



Lori M.K. Kahikina, P.E.
Executive Director and CEO |
Poʻo Hoʻokō a Kahu Luna Nui Hoʻokō

Rick Keene
Deputy Executive Director and COO |
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January 22, 2025

The Honorable Rick Blangiardi, Mayor
City and County of Honolulu
530 South King Street, Room 300
Honolulu, Hawaii 96813

and

The Honorable Tommy Waters, Chair
and Members
Honolulu City Council
City and County of Honolulu
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Mayor Blangiardi, Chair Waters and Councilmembers:

This letter amends the transmittal letter dated December 2, 2024 which accompanied the submission of the Fiscal Year 2026 Operating and Capital Budgets of the Honolulu Authority for Rapid Transportation (HART).

In the previous transmittal letter, HART failed to include the following paragraph as had been directed by the HART Board of Directors:

The fiscal year 2026 operating and capital budget excludes updated pricing for the City Center Guideway and Stations and its impact on the overall project and the six-year capital plan. We anticipate having this information updated by February 2025.

HART apologizes for not including the above language in the original transmittal letter. HART fully intends to discuss any changes that may be required to the previously submitted budget, as a result of the recently awarded City Center Guideway and Stations design and construction contract, with City Administration and Councilmembers in budget briefings and in the budget presentations to the Council. The intent was, and still is, to discuss any financial updates after acceptance by both the FTA and the HART Board. HART misunderstood the directive of the Board to include the above paragraph in the December transmittal letter but rather thought that the intent was to include the paragraph in the actual presentation that will be made to the Council, to the extent that the necessary changes had not already been made.

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The context of the December 2, 2024 transmittal letter (without the previously submitted attachments) is as follows with no additional changes having been made at this time:

On behalf of the Finance Committee of the Honolulu Authority for Rapid Transportation (HART), below is a summary of HART’s Fiscal Year 2026 Operating and Capital Budgets for consideration:

- Operating Budget..... \$174,738,197
 - Comprised of:
 - Debt Service and Fees \$169,737,958
 - Operating expenditures 5,000,239
- Capital Budget..... \$793,630,000

The FY2026 Operating Budget reflects an increase of \$36.4 million or 26.3%, over the approved FY2025 budget of \$138,334,551. Key highlights of the FY2026 Operating Budget include:

- The Operating Expenditure Budget primarily consists of debt service expenditures (97% of total budget).
- The increase from the FY2025 budget is due primarily to an increase in debt service expenditures that increased \$36.2 million from FY2025 budget related to principal payments on outstanding debt.
- City direct reimbursements increased over the prior year. These costs are based on information provided by the City’s Department of Budget and Fiscal Services (BFS), in accordance with an MOU between HART and BFS.

HART’s FY2026 Capital Budget includes all previously unappropriated construction contracts for which the procurement is expected to commence during FY2026. Highlighted projects for FY2026 include continued construction of the City Center Guideway and Stations, the start of the Pearl Highlands Transit Center, the associated Access Ramp and the Waipahu Makai Station Entrance, and ongoing HART Project Management capital costs.

Attached are the FY2026 Budget schedules approved by the HART Board Finance Committee. Also attached are the same Operating and Capital budgets in a format as set forth in Ordinance 20-24 and Ordinance 20-25. (This is the original language of the December 2, 2024 letter; however, the referenced attachments have not been resubmitted with this amended letter.)

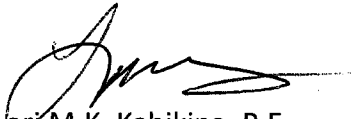
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Please do not hesitate to contact me with any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Lori M.K. Kahikina', with a long horizontal flourish extending to the right.

Lori M.K. Kahikina, P.E.
Executive Director and CEO

cc: HART Board of Directors
Mr. Michael Formby, Managing Director
Office of the City Clerk