

TO: Chair Nestor Garcia of the Budget Committee

MAY 18 7 03 AM '09

FROM: Frank Genadio

SUBJECT: Testimony on BILL 16, CD1 – LEGISLATIVE BUDGET

RECEIVED

DATE: For City Council Committee Meeting of May 18, 2009.

Chair Garcia, honorable members: Please accept this testimony opposing Bill 16, CD1, as written. My comments concern a single item, Project 2007005, Honolulu High Capacity Transit Project (on page 32), Line 4, which shows construction funding at \$789,074,000. Mayor Hannemann has declared that the city has a \$50 million shortfall for fiscal year (FY) 2010 and, apparently to meet this shortfall, you will address raising both fuel taxes and real property tax rates later in this session. I am sure that you perceive those items and general obligation bonds as an “apples and oranges” issue, but the financial impact will still be on O’ahu taxpayers. The construction allocation obviously applies to the guideway for a steel wheel on steel rail (SWSR) train, with the city administration deciding that the issue of technology is settled. In fact, there are many organizations and individuals opposed to SWSR as the technology, as shown in the 1,389 pages of comments on the draft Environmental Impact Statement (EIS). If the Federal Transit Administration follows its own guidelines concerning transit competition, it is highly likely that the city will be required to produce a supplemental EIS.

If the technology competition is re-opened to all qualified rail producers—and either a conventional monorail or a magnetic levitation (mag-lev) system is chosen—the construction allocation can be drastically reduced. Based on EIS data, year of expenditure dollars for the guideway work out to about \$133 million per mile for SWSR, compared to what will be \$105 million for the HSST mag-lev (according to supplier data). The first guideway segment of 6.5 miles would cost about \$864,500,000 for SWSR, over a construction period of perhaps five years, but only \$682,500,000 for the HSST, a savings of \$182 million. I, therefore, recommend that the construction funding line for FY 2010 be reduced to \$607,074,000 by applying five years of potential savings up front, particularly during this difficult economic period.

If you do this now, but the council members then decide not to continue exercising their fiduciary responsibility to O’ahu taxpayers and acquiesce to the city’s SWSR “steamroller” by not demanding a fair and open transit competition, you can increase the amount of general obligation bonds in a later budget. Be aware, however, that such actions will be held up to public scrutiny. All of us should be working to ensure that Honolulu gets the most for its money and develops a “world class” transit system; it is time for the City Council to assume the role it should have been playing throughout last year. Mahalo and Aloha.

Frank Genadio
92-1370 Kikaha Street
Kapolei, HI 96707
672-9170