



U.S. Department
of Transportation

**Federal Transit
Administration**

Administrator

1200 New Jersey Avenue, SE
Washington, DC 20590

October 26, 2018

The Honorable Kirk W. Caldwell
Mayor of Honolulu
530 South King Street, Room 202
Honolulu, HI 96813

Dear Mayor Caldwell:

Thank you for your letter responding to the September 21, 2018, letter that I sent to Honolulu Authority for Rapid Transportation (HART) Chief Executive Officer Andrew Robbins regarding HART's Honolulu Rail Transit Project. Your letter requests clarification of the Federal Transit Administration's (FTA) request that the \$44 million identified in HART's previous financial plan of September 15, 2017, be fully committed towards the project by November 20, 2018.

I received a similar letter from Honolulu City Council Chairman Ernest Y. Martin. Chairman Martin's letter describes the City Council's plans with respect to legislative action supporting these funds. Because your letters touch on the same subject, I am sending the same response to both of you.

On September 15, 2017, HART submitted to FTA a Recovery Plan asserting that the City would provide \$20 million in funding towards the project in HART's fiscal year (FY) 2018 budget and an additional \$24 million in funding towards the project in FY 2019. This Recovery Plan was approved by the City Council by resolution (17-266, FD1) on October 6, 2017. Since then, FTA has held numerous discussions with you, HART, and City Council members, in which FTA conveyed its expectation that HART follow through on the Recovery Plan. Timely actions demonstrating commitment to the Recovery Plan are vital, as that plan is predicated on the project ultimately receiving a total of \$214 million in City funds.

In addition to the funding identified in the September 2017 Recovery Plan, an additional \$134 million shortfall was identified earlier this year during an FTA risk assessment of the project, and FTA communicated this to HART in June 2018. As stated in my September 21, 2018, letter, HART must identify the funding source for that shortfall by November 20, 2018, in the revised Recovery Plan that FTA has requested.

Further, as FTA has stated clearly in previous communications, funds will be considered committed once they are fully available for the project, without any other approvals needed. Under the process identified by the City, in which it decided to issue bonds for the project, FTA would consider the funds committed once the bonds have been issued and the funds are available to the project. This principle was discussed in an April 16, 2018, meeting between FTA's Acting

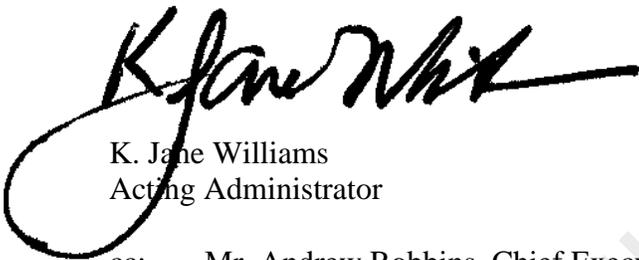
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Administrator and Mr. Robbins, which was also attended by you, Chairman Martin, and U.S. Senator Brian Schatz. During that meeting, Chairman Martin committed to completing the budget process by July 2018. This principle was also communicated to HART through an email from Bruce Robinson, FTA's Acting Associate Administrator for Program Management, on May 21, 2018. In that email exchange, HART indicated to Mr. Robinson that the bonds would likely be issued in late August or early September 2018.

FTA has exercised considerable patience in waiting for the City to identify and implement the method it would use to provide the \$44 million, yet the process is still incomplete. The use of bonds is a local decision. Alternatively, the City could consider other funding mechanisms to meet FTA's specified November 20, 2018, timeframe. Absent a viable path forward, FTA may proceed with the remedies set forth in the Full Funding Grant Agreement for this project.

Please contact acting Region IX Administrator Ed Carranza at 415-734-9490 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Jane Williams". The signature is stylized and cursive, with a large loop at the beginning.

K. Jane Williams
Acting Administrator

cc: Mr. Andrew Robbins, Chief Executive Officer, Honolulu Authority for Rapid
Transportation