

May 21, 2018

Mr. Damien Kim  
Chair, Honolulu Area Rapid Transportation Board  
1099 Alakea St. 17<sup>th</sup> Floor  
Honolulu, Hawaii 96813

Dear Chair Kim:

With the *Honolulu Star-Advertiser's* editorial board editorial, April 24, 2018, "HART spending needs more clarity," reflecting a broader public consensus for transparency and with rail costs now triple the 2006 Honolulu Advertiser front page headline "Rail cost estimate: \$3 billion" which quoted City officials saying the estimate won't force higher taxes than planned, a closer look at rail expenditures needs to be conducted. Please see the attached recent editorial and the front page Honolulu Advertiser story from 2006—twelve years ago.

The objective is to avoid any more cost overruns and prolonged delays.

There is an old saying that goes something like "flawed from the start, flawed in the end."

Given the evidence it is appropriate now to stop and seek a restart.

It is fitting and proper, that with rail approaching the expensive segment extending from Middle Street to Ala Moana Center that a call for a halt at Middle Street --for a moment -- in order for this project to take a deep breath of sorts and allow time for our board to commission a forensic audit. This breather and audit will provide the public the needed assurance that cost overruns are not going to be in the project's future.

The newspaper noted that it is concerning that Auditor Les Kondo's red flags regarding the types of expenses that are reimbursable to HART under the bailout law, Act 1, have already led to disagreement between city and state officials on some basic accounting methods, a sure precursor to future trouble.

A forensic audit would allay public fears and put the rail project in a position that engenders public trust.

To proceed without trust is, at this point, unacceptable.

Voters need an opportunity to revisit the project now that accurate information is available. A clear-eyed look and another referendum will provide that "trust" in the citizens who must pay the vast majority of the funds.

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It should be noted that if accurate project costs had been provided at the start, that much more federal funding than the current \$1.5 billion may have been provided.

Right now, the runaway cost of the project and its looming operating costs are taking all the oxygen out of the room, so to speak, and is hampering the ability to make road repairs on Oahu's many potholes, is making it more difficult to address our many homeless persons issues, and is proving soon to be a weight on the ability to provide for adequate police protection.

Using lost opportunity cost calculations, and factoring in the annual rail operating costs, the cost of each ride (boarding) on Honolulu's rail, some say, may run from \$33 to \$50 per ride, depending on the number used for calculating ridership in the future.

With such high costs denying the state the opportunity to fund other projects and unfunded obligations in the future, it is all the more important to have a clear picture of future expenditures.

Although the high costs are crippling us, the highest priority must be placed on financial transparency.

Stop the Middle Street Transit Station with express buses to University of Hawaii and Ala Moana—for a moment. Conduct a forensic audit to provide trust.

Right now, what we have is a rail project that runs between 3 shopping centers.

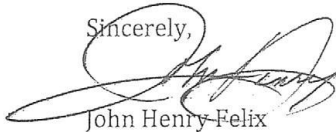
As we consider this proposal we should do so objectively and civilly, always keeping in our mind what is in the best interests of Hawaii's citizens and future generations. There is no shame in reconsidering the original strategy for fixed rail. When the circumstances change we are obligated as representatives of the public to explore all viable options and proceed appropriately. We, as Directors of HART, are obligated to fulfill sworn obligation.

It's the best course for Hawaii and its people. It's a course built on trust.

I respectfully request that this matter be placed on HART's fixed board agenda and encourage public testimony.

We owe it to our dedicated HART leadership and staff to ensure that there is public trust in the project.

Sincerely,



John Henry Felix  
Attachments