From: Jackson, Brian <FTA>
To: Ryan, James <FTA>; Day, Elizabeth <FTA>
CC: Holland, Tonya <FTA>
Sent: 5/19/2009 12:32:51 PM
Subject: RE: Honolulu finanical review

TRO-9's determination that $500 million increase in the requested New Starts amount being immaterial to the financial assessment and thus, local project sponsor's ability to afford it – in the event this assumption of a higher New Starts amount becomes an issue – gives me pause. Assuming $500 million (more) in New Starts funds makes me question whether or not Honolulu has the [local] financial capacity to do the mega project at it current cost (sans an additional $500 million). Schedule implications would be a factor since a new financial plan, presumably, would take time for the locals to prepare.

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From: Ryan, James <FTA>
Sent: Tuesday, May 19, 2009 9:01 AM
To: Day, Elizabeth <FTA>; Jackson, Brian <FTA>; Holland, Tonya <FTA>
Subject: RE: Honolulu finanical review

It seems that we're going with Honolulu's number rather than with the $500MM higher estimate that the PMOC recommended. I'll know for sure tomorrow. The region thinks that it doesn't make any difference for the financial review, since Toru has said several times that if we add $500MM to the capital cost, they will simply add that amount to the New Starts funding request. So, the thinking goes, the $500MM has little/no impact on local funding requirements. My guess is that there would be some schedule implications. I'm hoping to add to Ben's scope of work an assessment of the local implications of a $500MM higher request for New Starts funding. And FTA would be back to the conversation we had with Matt W. on the problems with an impending $2 billion request from Honolulu.

From: Day, Elizabeth <FTA>
Sent: Tue 5/19/2009 8:50 AM
To: Ryan, James <FTA>; Jackson, Brian <FTA>; Holland, Tonya <FTA>
Subject: RE: Honolulu finanical review

Please talk with Brian – what has the NS Team decided with regard to the capital cost estimate?

From: Ryan, James <FTA>
Sent: Tuesday, May 19, 2009 7:42 AM
To: Day, Elizabeth <FTA>; Jackson, Brian <FTA>; Holland, Tonya <FTA>
Subject: RE: Honolulu finanical review

Can we get a task order to Ben Porter this week for a financial rating of the Honolulu project? Honolulu has requested entry into PE, so this task is only for the purpose of a rating and not for a full financial-capacity determination. Details are below.

We have a conference call with Honolulu tomorrow afternoon and it would be helpful if I can give folks an idea of when we will be able to get the review underway.

Let me know if I can do something to help with this.

Thanks.

From: Day, Elizabeth <FTA>
Sent: Fri 5/15/2009 9:06 AM
To: Ryan, James <FTA>
Cc: Jackson, Brian <FTA>
Subject: RE: Honolulu finanical review

CLIN 003 of the contract is written broadly enough that it shouldn't be a problem to write a task (see below). Ben Porter is a subcontractor to Milligan.

CLIN 0003 C. 3 Special New Starts Assignments
The contractor may be asked to provide assistance on special assignments in connection with the FCA program. This may include, but is not limited to, procedural guidance to the grantees, development of informational materials related to the FCA process, updating FCA tools and guidance, program summary reports, etc.

From: Ryan, James <FTA>
Sent: Friday, May 15, 2009 8:43 AM
To: Day, Elizabeth <FTA>
Cc: Jackson, Brian <FTA>
Subject: RE: Honolulu finanical review

So we're reasonably sure that we'll be able to write a task that is consistent with the scope of work and this question doesn't represent a large uncertainty?

And finally, Ben Porter apparently has done the previous financial reviews. Is he part of the Milligan contract?

Thanks.

From: Day, Elizabeth <FTA>
Sent: Fri 5/15/2009 8:42 AM
To: Ryan, James <FTA>
Cc: Jackson, Brian <FTA>
Subject: RE: Honolulu finanical review

We already know how long a review takes -- 30 days. When Tonya returns we can determine how the task must be written to meet the contract scope of work terms. Issuance of the task takes very little time – it is simply writing a memo, signing, and sending it.

From: Ryan, James <FTA>
Sent: Friday, May 15, 2009 8:40 AM
To: Day, Elizabeth <FTA>
Cc: Jackson, Brian <FTA>
Subject: RE: Honolulu finanical review

I recounted Region IX's internal debate on whether we should first examine the chicken, or the egg, or both. Last night, we got an initial report from BA on the revised costs; the report characterizes them as "reasonable for this stage of project development." So, we'll see today what the region makes of this finding and what, if anything, is still to be determined on the cost estimate.

Meanwhile, on the assumption that a financial review is needed before we can come to conclusion on the PE request, can we get to (1) a determination that we'll indeed be able to use the FCA contract, (2) if so, when an estimate of when the review might get underway and produce a conclusion, and (3) if not, what can we do instead?

Thanks.

From: Day, Elizabeth <FTA>
Sent: Fri 5/15/2009 8:21 AM
To: Ryan, James <FTA>
Cc: Jackson, Brian <FTA>
Subject: RE: Honolulu finanical review

I thought what you last told me is that the team wants to ask Honolulu to give updated cap cost info based on the new alignment, have the PMOC update the risk assessment, and then we would do the financial review. Has it changed again? I do not want to pay for a third financial review prior to PE, only to then have to do a fourth one later.

Brian is in charge of the financial contracts. He will need to work with Tonya (who has been out sick this week) to see if we can assign a task under the FCA contract with Milligan for a PE approval since our regular contracts for PE approval assessments have expired.

From: Ryan, James <FTA>
Sent: Friday, May 15, 2009 8:15 AM
To: Day, Elizabeth <FTA>
Subject: Honolulu finanical review

We're having an FTA-only "roadmap" conference call this afternoon and I'll need to say something about the financial review. Are we making progress towards getting Ben Porter assigned to the review? Have any milestone dates or guesses at dates? Should I be coordinating with someone else in TPE who is assigned the task of getting the review underway?

Thanks.