



ISLAND VOICES

Forensic audit needed for rail project

By John Henry Felix

How much is too much?

When taking opportunity cost into consideration, Honolulu's rail cost will likely be \$33 per ride.

Opportunity cost is an economics term used to describe the loss of potential gain from other alternatives when one alternative is chosen.

In 2017, the Government Accountability Office reported that, with financing costs, Oahu's rail project cost would come in at almost \$10 billion.

If Honolulu placed that \$10 billion into investments that yielded a 5 percent return, the annual opportunity cost would be a sizeable \$500 million a year — available for transportation alternatives.

When adding in the \$100 million projected for rail's yearly operating costs, that's an annual \$600 million that could have been made available for a wide array of transportation alternatives, given all the new technology that has been developed since this project began.

With rail ridership that's likely to be 18 million yearly — half of what the city is projecting — the cost for each ride would be the aforementioned \$33 — with most of that borne by Oahu taxpayers.

Voters in 2010, after being told by officials that Honolulu's rail would cost \$3 billion, approved a City Charter amendment to create a semi-autonomous public transit authority to oversee planning, construction, operation and extension of the rail system. The Honolulu Authority for Rapid Transportation (HART) began operations July 1, 2011.

But now, with costs approaching \$10 billion, there are calls from reasonable people asking for a pause at Middle Street and to examine other options to complete the line.

As a member of HART's board of directors, I have called on fellow directors in a May 21 letter to pause and reevaluate. 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.