and possible public-private partnership options.

In response to Councilmember Anderson’s question about the necessity for funding in the City’s FY ‘19 budget and whether this money must be appropriated for the FTA to approve the Recovery Plan, the FTA team indicated that this funding is critical and the City funding has to demonstrate good faith. FTA will be watching to assure that the funding is approved in the City’s FY ‘19 budget, which is currently scheduled for a final vote on June 6, 2018.

In response to Councilmember Elefante’s question as to when federal funds might be released for the project, Mr. Welbes stated that while the money has been appropriated, they are not releasing the funds until they have confidence that the project can move forward through a final Recovery Plan. He recognized and commended the profound steps and heroic actions that elected officials in Hawai‘i have taken over the past year to assure the financial viability of the Project.

Submitted by:

Ron Menor
Council Chair

Ikaika Anderson
Council Vice-Chair

Brandon Elefante
Councilmember, District 8

March 16, 2018