

HAWAII NEWS

# Mayor recommends halting the rail route at Middle Street

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The Kalihi Transit Center at the corner of Middle Street and Kamehameha Highway is near what will probably be the end of the rail route — for now.

With rail facing a more than \$1 billion budget hole, Honolulu's top elected leaders now aim to stop construction four miles and eight stations short of what was planned, leaving crews to build the most challenging, expensive and critical stretch at some future date, if possible.

"I wish we could go all the way to Ala Moana now. That's for another day," Mayor Kirk Caldwell told rail board members during their meeting Thursday, officially abandoning hope of finishing the entire rail project with its current funding, and instead urging the board to recommend a shorter rail line for now.

"I think we need to focus for now on how we get to Middle Street," Caldwell said.

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Critics of that plan say it undermines the point of building the rail in the first place: to offer West and Central Oahu commuters a more convenient way to get to town. It would significantly reduce ridership from the city's longtime estimate of 119,000 daily rail trips and place a bigger burden on taxpayers to subsidize the line in place of lost fare revenues, they say.

Eliminating the eight stations past Middle Street could reduce rail's ridership by at least 51,000 daily boardings, according to Honolulu Authority for Rapid Transportation estimates. The move might solve some of the rail's immediate money problems, but it could also leave city officials with more difficult long-term challenges as they try to pay for its operations, one key state lawmaker said.

Nonetheless, faced with new cost estimates that put Ala Moana Center well out of reach — and an Aug. 7 deadline from rail's federal partners to come up with a realistic plan that's on budget — Caldwell and City Council Chairman Ernie Martin this week endorsed stopping at Middle Street for now.

"It is clear that the benefits of such a plan outweigh the drawbacks," Martin wrote in a letter Tuesday to Federal Transit Administration Regional Administrator Leslie Rogers. "It does not preclude us from eventually completing the full 20 miles and 21 stations" when the city has the financial means to finish it.

HART officials have estimated it would cost about \$6.22 billion to complete the first 16 miles and 13 stations to Middle Street. Rail can expect to receive construction revenues of approximately \$6.8 billion, based on the latest estimates. However, it's now expected to cost more than \$8 billion to build the full 20 miles.

"It's not a perfect-world situation," HART board Chairwoman Colleen Hanabusa said at the Thursday meeting. "But ... we don't have the money." The board could schedule a special meeting as early as next week to make a recommendation to the City Council on the Middle Street idea, she said. The Council would then have to discuss what rail policy it wants to pursue during its own meeting, she added.

Even if the city opts by Aug. 7 to pursue the Middle Street plan, there's no guarantee that the FTA will approve the idea and agree to provide the project's full \$1.55 billion in federal funding. HART officials say FTA leaders have told them the system needs to be "functional" but that there aren't specific guidelines for what that means.

The FTA, meanwhile, said it will "reserve judgment" on federal financial assistance for the

project until after it receives and evaluates the City Council and HART's so-called "recovery plan."

Neither Caldwell nor Martin addressed when building might resume to Ala Moana Center or with what specific future funding if rail construction stops at Middle Street. (Caldwell suggested using state, federal or private dollars, and he ruled out raising property taxes in a statement Thursday.) The station there will be next to the Kalihi Transit Center, a hub where passengers could transfer to buses to then get to downtown.

If the rail line does end prematurely, officials say it would probably cost more to resume building later. In the current market, with some 12 percent annual construction cost escalation, it could cost as much as \$10 million for every month delayed on a \$1 billion contract, HART Deputy Executive Director Brennon Morioka said. Despite the construction market's occasional dips and plateaus, construction costs gradually increase over time, he added.

HART reports having spent \$54.6 million in design work and \$42 million in property acquisition so far for the final four miles into town, including the narrow, costly and challenging corridor along Dillingham Boulevard. Stopping at Middle Street would put much of that effort in limbo. The HART board was slated to discuss eminent domain issues Thursday but ran out of time.

Earlier this week Caldwell had still been pushing to get the full 20-mile line built.

"I believe we should work to the goal of building the full 20 miles, 21 stations. But we shouldn't cap. We shouldn't cut and run," Caldwell said during an interview on Hawaii News Now's "Sunrise" morning show several days ago. "This project is just too darn important. It's something we've been fighting for 40 years here."

The news that both Caldwell and Martin agreed work should stop at Middle Street surprised some members of the City Council's Transportation Committee, which also met Thursday. Kimberley Pine, who represents the Leeward Coast, was deeply frustrated.

"That's pretty stupid," Pine told HART staff after they briefed her. "As someone who's stuck in traffic the longest ... I can tell you, you need to look at the ridership numbers on all these plans." HART officials say they've just begun to analyze how stopping at Middle Street would affect ridership and other factors.

"We're just making a guess out of the air. We're not using real numbers to make management and construction decisions," and that's been a core problem with rail, Pine added.

Shortly after the Council meeting ended, Pine appeared about a quarter-mile away at the HART board meeting, which ran all day. She pleaded that the rail agency keep considering other options.

HART Executive Director Dan Grabauskas said he would issue an addendum to the firms looking to build rail's final four miles advising them to "stand down" on their work until rail officials have a clearer direction for the project.

In 2012 HART estimated it would cost about \$528 million to build rail's final four miles. In March it estimated it would cost \$866 million. Now it estimates it could cost as much as \$1.5 billion to complete that same stretch.

Last year state lawmakers authorized a five-year extension of a 0.5 percent general excise tax surcharge to help the city finish the 20-mile project. Nothing in the law's language prevents the

city from building a shorter line using those dollars, state Sen. Jill Tokuda, Ways and Means Committee chairwoman, said Thursday.

When Caldwell and rail leaders testified before her committee, "there was never a discussion I recall (of) 'Hey, we might not even make it,'" said Tokuda (D, Kailua- Kaneohe). Instead, the five-year extension was supposed to give the city a financial "cushion" to start planning line extensions, she said.

"It's extremely disappointing to see us in this position," Tokuda said. "Making the line shorter doesn't make it easier."

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