



Building Blocks

Construction Financial Management Association
Honolulu Chapter

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BUSES, CARS, TRAINS AND FERRIES: Solving Gridlock by Providing Choices

By Mufi Hannemann, Mayor of Honolulu

The City and County of Honolulu is embarking on the largest public works project in Hawaii's history – construction of a several billion-dollar fixed-guideway mass transit system along the 23-mile southern coastline of the island of Oahu.

This comes more than 40 years after the idea of a rail system was first broached as a promising solution to Oahu's transportation needs and more than 15 years after the Honolulu City Council narrowly defeated a transit measure and walked away from \$618 million in federal funding.

We are also fully engaged in upgrading our award-winning bus system, launching a new commuter ferry, enhancing bike and foot paths and taking a multi-modal approach to transportation. While I'm an unequivocal champion of mass transit, I believe just as strongly in the power of offering people choices.

Soon after taking office in January 2005, we took the initiative of discussing with state and congressional leaders our interest in working with them to find transportation solutions for the most populous county in Hawaii. We knew a dedicated local funding source was a key part of this initiative, so we immediately began collaborating with the state Legislature

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**Many thanks to
Wes Mikuni,
Bank of Hawaii,
Travelers,
Maria Minkel
and
King & Neel
for a great
golf tournament.**

President's Message

By Carl Williams

GETTING OFF OUR IF'S, AND'S, AND BUT(T)'S

I believe the real value of professional accountants, including construction financial management accountants, is their ability to analyze complicated financial information and present it in actionable format to nonfinancial decision makers. Unfortunately, we often lose sight of our real value because we become far too busy with our everyday tasks. We retreat to the comfort zone of our offices and focus only on those problems that come

our way. Let's call it the *Tidal Pool Approach to Management*. We process most of what the tide brings to our "in" box and let it wash out with the next tide through our "out" box, firmly secured in the tidal pool of our office. This approach is comforting and soothing, like the sound of surf, but very dangerous. We need to feel the business pulse. We need to get out in the field. We need to meet with management, use our extraordinary analytical skills, and fulfill our mission as financial translators. It is our real value.

We can start by "getting off our if's, and's, and but(t)'s" for CFMA Honolulu and inviting a prospective member to a hosted luncheon at The Pacific Club at 11:30 am on Friday, October 12th, by notifying Wes Mikuni at 839-9002, or emailing him at wes@rsinouye.com – the membership drive ends October 31, 2007. There are prizes for successful recruiters.

Your comments are most welcome. You can contact me at Carl@CPAloha.com.



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First Hawaiian Bank

to establish a funding source to develop a high-capacity transit system on Oahu. As you can imagine, the prospects for passage of a tax increase were dim, but my administration worked very hard in generating public support to ask the Legislature to let the counties impose a half-percent general excise tax surcharge, with proceeds devoted exclusively to funding a mass transit system. Collection of that surcharge began this January and is projected to generate \$160 million this year.

Having successfully met the challenge of securing a local funding source, our attention turned to conducting an alternatives analysis, evaluating a range of transit solutions for Oahu and building consensus for a single, locally preferred transit alternative. This process is mandated by the Federal Transit Administration (FTA) and is a requirement for receiving federal transit funding.

Armed with transportation studies developed over three decades, and resolved to make headway this time around, in one short, intense year we conducted more than 200 public meetings, providing information, responding to critics and answering skeptics who believed that mass transit for Honolulu was simply not possible.

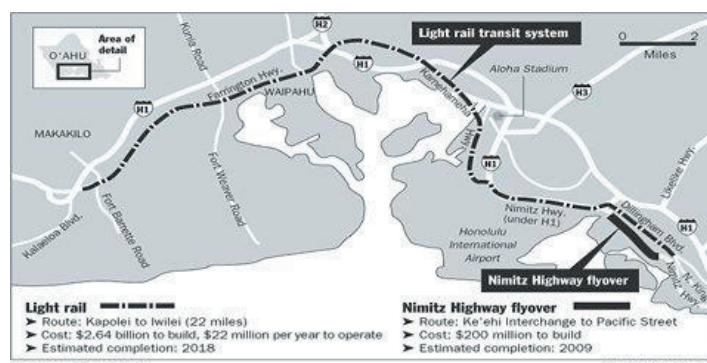
As mayor, I felt it was important to lead the public involvement effort. Regardless of whether a group had three or three hundred, if they wanted a presentation on mass transit, we were there. I was personally there for many of them, and members of my administration or technical consultants for the project were at each meeting.

In late October, we sent to the City Council and released to the general public the Alternatives Analysis report that summarized all of our findings. The Council reviewed the report and held additional public hearings before selecting a fixed-guideway transit system as the locally preferred alternative (LPA). In January, I signed the selection into law; the first bill enacted this year.

