



ISLAND MATTERS *Mufi Hannemann*

Key Points Missing From The Rail Audit

There's a lot missing in the Hawai'i state auditor's report on Honolulu's rail project, a Rip Van Winkle-ish account that has forgotten the period between my departure from city hall in 2010 and the ensuing eight years. Let me recap the missing pieces. (By the way, the auditor never asked to interview me, although I would have been happy to participate.)

My administration awarded the first rail construction contract in 2009. It was the sole contract awarded during my tenure; the others were awarded by my successors. We did it to take advantage of an economy reeling from the Great Recession and to stimulate a weak construction industry. In so doing, we realized huge savings for taxpayers of \$90 million when the bid came in below our estimate.

When I left office in mid-2010, the rail project had earned the Federal Transit Administration's approval of our final environment impact statement (FEIS). An independent evaluation by Jacobs Engineering, the agency's project overseer, stated we were within 2 percent of their estimates and recommended the FTA proceed with full funding for 2012.

Plus, we possessed a \$1.3 billion contingency fund for future and unanticipated rail costs. Our Congressional delegation, led by the late U.S. Sen. Daniel Inouye, was fully on board, and the FTA had approved distribution of the FEIS. This meant mostly approvals awaited, and nothing significant stood in the way of

proceeding with preliminary work necessary for groundbreaking.

The auditor's report makes no mention of Gov. Linda Lingle's role in the delays. While it was Lingle who first proposed building a state-city rail system in early 2003, she would subsequently impede its progress: by stalling tax collection even after it became law, in having

how with them. Grabauskas decided to revisit the original plans and contracts. By the time he realized the original work had been well-conceived, work had been delayed and costs increased. In 2014, Jacobs Engineering, which had been continuously monitoring the work, discovered costs were exceeding earlier estimates.

The state had approved

are along the rail route.)

By the time the Caldwell administration and HART board had had enough of Grabauskas, years of lax oversight had resulted in ballooning costs, delays and a loss of public confidence. As Grabauskas bid aloha, he secured an agreement from HART that the city will not refer to or name him publicly, lest they be subject to a law-

Over time, as the benefits of rail and transit-oriented development come to fruition, history will validate our work, as it has in other cities around the world. Locally, look no further than the history of H-3 as a prime

example of a project that took years to start, fraught with cost overruns, controversy and setbacks, but once completed became an overnight sensation.

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her administration conduct a superfluous study after the FTA had approved entry into preliminary engineering, and in withholding state approval of the FEIS while she was in office.

On the other hand, Gov. Neil Abercrombie would promptly approve that FEIS only days after replacing Lingle in December 2010, after which the FTA gave its go-ahead and the City Council OK'd the necessary permits. Despite the Lingle delays, the project continued to move.

Then in April 2012, with Honolulu Authority for Rapid Transportation created by voters, the board hired Dan Grabauskas as its head, even though he had no experience in new rail construction. Things then began to go sideways.

A number of longtime rail experts left HART, taking their experience and know-

the city's archaeological inventory survey plans for the route. But a lawsuit against both jurisdictions over that process led to a ruling against them by the Hawai'i Supreme Court. A yearlong stoppage ensued, adding \$71 million to the cost. This is not to mention the delays caused by other lawsuits filed by rail opponents.

Grabauskas decided to make changes that led to delays by requiring the reworking of the procurement packaging. He changed the length and frequency of the trains, which had a snowball effect on costs. When bids for the initial nine stations were opened in August 2014, they exceeded estimates by \$100 million. This forced the city to rethink its approach, creating delays just as the construction industry was recovering with new condos all over town. (Ironically, many are proceeding because they

suit. As a result of that ill-advised agreement, the auditor would not thoroughly assess his performance and its deleterious impact on the project, which allowed Grabauskas to wash his hands and walk away with a handsome settlement.

That's where we stand today. Andy Robbins, the new HART chief, has inherited a huge challenge, but one that I'm confident he can overcome because he has the right construction experience coupled with innovative ideas.

For my part, I maintain our decision to proceed with rail was the right one: from raising the general excise tax during the 2005 Legislature and securing approval by the City Council, to the initial support we received from voters, to the vote of confidence by the federal government, to the progress rail has made to date despite its challenges.

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