

HAWAII NEWS

Caldwell doesn't sign rail budget bills

By [Gordon Y.K. Pang](#)

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BRUCE ASATO / JAN. 29

"Right now I have all the responsibility and none of the authority," Mayor Kirk Caldwell said about the Honolulu Authority for Rapid Transportation. "And sometimes I find that very frustrating."

Six budget bills with Honolulu Authority for Rapid Transportation spending were returned Friday by Mayor Kirk Caldwell without his signature, meaning they will become law without his consent — even as he urged quick Council approval of a measure authorizing the use of general funds for rail.

As he has done with other budget bills since he became mayor in 2013, Caldwell raised a long-running issue about whether his administration and the Council are authorized to amend budgets adopted by the semi-autonomous Honolulu Authority for Rapid Transportation. The Council lowered HART's operating budget and made adjustments that are HART-related to the

six other budgets before approving them June 6.

Former Mayor Peter Carlisle, Caldwell's predecessor, also returned HART budgets without signature.

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"HART was created to take politics out of the construction of our rail project," Caldwell said at a Honolulu Hale press conference. "People felt that it was not good to have politicians involved in the issuing of contracts, awarding awards and managing the project. So we have very limited oversight of the HART budget."

Caldwell said he personally would prefer to have direct input into the finances of HART, which is under the guidance of a board comprised of three members selected by the mayor, three members by the Council, the state and city transportation directors and a ninth member selected by the other eight, and the city planning director, who is a nonvoting member.

"Right now I have all the responsibility and none of the authority," the mayor said. "And sometimes I find that very frustrating."

Caldwell also took the opportunity to press Council members about passing [Bill 42 \(2017\)](#), which gives the city the authority to use money from general funds — including property tax collections — to help finance the cost of the \$8.2 billion-plus rail project.

A city ordinance bars the use of the city's general funds for rail construction.

But the state Legislature's 2017 bill approving the extension of the 0.5 percent general excise tax surcharge leaves the project an estimated \$214 million short through 2030, including \$44 million in 2018.

That precipitated the need for Bill 42, which has stalled in the Council Budget Committee because members have been reluctant to advance it.

Meanwhile the Council's budget package inserted \$44 million into HART's capital improvements budget. That money can't be included in any bond authorization without Bill 42, Caldwell and city Budget Director Nelson Koyanagi said.

Officials with the Federal Transit Administration, which is chipping in \$1.55 billion toward rail construction through a grant agreement, have told city transportation officials that they want to see proof that the city has "skin in the game" — a commitment to filling any gaps the project might have through its general funds, Caldwell said.

The FTA has withheld about \$750 million of its funding, pending its review of a financial

recovery plan that it demanded after costs rose significantly in recent years. Showing a clear commitment to the \$44 million could go a long way toward FTA approval of the recovery plan, he said, noting that a decision is expected from Washington soon.

Caldwell, in a memorandum to the Council on Friday, proposed a new version of Bill 42 that would cap the amount of general funds that could be used to \$214 million by 2030 and no more than \$26 million annually.

The administration wants the Council to move quickly on the bill because it is scheduled to float a separate series of bonds later this summer and would like to include the HART bond as part of that proposal in order to cut down on administrative costs. "If we do separate bond floats, it will cost us a lot more money," he said.

Council Chairman Ernie Martin, in response to Caldwell's comments, said while he agrees with the mayor that the city needs to show its commitment to the FTA, he disagrees with his timing of things.

So far, he said, he's only heard conjecture that FTA wants the city to actually float the bonds.

Martin said he'd like "clarity from the FTA" about what kind of commitment it wants for the \$44 million. Since HART officials have stated repeatedly that the money isn't needed to get through next year's budget, "for the county to take the risk and float bonds for \$44 million that we're not going to utilize but have to incur costs for doesn't seem logical."

He added, "Just to go through that exercise is of concern to the Council. ... At this point we need something specific from them."

Martin said Council members had anticipated Caldwell would return the budget bills unsigned since he'd done the same with other HART funding-related measures in previous years. "We have a difference of opinion as to the Council's prerogative," he said.

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