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Sent:	12/23/2008 12:25:59 PM
Subject:	Transmittal of Jacobs-FTA PMOC Risk Assessment Final Draft Spot Report-December 2008

Dear Mr. Yoshioka and Mr. Hamayasu:

Attached for your information and review is the above referenced Honolulu PE Risk Assessment FINAL DRAFT Spot Report prepared for FTA by its PMOC, Jacobs Engineering. This report is comprised of the following Program Guidance (PG) products:

- Subtask 11A: General Review of Grantee's Technical Capacity and Capability
- Subtask 32A: Project Capacity Review
- Subtask 32E: Project Delivery Method Review
- Subtask 33A: Parametric Project Cost Estimate Reviews
- Subtask 34A: Project Schedule Review
- Subtask 35A: Project Cost Contingency Baseline Review
- Subtask 35C: Project Schedule Contingency Review (combined with Subtask 40B)
- Subtask 40A: Assessment of Project Cost Risk
- Subtask 40B: Assessment of Project Schedule Risk (combined with Subtask 35C)

Some of the report highlights and summary conclusions are as follows:

- It is the PMOC's professional opinion that the PMP Rev. 0 must be revised to include a PDP. The PMOC recommends the next PMP revision be completed and submitted no later than the first two months of the PE phase. The PMP and companion document revisions are not necessary as conditions precedent to enter PE.
- It is the PMOC's professional opinion that the City staff and supporting consultant team members have demonstrated the technical capacity to support the City's continuance of project implementation into the PE phase. While numerous technical capacity issues exist, no technical capacity issues need to be addressed prior to entry into PE. The PMOC does recommend the City implement specific staffing, recruiting and retention efforts to meet the resource demands required of PE and future project phases and compete this task not later than the first two months of the PE phase.
- It is the PMOC's professional opinion that the City staff and supporting consultant team members possess the technical capability to support the City's continuance of project implementation into the PE phase. No technical capability issues need to be addressed prior to entry into PE.
- The current project scope has a vehicle fleet size of approximately 60 vehicles (with six spares). Operating 2.8-minute headway through the peak of the morning peak and a 3.5-minute headway otherwise would require 27 trains to maintain. This represents an increase of four trains / eight cars over the proposed service level, thus suggesting a project budget to support a fleet size of up to 68 vehicles, less spares.
- At this juncture of the development of the Project, and as relates to the Project Delivery Method (PG-32E) assessment, the PMOC concludes that the Project is ready to enter the PE Phase. However, there are numerous areas of concern that must be addressed once the Project enters PE.
- The PMOC has found that the current available cost estimate is reasonable and acceptable for a project in the Pre-PE phase. However, the PMOC identified adjustments to the estimate for some unit costs, the General Excise Tax, and the rates of escalation.
- It is the PMOC's professional opinion that the Master Project Schedule is sufficient in detail to support the PMOC's determination that the City has demonstrated the schedule review requirements necessary to enter

the PE phase. However, The City's Master Project Schedule, does lack some of the detail for the PMOC to completely address all of PG-34 requirements, many of which are construction phase specific. The PMOC has determined the need to revise the current MPS but acknowledges that the next MPS revision can be addressed during the first two months of the PE phase.

- The PMOC recognizes that components of this Project are further advanced than for a typical project in the pre-PE phase. The PMOC is of the opinion that the Project scope, schedule, and budget are sufficiently developed to allow the Project to advance to the PE phase. However, based on the analysis completed and presented within this Spot Report, the PMOC concludes that the Total Project Budget at this phase should be $5.80 billion (YOE) with a total contingency of $1.226 billion (YOE). This equates to an 11% Level of Confidence in the Cost Risk Model after deducting the finance costs and 30% total contingency of the Adjusted BCE.
- The PMOC also recommends that the schedule be modified to reflect a more realistic Revenue Operations Date. Based on the current MPS and the results of the schedule risk analysis and contingency analysis, the PMOC recommends a project completion date (ROD) no earlier than July 2019, which corresponds to a 50% Level of Confidence.

Please review the report and send via e-mail your comments and any suggestions for our consideration. After discussing and incorporating your comments in the report as necessary, FTA will direct the PMOC to finalize the report. If you or your staffs have any clarifications or questions in the meanwhile, please do not hesitate to call me

Sincerely,

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