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October 31, 2016

MEMORANDUM

TO: Councilmember Ernie Martin, Chair
Clayton Wong, Fiscal Administrator - Honolulu City Council

FROM: Councilmember Carol Fukunaga, District *CM*

SUBJECT: **Travel Report – San Francisco Rail-Volution 2016**

Attached is my travel report for my October 8-13, 2016 travel to the **Rail-Volution 2016** conference held in San Francisco this year.

Pursuant to **Resolution 16-244**, Council Chair Martin and I met with Transbay Transit Center administrators, and I was able to conduct site visits to public housing/TOD revitalization sites in the City of San Francisco.

Please contact my Office Manager Doris Lam at 768-5006 if you have additional questions.

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**Rail-Volution: Building Livable Communities with Transit
October 9-12, 2016 (Hyatt Regency, San Francisco)**

SUNDAY, 10/9/16: 1:00-4:00pm

What are the DOT and FTA doing to help communities plan and implement TOD policies and encourage joint development? Hear a brief overview about the FTA TOD Technical Assistance Initiative and new joint development policies. Explore how recent changes to the TIFIA and RRIF programs make TOD eligible for financing. Learn how the Ladders of Opportunity agenda and the Build America Bureau fit in.

Panelists included a noteworthy range of DOT and FTA financing experts: **Kimberly Gayle**, Director, Policy Review and Development, FTA-US DOT (Washington, DC), **Leslie Rogers**, Regional Administrator-Region 9, FTA (San Francisco, California), **Daniel Schned**, Policy Analyst, FTA-US DOT (Washington, DC) and **Amit Srivastava**, Risk Manager, Build America Bureau, US DOT (Washington, DC).

Of particular interest were various financing strategies – e.g., transit-oriented development (TOD) eligibility under the TIFIA (*Transportation Infrastructure Finance and Innovation Act*) and RRIF (*Railroad Rehabilitation and Finance Act*) loan programs – that could be utilized for mixed-use development with economic and public transportation benefits. These varied federal financing tools warrant detailed review and evaluation to improve our financing mix for Honolulu's transit and TOD-neighborhoods.

SUNDAY, 10/9/16, 6:00 PM-10:00PM

WELCOME RECEPTION - Rail-Volution's Welcome Reception at this historic theatre is only 12 minutes on BART from San Francisco to Oakland's Uptown District, the demographic center of the Bay Area. The centerpiece of a revitalized Uptown, the Fox is home to live jazz, funk and rock performances, as well as the Oakland School for the Arts. Rail-Volution board members and Oakland Mayor Libby Schaff highlighted key redevelopment initiatives planned for this Uptown District, including uber's acquisition of the famous Sears Building for its new headquarters next to Oakland's 19th Street BART Station.

MONDAY, 10/10/16

OPENING PLENARY - Introduction to the Bay Area (8:00AM – 9:30AM)

The San Francisco Bay Area is the country's third largest economy. But booming industries and incredible wealth creation bring with them a host of issues: Exploding real estate values benefit property owners, but cause income inequality and displacement. A surge in transit ridership taxes an aging transportation network already bursting at the seams: consider growing suburban poverty leading to hundred-mile commutes; continued resistance to housing development in job- and opportunity-rich locations; the urgent need for investment to update aging transportation infrastructure; and a renewed sense of shared responsibility across the Bay to provide housing for people of all incomes, coupled with fears of traffic and congestion from growth without proper management.

The Bay Area region and the State of California are addressing these issues through innovative funding and financing mechanisms, local housing and transportation initiatives, and climate change mitigation and adaptation strategies.

Emcee Grace Crunican, General Manager, San Francisco BART District; VP - Board of Directors, Rail-Volution, Oakland and local hosts **Ed Reiskin**, Director of Transportation, San Francisco Municipal Transportation Agency, **Jake Mackenzie**, Vice Chair, Metropolitan Transportation

Commission, Rohnert Park and Nancy Andrews, President and CEO of Low Income Investment Fund, San Francisco extended a warm welcome to Rail-Volution 2016 attendees.

