



HONOLULU AUTHORITY for RAPID TRANSPORTATION

MINUTES

**Finance Committee Meeting
January 26, 2012, 8:30 AM
Mission Memorial Annex Conference Room
550 South King Street, Honolulu, Hawaii**

PRESENT:	Don Horner	Carrie Okinaga
	Keslie Hui	Robert "Bobby" Bunda
	Glenn Okimoto	Wayne Yoshioka
	Ivan Lui-Kwan	David Tanoue
ALSO IN ATTENDANCE: (Sign-In Sheet and Staff)	Toru Hamayasu	Councilmember Breene Harimoto
	Joyce Oliveira	Garrett Umeda
	Gary Takeuchi	Russell Honma
	Simon Zweighaft	W. Joy Hee
	Cindy Matsushita	Paul Migliorato
	Andrea Tantoco	Matthew Kain
	Frank Doyle	Michael Domingo
	Jeanne Mariani-Belding	Victoria Cannon
	Joe Magaldi	Pearl Johnson

I. Call to Order

At 8:32 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.

Pearl Johnson of the League of Women Voters offered testimony in which she relayed the League's concerns about issues raised in the FTA's letter granting entry into final design, such as project financing and future operating expenses. Ms. Johnson's written testimony is attached hereto as Attachment A of these minutes. Mr. Horner commented that value-capture does not include property taxes. Interim Executive Director Toru Hamayasu concurred, and added that value-capture describes other methods.

Tom Coffman offered testimony in which he spoke about change orders, with particular focus on a change order relating to OCIP on Kiewit's WOFH Contract. Mr. Coffman's written testimony is attached hereto as Attachment B of these minutes. Board Chair Carrie

Okinaga stated that by not having OCIP, the City would incur other costs. Mr. Hamayasu clarified that the OCIP costs are not additional.

Russell Honma offered testimony in which he shared about past experiences with change orders in transit projects in New York City, and urged HART to examine change orders carefully.

W. Joy Hee, a resident of Mililani, offered testimony in which she expressed concerns about spending and raised various questions about transparency and costs. Board Member Ivan Lui-Kwan affirmed that the HART Board takes very seriously its mandate to be transparent and open, and stated that the HART Board has a goal of providing as much information to the public as possible.

III. Approval of Minutes

Mr. Horner called for the approval of the minutes of the December 8, 2011 Finance Committee Meeting. There being no objections, the minutes were unanimously approved.

IV. Change Control Process and Change Orders

Deputy Project Officer Frank Doyle stated that HART is in the process of providing documents to the FTA as part of its FFGA application. One such document is the Project Management Plan, which covers the change order procedure and explains how change control is exercised as part of the Configuration Management Plan. Mr. Doyle described how proposed changes get initiated, explained the various procedures involved, and identified the committees that proposed changes must go through.

Board Member Kesslie Hui asked whether the change order mentioned in Mr. Coffman's testimony had gone through all of the aforementioned procedures. Mr. Doyle replied in the affirmative. Mr. Horner explained that there is a great deal of confusion amongst the general public regarding OCIP, and clarified that OCIP was always budgeted but was moved from one part of the budget to another, thus precipitating a change order.

Board Member David Tanoue asked about the process for field changes. Mr. Doyle replied that field changes are handled by the Contract Resident Engineer (CRE), who has the authority to approve changes up to \$50,000 fairly quickly.

Mr. Hui asked about how change orders are funded. Mr. Doyle replied that funding comes from project contingency, but also noted that some change orders have no cost. Mr. Hui affirmed that contingency funds are indeed part of the financial plan, and are an understood method of dealing with situations that arise.

Mr. Lui-Kwan asked for more information on the change orders which have come about to date. Mr. Doyle replied that some change orders have had no costs, and that the change orders with costs have so far totaled approximately \$20M. Mr. Lui-Kwan observed that potential change orders are of major concern to the public, and expressed comfort in knowing that the Board is being briefed on and is being proactive about this issue.

Board Member Wayne Yoshioka noted that the current change control procedures have references to RTD instead of HART, and Ms. Okinaga noted that they contain RTD signatures. Mr. Doyle explained that those two items will be changed in the next update.

Board Member Bobby Bunda asked how many contracts are currently underway. Mr. Doyle replied that there are several contracts underway, including contracts for Core Systems, MSF, two stretches of guideway, and station design.

Mr. Bunda asked about the process for appeals relating to change orders. Mr. Doyle explained that the procedures contain a section on claims, and explained that there is a mediation process as well.

Mr. Tanoue asked whether value-engineering changes, which would lower total costs, are considered change orders, and also asked whether the HART staff would come before the Board for changes in which the cost goes down. Mr. Doyle stated that value-engineering changes are still considered change orders, and still need to be approved by the Change Control Board. Mr. Doyle also added that HART staff would be happy to come before the Board for changes where there are cost savings.

Mr. Horner stated that there must be some point at which proposed change orders receive Board approval, and proposed that the Finance Committee serve as a “firewall” in the change order process. Mr. Yoshioka affirmed that he believes that a HART Board “firewall” is a good suggestion.