Work on our mass transit system is continuing, with the focus on completing an Environmental Impact Statement (EIS) and preparation of an application to the FTA for consent to enter into preliminary engineering. Our ambitious goal is to break ground on the first construction segment in 2009, with completion in 2012. By 2018 we expect to complete what we're calling the mass transit first project, a 20 mile segment from East Kapolei to Ala Moana Center, the former a fast-growing population center and the latter an important stop for jobs, commerce, and transfers to other public transportation. Estimated capital cost in 2007 dollars is \$3.7 billion.

When it comes on line, Honolulu's fixed guideway system will be fully integrated in our city's nationally recognized, award-winning bus system, a demonstration ferry system that we'll launch this summer and our ever-growing system of bike and footpaths.

My administration is also preparing for Transit-Oriented Development (TOD). In brief, TOD is the modern name for compact, mixed-use development near transit facilities and high-quality walking environments. These communities blend a mix of uses – housing, shopping, employment and recreation, enabling residents to live, work and play in their neighborhoods, free from dependence on automobiles.



The benefits of TOD have been demonstrated across the country and include: providing transportation choices to walk, ride transit and bicycle instead of driving; increasing public safety by creating active community centers and reducing chances for car accidents; increasing disposable

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Toru Hamayasu, the Mayor and CFMA President Carleton Williams.

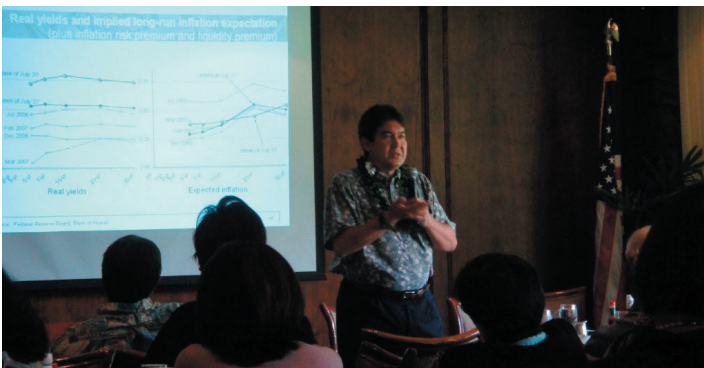
household income by reducing transportation costs; reducing air pollution and energy consumption; creating neighborhoods where residents have increased opportunities to meet their neighbors and develop a sense of community; and providing a mixture of affordable and market-rate housing, all with easy access to transit.

With such vast potential, it's important that we approach TOD in a coordinated, thoughtful manner. Our city transportation and planning departments are collaborating on this issue. And, we're reprising public involvement by including neighborhoods and the people who live there in planning for TOD.

Getting people out of their cars and into buses and trains, and bikes and ferries is a challenge. But by offering viable, reliable transportation choices, I believe we will do much to improve the quality of life here in the City and County of Honolulu, the 13th largest municipality in the United States, with a population of nearly a million people.

Relief cannot come soon enough. For so many of us, traffic remains a huge drag on our quality of life, a looming impediment to our now thriving economy and a detriment to a clean, sustainable natural environment. My administration is committed to making Honolulu the best place to live, work and raise our families.

Paul Brewbaker Gives CFMA Members His Economic Outlook



For more visit www.boh.com/econ/

CFMA My Space



Glenn K.L. Yee

Current Position: Vice President, Finance

Experience and Qualifications:

At his current position, Mr. Yee is responsible for the financial reporting, risk management, and management information services functions for Hawaiian Dredging Construction Company. In this capacity, he oversees HDCC's revenues generated from over \$500 million in backlog.

Mr. Yee has had over 20 years of experience in the financial arena and has served in many leadership roles in the community. This experience and these affiliations give him extensive knowledge and acumen in managing Hawaii's largest contracting company and ensuring its success.

- **Like most about job**

I really enjoy Hawaiian Dredging's corporate culture. Decisions are developed through teamwork and input is encouraged and valued. I tell everyone that it is not unusual to find 20 and 30 year employees of Hawaiian Dredging. I think that says a lot about the company.

- **My view on the industry**

I'm not an economist, but I'm of the view that the construction industry is slowing down and will continue to slow down in 2008. The slowdown will be a result of the decrease in the residential market. Particularly the high rise condominium work. However, I do see some bright spots in the public works sector. Contractors involved in infrastructure and civil work should continue to do well. I do not think the slowdown will be as severe as the 90's. The reason being the magnitude of the public works projects being planned.

- **Essential Business Philosophy**
Keep it simple.

- **Favorite stress reducer**

My favorite stress reducer is to cook on the Hibachi on the weekends. The process of trying to make the perfect kiawe smoked chicken is a fun challenge. There are no short cuts and it takes time.

- **Favorite way to spend free time**

I spend most of my free time with my two kids and their activities. The kids are into Dancing, Piano, Soccer, Baseball, Basketball, and Tennis. If I can get away you'd probably catch me on the golf course or tennis court.



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