However, Tech Crunch journalist Kim-Mai Cutler's overview presented a sobering view of the challenges and unlimited opportunities facing Bay Area leaders. Through her example of Eichler homes (well-designed homes for middle/lower-middle class incomes) built in the 1940's and 1950's, she noted that homes used to be approximately 1.5 times your annual salary; today, middle-class homes are 9.5-10 times your income. Five of the world's most valuable companies today are tech companies (3 of which are located in the Silicon Valley area). Against that backdrop, the Bay area has long been characterized by slow growth policies (exemplified by Governor Pat Brown in the 1970's, and Governor Jerry Brown today); and Proposition 13 has led to a 66% decline in affordable housing in California.

Panelist Carol Galante, Professor and Director of the Turner Center for Housing Innovation, UC-Berkeley, pointed out that Bay Area residents pay a higher percentage of their incomes for housing (30% rather than 26% - the national average). She also discussed a variety of affordable housing tools, such as the Bay Area Transit Opportunity for Affordable Housing (TOAH)/OBAG Fund, housing development dashboard development kits, and methods to reform Proposition 13 (e.g., through capital gains).

Moderator Amie Fishman opined that voters 'get the message' regarding transit issues and the Bay Area's affordable housing crisis. Numerous polls show that people support low-income housing or housing for seniors. Steve Heminger of the Metropolitan Transportation Commission/Oakland emphasized the need to build housing to serve San Francisco's workforce, and encouraged greater use of incentives.

Although Honolulu and the State of Hawaii are nowhere near the Bay Area in terms of economic growth and wealth creation, the opening commentaries were compelling because Honolulu's affordable housing crisis and homelessness per capita is at the top of the rest of the country. Honolulu – and the State of Hawaii – should adapt other cities' best practices to immediately develop housing for Hawaii's working people.

MONDAY, 10/10/16 – Putting the E into TOD (10:00AM – 11:30AM)

Hone in on the equity side of ETOD. How do you identify opportunities? What strategies can you use to assess feasibility and attract financing? Hear real-life stories from private development intermediaries and nonprofits. How have they attracted the right partners to serve their high-need populations? What risks should you identify and mitigate before going forward?

Moderator: Amie Fishman, Executive Director, Non Profit Housing Association of Northern California, California

Meea Kang, President, Domus Development; Board Member, Rail-Volution, California

Rosa Ortiz, AICP, LEED AP, Program Director, Enterprise Community Partners, Chicago, Illinois

Diana Yazzie Devine, President and Chief Executive Officer, Native American Connections, Phoenix, Arizona

Speakers from this panel highlighted recent affordable housing development accomplishments that were strategically located at/near transit stations, particularly for special needs/ethnic populations in Chicago's urban core, housing for non-traditional families (e.g., single fathers or grandparents raising children) in Phoenix, and senior housing that promoted active

wellness/recreational lifestyles. They also discussed creative ways to sustain supportive services for single/chronic homeless residents – for example, HUD funding streams, cap-and-trade program bonuses (California), or even using installation of a cell tower/rental income as helping to cover the costs of social services.

MONDAY, OCTOBER 10, 2016 – Homelessness and Transit (2:00 PM-3:30 PM)

In the world of planning, we talk a lot about complete communities: affordable housing, strong transit networks, walkability, bikeability. We extoll the importance of neighborhood amenities: schools, services and open space. Most of all, we talk about equity. However, the homeless crisis is front and center in San Francisco (and many other cities). It overwhelms public spaces, community services and transit facilities. Hear from the City, a transit agency and a community organization in the Bay Area. How are new partnerships and approaches changing the way we engage and support homeless people?

Moderator: Mike Akerlow, Housing Director & Neighborhood Development, Salt Lake City, Utah
Sam Dodge, Director, City and County of San Francisco, San Francisco, California
Chris Richardson, Regional Director, Downtown Streets Team, San Jose, California
Tim Chan, Manager of Planning, San Francisco BART District, Oakland, California

In discussing specific actions to address homeless encampments, **San Francisco's Homeless Coordinator Sam Dodge** emphasized the need to coordinate cross-departmental approaches, to identify/track encampments, outreach to neighbors, outreach and shelter placement, resolve encampments and to work with property owners to prevent new encampments. One significant measure of San Francisco's level of departmental/business community coordination is the City's budget allocation of \$242 million in FY 17 (75% of which comes from City of San Francisco general funds) for homeless housing/services.

