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|---|---|
| **From:** | Luu, Catherine <FTA> |
| **To:** | Fisher, Ronald <FTA>; Matley, Ted <FTA>; Nguyen, Kim <FTA> |
| **CC:** | Rogers, Leslie <FTA>; Carranza, Edward <FTA>; Tahir, Nadeem <FTA>; Day, Elizabeth <FTA>; Ossi, Joseph <FTA>; Sukys, Raymond <FTA> |
| **Sent:** | 7/2/2008 12:09:49 PM |
| **Subject:** | RE: Financial Assessment for Honolulu Project |

Ron,
I believe FTA will do a "risk assessment- another cost review" for a megaproject. The outcome of the "risk assessment-another cost review" which will be performed by a different PMOC may or may not have the same conclusion as provided by BAH. Given that reason, I stated in my email below that the BAH assessment is based on May 2007 analysis. The Grantee will provide me a completion date of a new updated cost estimate. A new PMOC may look at the new updated cost estimate.

I want to provide my comment per your requested due date, July 2, and the only information I have today is based on the BAH cost assessment.

Cathy

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**From:** Fisher, Ronald <FTA>
**Sent:** Wednesday, July 02, 2008 3:00 PM
**To:** Luu, Catherine <FTA>; Matley, Ted <FTA>; Nguyen, Kim <FTA>
**Cc:** Rogers, Leslie <FTA>; Carranza, Edward <FTA>; Tahir, Nadeem <FTA>; Day, Elizabeth <FTA>; Ossi, Joseph <FTA>; Sukys, Raymond <FTA>
**Subject:** RE: Financial Assessment for Honolulu Project

Cathy,
My understanding is that FTA will do another cost review appropriate for a megaproject, and this should provide a more detailed look at the project. Given that, doesn't that statement still apply?
Ron

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**From:** Luu, Catherine <FTA>
**Sent:** Wednesday, July 02, 2008 5:23 PM
**To:** Fisher, Ronald <FTA>; Matley, Ted <FTA>; Nguyen, Kim <FTA>
**Cc:** Rogers, Leslie <FTA>; Carranza, Edward <FTA>; Tahir, Nadeem <FTA>; Day, Elizabeth <FTA>; Ossi, Joseph <FTA>; Sukys, Raymond <FTA>
**Subject:** RE: Financial Assessment for Honolulu Project

Hi Ron,
I reviewed your attached file.

Page 2 of the report stated " FTA will be receiving an opinion from the PMOC as to whether this level of contingency is appropriate" AND " FTA will be receiving an opinion from the PMOC as to whether this rate of cost inflation is appropriate" .Per the Draft report – PE Entry Readiness Report, section 4.2.3 Project Capital Cost- provided by the PMOC ( Booz Allen Hamilton (BAH)) on June 20, 2008 which is still under review, it stated " In Summary, the cost validation analysis determined that the total project estimates are reasonable for Pre PE." In December 2007, BAH provided the project budget summary review, it stated " the contingencies were found to be adequate and appropriate for a project in the pre-PE " and " the assumed inflation rates used to adjust project costs from 2007 dollars to YOE dollars were found to be reasonable but not conservative, based on recent cost inflation for construction projects nationally and local Honolulu consumer cost inflation. Note that this analysis assumes construction will begin in 2007 and conclude in 2018".

Please note both the PMOC draft report issued on June 20, 2008 and the project budget summary review issued in Dec 2007 provided the PMOC cost assessment based on the May 2007 cost validation analysis of the project presented by The Grantee in April 2007. Per conversation with the Grantee (Phyllis Kurio) today, she will send me an email which provides information on when the city will complete an updated project cost estimate.

Thanks
Cathy Luu

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**From:** Fisher, Ronald <FTA>
**Sent:** Thursday, June 26, 2008 8:39 AM
**To:** Fisher, Ronald <FTA>; Matley, Ted <FTA>; Nguyen, Kim <FTA>
**Cc:** Rogers, Leslie <FTA>; Carranza, Edward <FTA>; Tahir, Nadeem <FTA>; Luu, Catherine <FTA>; Day, Elizabeth <FTA>; Ossi, Joseph <FTA>; Sukys, Raymond <FTA>
**Subject:** RE: Financial Assessment for Honolulu Project

The missing attachment is finally attached

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**From:** Fisher, Ronald <FTA>
**Sent:** Thursday, June 26, 2008 10:36 AM
**To:** Matley, Ted <FTA>; Nguyen, Kim <FTA>
**Cc:** Rogers, Leslie <FTA>; Carranza, Edward <FTA>; Tahir, Nadeem <FTA>; Luu, Catherine <FTA>; Day, Elizabeth <FTA>; Ossi, Joseph <FTA>; Sukys, Raymond <FTA>
**Subject:** Financial Assessment for Honolulu Project

Attached. Please give me your comments by July 2. Hopefully they can be sent to the project sponsor shortly after that. Given that this plan was produced in Nov, 2007, is there value in requesting an update, given they have a much better track record for tax revenues and perhaps other parts of the plan? My sense is that both their work and ours in assessing the update would be minimal. Or should we put this off until after their PE request? Given that their plan has a rating that just gets them into PE, I think having an update would allow them to either improve what is a minimal rating or further inform us that they have a lot more work to do on improving the plan in PE. My sense is that it would be good to know that sooner than later.

Ron

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