



HONOLULU AUTHORITY for RAPID TRANSPORTATION

MINUTES

**Finance Committee Meeting
December 8, 2011, 8:00 AM
Mission Memorial Annex Conference Room
550 South King Street, Honolulu, Hawaii**

PRESENT:	Don Horner	Robert Bunda
	Ivan Lui-Kwan	David Tanoue
	Carrie Okinaga	Wayne Yoshioka
ALSO IN ATTENDANCE: (Sign-In Sheet and Staff)	Toru Hamayasu	Paul Migliorato
	Phyllis Kurio	Joe Magaldi
	Lisa Hirahara	Al Lardizabal
	Don Kitaoka	Kevin Dayton
	John Burns	Edwin Young
	Joyce Oliveira	Maurice Morita
	Frank Doyle	Russell Honma
	Jeanne Mariani-Belding	

I. Call to Order

At 8:04 A.M., the meeting of the Finance Committee was called to order by Committee Chair Don Horner.

II. Public Testimony

Mr. Horner called for public testimony. No testimony was offered.

III. Approval of Minutes

Mr. Horner called for the approval of the minutes of the November 17, 2011 Finance Committee Meeting and the November 25, 2011 Joint Meeting of the Finance and Project Oversight Committees. There being no objections, the minutes of both meetings were unanimously approved.

IV. Six Year Capital Program

Planner Phyllis Kurio stated that there have been no changes to the Six Year Capital Program since the last time it was presented to the Finance Committee on November 17. A copy of the proposed Six Year Capital Program is attached hereto as Attachment A of these minutes.

Mr. Horner asked about the allocated contingency amounts contained in the FY13 portion of the Six Year Capital Program. Ms. Kurio presented the Board with a sheet, attached hereto as Attachment B of these minutes, showing allocated contingency amounts of approximately \$95M in the proposed FY13 Capital Budget. Interim Executive Director Toru Hamayasu explained that for some items, the contingency being requested as shown on the sheet is a budget adjustment to increase the contingency from 10% to 15% to follow the recommendations of the FTA.

Mr. Horner stated that while it is not the intent of the Finance Committee to micromanage the project, it is important for the committee to be informed when contingency is being tapped into to avoid unforeseen and unwelcomed surprises.

Board Member Robert "Bobby" Bunda requested that Ms. Kurio explain the active contracts within the FY13 request. Ms. Kurio explained that the design-build contracts (such as those for the WOFH guideway or the MSF) are divided into their design and build portions for the CIP request.

Mr. Horner asked what percentage of each contract shown on the FY13 request has been let. Mr. Hamayasu replied that the sheet only shows the annual appropriation, not percentages, for those contracts.

Mr. Horner asked about the Owner Controlled Insurance Program listed in the FY13 capital request. Ms. Kurio explained that the funds exist in the event that HART takes on the insurance program from the contractors. Mr. Hamayasu explained that OCIP is an annual premium. Deputy Project Officer Frank Doyle explained that OCIP covers general liability, workers' compensation, builder's risk insurance, and other areas typically covered under a construction contract.

Mr. Doyle indicated that HART is currently analyzing whether it is better to have OCIP or to have each contractor maintain its own insurance. Mr. Doyle also indicated that HART will be issuing an RFP for a consultant to manage the OCIP. Mr. Horner stated that he feels it is important to have a third-party manage and make recommendations on this matter. Mr. Horner also requested a more detailed presentation on OCIP before the Finance Committee.

Mr. Hamayasu explained that previous analysis indicated that OCIP would save \$10-20M over the long term.

Board Member Wayne Yoshioka noted that the request for OCIP is a request for appropriation, and does not necessarily mean that the funds will be spent.

Mr. Lui-Kwan asked what the experience of BART has been with OCIP. Mr. Doyle stated that BART has saved money through OCIP, and that BART has enjoyed using OCIP as an opportunity to partner with their contractors to ensure a rigorous safety program.

Board Member David Tanoue asked whether OCIP costs would be considered an operating or capital cost. Mr. Doyle replied that OCIP would be considered a capital cost.

Ms. Okinaga asked whether the contractors on future contracts will be paying for their own premiums. Mr. Doyle indicated that the contractors are being requested to put a line item for the insurance requirements found in the specifications.

Mr. Lui-Kwan moved that the committee approve the proposed Six Year Capital Program. Mr. Yoshioka seconded the motion. There being no objections, the Six Year Capital Program was unanimously approved by the committee.

V. Discussion of Balanced Scorecard

Mr. Horner reported that the Balanced Scorecard is a work in progress, and stated that he will be working with HART staff on developing the Balanced Scorecard further. Mr. Horner requested that the Finance Committee begin to examine, by March 31, 2012, long-term projections for operations, especially in terms of operating costs, revenues, ridership, and farebox recovery ratio, to ensure the pro forma statements are valid and reasonably conservative. Mr. Hamayasu clarified how the farebox recovery ratio for rail was determined. Mr. Horner also noted that it is the responsibility of the HART Board to set fares for the system.

VI. Adjournment

Having completed all Committee business, Mr. Horner called for the meeting of the Finance Committee to be adjourned. There being no objections, the meeting was adjourned at 9:13 A.M.