San Jose's Chris Richardson also identified combined expenditures (federal, state, local) of \$520 million dollars in FY 17 as a critical component of San Jose's homeless housing strategies. The San Jose model in a nutshell: Homeless and low-income people volunteer with the City of San Jose and work collaboratively on beautification projects around the community. In return, Downtown Streets Team Members receive a basic needs stipend while receiving case management and employment services.

Both examples offer timely guidance for Honolulu's efforts to reduce homelessness.

MONDAY, OCTOBER 10, 2016 – TOD Showdown: Public Sector vs Private Sector (4:00-5:00PM)

Prepare to be entertained (and informed) with this classic face-off. In one corner: The Government. In the other: A For-Profit Developer. The prize? A TOD built at a recently opened light rail station, on land owned by the transit agency.

Moderator: GB Arrington, Principal, GB Place Making, Portland, Oregon
Thatcher Imboden, Senior Transit-Oriented Development Analyst, Sound Transit, Seattle, Washington
Meea Kang, President, Domus-Development; Board Member, Rail-Volution, Sacramento, California

The two protagonists in this 'debate' used a debate format to articulate and demonstrate the tensions, challenges and opportunities in balancing both public benefits and private sector financing demands in shaping transit facilities. Entertaining and educational at the same time!

TUESDAY, OCTOBER 11TH – EAST BAY IN MOTION: EAST BAY'S FIRST BRT PROJECT (10:00AM-2:00PM)

Learn how Alameda- Contra Costa or AC Transit has been working to create a sustainable and innovative transit system. This \$174 million investment in the infrastructure of Oakland and San Leandro is AC Transit's largest capital project, and will run the 9.5 corridor from downtown Oakland to San Leandro BART. Current ridership of roughly 12,000/day is projected to increase to about 20,000/day. The fleet of new hybrid-electric buses will run every 7 minutes during peak times, reducing wait times. Traveling mostly through a bus-only lane will result in improved transit speed, while the bus floor and station platform will be at the same level to ease the boarding experience for people in wheelchairs or with strollers. In order to minimize disruptions to the community, underground sewer and utility services were previously relocated, and new construction along the corridor will happen over six separately-timed stages.

Resource experts: David Wilkins, Director of Bus Rapid Transit, AC Transit; Beverly Greene and Estee Sepulveda conducted the mobile workshop tour and spoke on behalf of AC Transit on the tour; Michael Stella, Principal Engineer-City of San Leandro; Tom Liao, Deputy Community Development Director-City of San Leandro. At Fruitvale Transit Village and AC Transit's Oakland office: Chris Iglesias, CEO/The Unity Council; Joel Ramos, TransForm Regional Planning Director; Al Auletta, Department of Housing & Community Development Program Manager-City of Oakland; Chris Andrichak, Capital Planning & Grants Manager, AC Transit and AC Transit BRT Center (3322A International Blvd.) community outreach staff.

Overview: AC Transit speakers noted that the project schedule sought to minimize disruption to the community, while relieving traffic congestion and revitalizing one of the East Bay's most diverse cultural corridors (e.g., Latino, Chinese/Southeast Asian, Filipino and other ethnic communities). The 21 center-median stations and 12 curbside stations are roughly 1/3 mile apart (reflecting a compromise between the ½ mile light rail approach versus traditional bus stop locations).

City of Leandro speakers Tom Liao and Michael Stella explained that the San Leandro downtown area has not received new investment during the past 15-20 years, so that its earlier middle-class neighborhood status was slowly drifting towards lower-middle income status. Through investment of roughly \$15 million into the San Leandro BRT stations, their goal is to invigorate the city's downtown area by refreshing its commercial mix and adding more affordable housing.

