

Runaway Train: How Hawaii's Rail Project Went Off the Tracks

- **False Start to Force Funding:** Despite [numerous warnings from the FTA](#) about “weaknesses” in the project’s financial plan, the mayor declared the rail service “shovel ready” in October 2009. The construction contract was awarded “prematurely” awarded “under an artificial timeline.” [This decision](#) was “driven by concerns that rising costs and loss of tax revenue would derail the Project.” The [mayor admitted](#), “the longer we delay, the greater the chance the money will go away.” As a result, delays and cost overruns “would break the Project’s budget and erode public confidence,” notes the [state auditor](#).
- **Pork Project:** In addition to the [\\$1.8 billion committed to the project by the Federal Transit Administration \(FTA\)](#) and [\\$70 million](#) in the recent COVID [stimulus package](#), the Honolulu rail project is also one of those pork projects that Democrats are eager to bring back. Before the practice was put on hold a decade ago, the Honolulu High Capacity Transit Corridor Project received three [earmarks](#) costing more than \$65 million.
- **Contractors Paid to Do Nothing:** The decision to award the construction contract before first receiving federal approvals resulted in [delay costs](#), which started accruing almost immediately. Since then, [millions of dollars](#) have been paid to contractors for sitting idle due to numerous delays caused by everything from [prematurely awarding the contract](#), [lawsuits](#), and [incomplete designs](#). When work was stopped in 2012 for 13 months to conduct an archaeological survey, for example, contractors were still paid for “[idle work, idle equipment and offices](#)” and [other delay costs totaling \\$40 million](#).
- **Dangerous Defects:** The project has been riddled with safety defects and design flaws. It was just [revealed](#) that [the wheels don’t fit properly](#), which will be expensive to fix and likely to add to the delays. Some of the train cars [failed fire testing](#) and deficiencies were found in the [aluminum beams](#) used in the shell of the cars. The tracks, which were supposed to last decades, are already [cracking](#), also likely to cause additional delays. Some of the [paddings](#) along the track were faulty and required replacing. Construction has stopped on part of the rail’s route because the [design drawings are still not complete](#).
- **Criminal Cover-Ups:** When the project’s price projections continued to go up, [staff were ordered to stop cost calculations](#) until the [first \\$1.5 billion bailout](#) from the state legislature was approved in 2015. Whistleblowers who claimed they were [intimated to withhold information about the misuse of federal funds](#) were not questioned [for further information](#) and the allegations were not reported to FTA. Now, [a criminal investigation](#) by the U.S. Department of Transportation Office of Inspector General is reviewing the agency’s overpayment of [millions of dollars](#) for real estate along the rail line [beginning in 2015](#).
- **Perks and Pay Outs:** The transit’s executive director is lavished with perks. As [the city’s highest paid employee](#), the head of the rail agency collected [twice as much as the mayor](#), in addition to a [housing allowance](#), a [transportation stipend](#), and [bonus](#) after [bonus](#). Despite [covering up the project’s growing financial problems](#) from city and state

officials and committing [fireable](#) and [possibly criminal](#) offenses, an executive director who departed in 2016 was even given a golden parachute totaling [\\$282,250 as severance](#).

- **Bloated Bureaucracy:** The Honolulu Authority for Rapid Transportation (HART), which is overseeing the rail project, employees [130 staffers](#) and spends about [\\$12 million a month](#) on its own operating costs. “I do see quite a bit of redundancies and inefficiencies,” says the interim executive director. “We’re paying layers upon layers of not just HART staff, but consultants and contractors and we need to cut that waste out, [she admits](#).”
- **Well-Compensated Consultants:** Due to a lack of expertise in its own bureaucracy, the rail agency has [relied heavily on consultants](#), who have been well-compensated. Just 19 contract workers from one firm were paid [\\$9.6 million](#) in a single year, which is more than \$500,000 each. The state auditor notes this leads to “[consultants managing consultants](#)” and little oversight or accountability of performance.
- **Larding Up with Lobbyists:** The rail agency now plans to spend [\\$1 million to hire lobbyists](#) to shake down more federal funding to make up for the shortfall.
- **More Billion Dollar Bail Outs Required:** Another bailout for [\\$3.68 billion](#) will be necessary to complete the rail project, according to the latest budget estimates. “There’s a huge gap that we need to fill,” [acknowledges HART’s new interim CEO and executive director Lori Kahikina](#), while admitting “I don’t have the answers how to fix it.”
- **Failure to Complete Could Forfeit Federal Funds:** “A lot of the feedback from the public is, ‘Just kill it,’” notes Kahikina. But she says failure to complete the full route would make it “[a train to nowhere](#)” and put the federal funds in jeopardy. In fact, under the terms of the [Full Funding Grant Agreement](#), the FTA has the authority to “demand all Federal funds” be returned if the project is not finished. Therefore, Kahikina says, “We have to make it.”

Costs Have Doubled

Original cost: \$5.12 billion
Current projection: \$12.45 billion

Completion Date Delayed by More Than a Decade

Original completion date: January 2020
Current projection: 2033

Cost Per Mile/Foot/Inch

\$619,353,233.83 per mile to construct (\$12,449,000,000 divided by 20.1 miles)
\$117,301 per foot (\$619,353,233.83 by 5,280 feet)
\$9,775.15 per inch (\$117,301 divided by 12)