Respectfully Submitted,



Tyler Dos Santos-Tam
Board Administrator

Approved:



Don Horner
Chair, Finance Committee

JAN 26 2012

Date

[ATTACHMENT A]

Honolulu Authority for Rapid Transportation
Six-Year CIP and Budget FY 2013 - 2018

Phase	Appropriated 2010	Appropriated 2011	Appropriated 2012	2013	2014	2015	2016	2017	2018	Total 6 Years	Future Years
LAND	\$ 31,280,000	\$ 41,322,000	\$ 63,546,105	\$ 34,651,200	\$ 86,029,400	\$ 34,573,800	\$ -	\$ -	\$ -	\$ 155,254,400	
PLAN	\$ 20,002,000	\$ 3,751,000	\$ 6,906,800	\$ 8,054,800	\$ 847,800	\$ 547,800	\$ 547,800	\$ 100,000	\$ 100,000	\$ 10,198,200	\$ 300,000
DGN	\$ 186,037,000	\$ 77,774,000	\$ 117,093,904	\$ 113,395,885	\$ 42,960,400	\$ 12,927,800	\$ 11,404,300	\$ 5,803,100	\$ 5,803,100	\$ 192,294,585	
CONST	\$ 769,074,000	\$ 673,795,000	\$ 135,177,953	\$ 225,981,770	\$ 671,011,600	\$ 651,114,700	\$ 255,320,400	\$ 15,137,500	\$ 15,137,500	\$ 1,833,703,470	\$ 116,000,000
INSP	\$ 56,966,000	\$ 13,170,000	\$ 19,101,000	\$ 50,647,920	\$ 28,059,400	\$ 6,771,100	\$ 19,062,300	\$ -	\$ -	\$ 104,540,720	
EQUIP	\$ 10,487,000	\$ 501,680,000	\$ 10,558,000	\$ 55,556,510	\$ 129,906,800	\$ 97,763,300	\$ 66,397,100	\$ 66,397,100	\$ 66,397,100	\$ 482,417,910	
RELOC	\$ 3,477,000	\$ 4,592,000	\$ 2,352,518	\$ 3,296,869	\$ 1,233,200	\$ 4,241,500	\$ 500,000	\$ -	\$ -	\$ 9,271,569	
TOTAL	\$ 1,077,323,000	\$ 1,316,084,000	\$ 354,736,280	\$ 491,584,954	\$ 960,048,600	\$ 807,940,000	\$ 353,231,900	\$ 87,437,700	\$ 87,437,700	\$ 2,787,680,854	\$ 116,300,000

[ATTACHMENT B]

**HONOLULU AUTHORITY FOR RAPID TRANSPORTATION
ALLOCATED CONTINGENCY AMOUNTS INCLUDED IN
PROPOSED CAPITAL IMPROVEMENT PROGRAM BUDGET
FOR FISCAL YEAR ENDING 6/30/2013**

	<u>TOTAL</u>	<u>Allocated Contingency</u>
Programmatic Agreement Requirement - Kako'o	\$ 100,000	\$ -
Consultant Services		
General Engineering Consultant	\$ 44,000,000	\$ -
Project Management Support Consultant	\$ 10,370,710	\$ -
HDOT Support Consultants + HDOT Oversight	\$ 8,890,330	\$ 482,248
Construction Engineering & Inspection Services	\$ 32,563,920	\$ 2,960,357
OCIP Management Services	\$ 437,500	\$ -
Right-of-Way Support Consultant	\$ 595,000	\$ 158,667
Federal Government Liaison	\$ 300,000	\$ -
Subtotal - Consultant Services	\$ 97,157,460	\$ 3,601,272
Design - Stations and Guideway		
West Oahu/Farrington Highway Guideway	\$ 10,146,200	\$ 10,146,200
Maintenance & Storage Facility	\$ 7,296,190	\$ 7,296,190
Kamehameha Highway Guideway	\$ 10,385,540	\$ 10,385,540
Kakaako Stations	\$ 4,633,440	\$ 421,221
Airport Stations	\$ 3,817,100	\$ 347,009
West Oahu/Farrington Highway Stations	\$ 7,259,160	\$ 488,386
Airport Guideway	\$ 29,079,000	\$ 2,658,622
Quality Audit Expenses	\$ 56,600	\$ -
Subtotal - Design	\$ 72,673,230	\$ 31,743,168
Utility Relocation	\$ 17,342,190	\$ 1,584,232
Construction		
OCIP Premium	\$ 14,700,000	\$ -
West Oahu Station Group	\$ 76,014,630	\$ 12,764,532
Airport Guideway	\$ 32,758,540	\$ 7,134,947
Kamehameha Highway Station Group	\$ 71,729,330	\$ 12,011,614
WOFH Guideway	\$ 14,000,000	\$ 14,000,000
Maintenance & Storage Facility	\$ 1,200,000	\$ 1,200,000
HazMat Removal	\$ 1,000,000	\$ 1,000,000
Subtotal - Construction	\$ 211,402,500	\$ 48,111,093
Equipment - Railcars/Core Systems	\$ 55,556,510	\$ -
Land Acquisition & Relocation	\$ 37,353,070	\$ 9,960,818
	\$ 491,584,960	\$ 95,000,584