Fruitvale Transit Village CEO Chris Iglesias outlined the history of the Fruitvale project, which resulted from a broad-based partnership among public, private and nonprofit organizations working to revitalize a low-income, predominantly minority community through TOD development. Its development was spearheaded by The Unity Council, a community development corporation formed to address issues important to Fruitvale's Latino community. The Unity Council's success in building relationships with a wide range of key players helped overcome the legal, regulatory and financial hurdles the project faced.

Between 1991-1999, The Unity Council engaged local stakeholders in a comprehensive visioning and planning process that set forth the parameters of the Fruitvale Transit Village. Plans included a mixture of housing, shops, offices, a library, a child care facility, a pedestrian plaza and other community services surrounding the BART station. The Unity Council's leadership role

has helped to insure that the community's own vision for the transit station and its surrounding area served as guiding principles for the planning and design process.

With over 25 years of experience in the public-private sectors, Mr. Iglesias retired from his executive leadership position with the City of San Francisco to assume leadership of The Unity Council three years ago. He obtained \$8 million in TOD funds from the State of California for a real estate development in Fruitvale Village Phase II. While the City of Oakland is also developing new housing adjacent to Fruitvale Village (with about ½ of the 250 apartments being affordable), he noted that sustaining the Fruitvale Village is challenging due to the original financing/zoning conditions that were part of its development. In recent months, Google has invested in a STEM/innovation training space in the Fruitvale Village, which may pave the way for additional investment/partnerships with tech players.

City of Oakland speakers **Al Auletta** and **Joel Ramos** discussed their roles in assisting small businesses (many of whom are ethnic 'mom and pop' operations) to modify their operations to survive the BRT implementation. They are working with roughly \$2 million in tech assistance funds (fund sources included City general funds, grants and CDBG funds), and recommended establishing a business mitigation fund early because small businesses will be impacted most by transportation changes. Auletta's team has inventoried roughly 1,000+ small businesses along the BRT route, and is working to reduce adverse impacts upon their businesses occurring with BRT implementation/construction.

TUESDAY, OCTOBER 11TH - TRANSBAY CENTER MEETING/SITE VISIT (3:00PM-4:30PM)

Overview of Transbay Transit Center and the role of the Transit Joint Powers Authority (TJPA) in managing the various multi-modal transportation components, as well as site visit of the construction site – meeting at 201 Mission Street (TJPA Headquarters), corner of Mission and Beale Streets.

*Resource experts: **Mark Zabaneh**, Interim Executive Director and **Scott Boule**, Legislative Affairs and Community Outreach Manager.*

The overview of the Transbay Center's development, which is based on a wide range of funding sources, demonstrated the importance of experience and expertise in transit financing, real estate development and city/state/federal government agency knowledge combined with private sector know-how. Visiting the construction site and seeing first-hand how the multiple levels of multi-modal transportation arteries would interact with each other was particularly impressive.

WEDNESDAY, 10/12/16 - TRANSIT P3: DO YOU HAVE WHAT IT TAKES? (9:30AM-11:00AM)

Public-private partnerships (P3) are showing up in transit projects across North America. What does it take to get a transit P3 to the implementation stage? Explore the ingredients that make a P3 a viable, faster alternative delivery method for transit projects in the US. Learn basic legislative and legal requirements for states and transit agencies pursuing P3s. What are the must-haves for both the agency and the contractor? What skillsets are needed? How do you convince stakeholders and agency boards that a P3 is the right route?

*Moderator: **Vicky Smith**, Transit Engineering Manager, Oregon Region, David Evans and Associates, Inc, Portland, Oregon*

***Georg Josi**, PhD, P.Eng, Associate, Structural Engineer, DIALOG, Edmonton, Alberta*

Charles Lattuca, Executive Director for Transit Development and Delivery, Maryland Transit Administration, Baltimore, Maryland
Rich Palmieri, Vice President, AECOM, Atlanta, Georgia

The speakers in this forum offered a high level of detail regarding the nuts-and-bolts of P3 transit partnerships, which was both informative and educational.

Georg Josi provided a broad overview of Canadian P3 processes he has implemented in Edmonton, which has one of the oldest light rail transit systems in Canada. The design process seeks to quantify the outcomes sought, which are inserted into the RFP process before technical and other steps are added. As responsive bids to the RFP are sought, the review process includes a first SUI submission (involving feedback), and a second SUI submission (which involves a pass/fail process).

Charles Lattuca of the Maryland Transit Administration described *Maryland's P3 Purple Line light rail* project, which is estimated to serve 59,500 daily riders in 2022 and more than 74,000 daily riders in 2040. Its end-to-end travel time is about one hour, with most riders taking shorter trips.

Maryland's P3 financing law exempts P3s from state procurement and allows agencies to consider unsolicited proposals, but it outlines key requirements for competitive processes for both unsolicited and solicited proposals. It requires that the Board of Public Works review and designate any P3 project and ensures that future P3 projects receive the highest level of scrutiny before the State seeks bids.

From a construction perspective, the *P3 Purple Line* project is expected to generate more than 23,000 direct and indirect jobs during the 6-year design and construction period. Its Disadvantaged Business Enterprise (DBE) goals are 26% for design services and 22% for construction services. It is intended to serve as a catalyst for economic development by connecting residents to jobs and attracting private, federal and state agency employment centers.

He explained the justifications for using a P3 approach for the *Purple Line* project:

- Schedule discipline (agreement focuses on asset availability and provides strong incentives for concessionaire to deliver the project on time).
- Operational issues – The Purple Line is a natural stand-alone asset that lies outside the MTA's area of operations, and the PC approach incentivizes higher-quality service.
- Cost and constructability – Concessionaire teams brought Alternative Technical Concepts to the table that saved money and improved constructability.
- Risk allocation – The P3 contract provides a reasonable allocation of project risk between the Owner and Concessionaire.
- Performance incentives – Construction, operations and maintenance activities are subject to financial incentives.

FHWA has identified five P3 transit projects being planned, procured or constructed in the U.S. today. The Denver Eagle P3 is a \$2.2 billion commuter rail line, rail cars and maintenance facility and represents the first transit design/build/finance/operate and maintain (DBFOM) underway. The *Purple Line* is the second DBFOM in the U.S. after Denver Eagle project.

Mr. Lattuca reported that the P3 project's \$900 million full funding grant agreement has been delayed to late 2016 due to litigation on ridership projections. However, construction is expected to start in late 2016, and the *Purple Line* should begin revenue service in spring 2022.

Lessons learned from Maryland's P3 Project:

- Political change – changing administrations bring changing transportation priorities and uncertainty.
- Get the non-engineers involved early – the proposer's O&M leads seemed to be the second level of decision-making during procurement, with equity investors taking the lead.
- Instructions to proposers – Evaluation criteria did not always match up with the proposal submittal requirements, which created confusion for the participants in the review/evaluation process.
- Evaluation and selection – the review and negotiation phase should be allotted a sufficient time and schedule.
- FTA coordination – transit P3s are relatively new to FTA; early discussions help reduce problems related to reviews, project management and contingency.
- Preliminary design – temper early conceptual designs. They should accomplish the intended function without unnecessary complexity, cost and public commitment.
- Right of way – early focus on acquisition is paramount; it reduces risk to the budget, schedule and potential concessionaire claims.
- Get 3rd party and utility agreements done early – 3rd party agreements should be completed or near completion by the time an RFP is released. Proposers need to price out impacts of those agreements.
- Public expectations – MTA had gone so far into project specifics with the public that MTA became locked into conceptual features that limited MTA's flexibility and caused political fallout when changes occurred.
- Developer impacts – several major developments came to life when the Purple Line project became real. These projects are causing change orders, project redesign and threats to the schedule. Reviewing these projects consume large amounts of staff time both on the owner side and on the concessionaire side.

AECOMM's Rich Palmieri outlined his experiences from a contractor's perspective, and explained why P3 offers unique advantages over traditional procurement methods:

- Empowers bidding teams to differentiate solutions.
- Full lifecycle considerations during design and construction.
- Integrated delivery efficiencies
- Risk allocation (public and private)
- Core team capabilities during O&M (response to unanticipated events, potential system expansions)

The P3 example he discussed was the first design/build/operate/maintain (DBOM) project in the United States – the *Hudson-Bergen light rail transit* in New Jersey. AECOMM served as the lead contractor, designer and operator to New Jersey Transit. Its design/construction services included track structure (ballast, ties and rail); grading, drainage and erosion control; utility relocations; system-side duct banks; street improvements; and traffic signals. AECOMM was

also responsible for system safety certifications for the main segment plus extensions. The project value was \$2.0 billion dollars, with the following lessons learned:

- Full integration of design/construction and operations/maintenance: start-up commissioning and O&M rail activation were built into the overall program planning and schedule. The O&M team staffed early (18 months prior to the initial Revenue Service Date).
- Life cycle and capital asset replacement: O&M period is now in its 15th year. Reliability, Availability, Maintainability (RAMS) historic data drives lifecycle prediction, and contractor is responsible for the rolling 5-year capital asset replacement planning.
- Proven performance: Achieved 98.85% on-time performance since revenue service started. Contractor has a solid safety record (designated as an OSHA Voluntary Protection Program), with steady ridership increases.

He also provided practical planning considerations for P3 transit projects: Evaluate your organization's capacity/experience (seek experienced advisors), apply a proven procurement process and structure (look at Canada examples), qualifications (firms are important to demonstrate capacity to perform), RFP prescriptive versus performance specifications (take care to avoid limiting innovation).

WEDNESDAY, 10/12/16 – SITE VISIT TO ALICE GRIFFITHS AND HUNTERS' VIEW PUBLIC HOUSING DEVELOPMENTS, FOLLOWED BY MEETING WITH SAN FRANCISCO PUBLIC HOUSING/REDEVELOPMENT AGENCIES (12:30-5:00 PM)

Overview of the Alice Griffiths Homes and Hunters View public housing projects, which include redevelopment of San Francisco's most dilapidated public housing projects. HOPE SF is the nation's first large-scale public housing revitalization project to prioritize current residents while also investing in high-quality, sustainable housing and broad-scale community development. In sites across San Francisco, HOPE SF will create thriving mixed-income communities that provide healthy, safe homes and opportunities to residents who have struggled in public housing for generations.

Resource experts: Elizabeth Colomelo, Senior Development Specialist-San Francisco Office of Community Investment and Infrastructure; Tiffany Bohee, Executive Director-San Francisco Office of Community Investment and Infrastructure; Olson Lee, Director-Mayor's Office of Housing and Community Development; Theo Wilson, Director-HOPE SF.

The site visits to *Hunters View* (267 units to be replaced, with 350 low-income units and 397 market units included in the overall revitalization total of 750 units) and *Alice Griffiths Homes* (256 units to be replaced, with 504 low-income units and 646 market units included in the overall revitalization total of 1,150 units) illustrated how the current *HOPE SF* effort will transform blighted low-rise public housing properties into welcoming affordable housing neighborhoods that are walkable and sustainable. Discussions with San Francisco agency professionals emphasized intensive planning and implementation timetables.

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CLAIM FOR TRAVEL REIMBURSEMENT

CITY COUNCIL
HONOLULU, HAWAII

Date: October 31, 2016

Traveler: Councilmember Carol Fukunaga
 Event: Attend 2016 Rail-Volution Conference
 Location: San Francisco (conference hotel/Hyatt Regency), CA
 Dates: From October 8, 2016 To October 13, 2016

Description	Amount	Notes:
1. Registration Fee		
2. Airfare		
3. Hotel	\$2,299.76	Early AM arrival on 10/8/16 required 10/7 reservation
4. Meals		
5. Ground Transportation	129.85 84.85	Taxi service: HNL to Airport; SFO Airport to hotel/back
6. Tips	5.00	Taxi
7. Other		
Other		
Other		
8. Adjustment		
TOTAL REIMBURSEMENT	2,429.61 2,429.61	

This is to certify that the above data, based upon receipts submitted to Council Administrative Support Services via a CCLTRVL02 form, is accurate. Further, I am claiming reimbursement for expenses associated with a trip in which City business was conducted and personal funds were used to advance payment.

Carol Fukunaga
Signature of Traveler

10/31/16
Date