Mr. Horner requested that the Finance Committee receive regular reports on smaller change orders, and that HART staff seek Board approval for change orders exceeding a certain dollar figure. He also requested an update at the next Board meeting on the costs of changes relating to delay. Mr. Hui noted that the Balanced Scorecard should include information on change orders.

Board Member Glenn Okimoto asked about the current amount of allocated contingency. Mr. Doyle reported that unallocated contingency is approximately \$192M. Mr. Horner added that there is \$860M of total contingency for the project right now, and explained how each type of contingency works. Mr. Doyle explained that while there is indeed \$860M in total contingency for the project, those funds have been allocated to the contracts that have been let out and also to the contracts the project anticipates having in the future.

Mr. Hamayasu explained the charts relating to contingency within the October Monthly Report. He also explained the contingency requirements set forth by the FTA, and explained how the \$860M figure was calculated. Mr. Horner referred the Committee members to page 11 of the October report, which shows the current balance.

Mr. Horner stated that if project costs continue to go down and savings are incurred, the Board may face two choices in the future: either reducing the total budget or increasing the scope of the project. He stated that the Finance Committee will examine these options at some future date.

Mr. Lui-Kwan asked for clarification on the roles of the Change Control Board (“CCB”) and the Change Control Committee (“CCC”). Mr. Doyle explained that the CCC is a rather technical group, and consists of the Configuration Manager, procurement staff, and staff members in disciplines associated with the change. The CCC determines whether to elevate the proposal further. All CCC meetings are fully documented, with minutes taken. Mr. Doyle then explained the CCB, which consists of four voting members: Toru Hamayasu, Simon Zweighaft, Harvey Berliner, and Frank Doyle. The CCB decides on changes over \$100,000.

In response to a charge brought up by a testifier earlier in the meeting, Mr. Hamayasu noted that several public transit projects on the mainland have come in on-time and on-budget, and affirmed that HART would like to follow those projects’ lead and do the same.

V. 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 9:46 A.M.

Respectfully Submitted,


Tyler Dos Santos-Tam
Board Administrator

Approved:


Don Horner
Chair, Finance Committee

March 1, 2012
Date

[ATTACHMENT A]

**Testimony to HART Finance Committee
January 26, 2012**

I am Pearl Johnson speaking for the League of Women Voters of Honolulu.

I want to thank HART for asking better questions than have been asked by rail supporters to date. I hope you will find the answers to the questions I pose.

In a letter dated Dec. 29, The Federal Transit Administration allowed HART to advance the rail project into final design. The League is concerned that not enough attention is being paid to the caveats in the FTA letter.

Immediately after the sentence allowing final design, The FTA says, "However, it (the financial plan) must be further strengthened before FTA will consider awarding an FFGA.

"Prior to the Project's consideration for an FFGA, HART should demonstrate the availability of additional revenue sources that could be tapped should unexpected events such as cost increases or funding shortfalls occur." The two sources cited in the financial plan are extension of the General Excise Tax or implementation of value capture mechanisms, which I interpret as increases in property taxes.

The FTA points out that neither of these sources is under your control. The legislature has already said extension of the GET rail surcharge is unlikely. Members of the City Council have voiced opposition to increasing property taxes for rail.

The FTA is being realistic in looking for funding unexpected increases far more mundane than the moon falling into the ocean. For instance, driving piles through the landfill under areas in downtown could crack old buildings. How are you HART members dealing with these caveats?

The FTA letter goes on to say, "Prior to the Project's consideration for an FFGA, HART should either provide further documentation justifying the reasonableness of these assumptions or consider revising these assumptions to more closely follow historical patterns " These assumptions are (1) the containment of bus and HandiVan operating expenses,(2) the increasing share of the City's annual budget required to fund the transit system; and (3) the diversion of Section 5307 funds from preventive maintenance to the Project.

Has HART questioned the engineers who say bus and HandiVan expenses will remain unchanged? What does it do the financial plan to "more closely follow historical patterns"? Does HART know by how much property taxes will either be increased or diverted to pay for operating the rail system?

I hope you keep in mind that the construction of the rail system is supposed to be paid for only by the increase in GET and federal funds. Diverting maintenance funds to pay for construction means property taxes will pay for the maintenance.

Thank you for this opportunity to voice my concerns.

[ATTACHMENT B]

Testimony to HART
1/26/2012
Regarding: (a) Change Orders and OCIP

Submitted by Tom Coffman, Writer

Good morning distinguished members.

Although I am opposed to this rail project, I think you deserve credit as a group for asking better quality question than have been asked by city government to date.

It is with a sincere desire to frame out questions that I am testifying this morning on your subject of Change Orders, in this instance as related to Change Order #4 issued to Kiewitt Construction on the West Oahu project regarding the Owner Controlled Insurance Program, OCIP.

As a window into change orders, I rearranged the documents chronologically, so they begin to tell a story. Briefly, without pretending to understand these documents in their entirety:

September 10, 2010, Kiewitt notified the City that it is reviewing the insurance provisions of its several hundred million dollar contract.

October 18, 2010. Kiewett proposes self insurance options in light of a cost-saving OCIP not being available as promised by the City and bid by Kiewett. The City asks for more information.

April 8, 2011, Kiewett, proposes insuring themselves from May 1, 2011 to the end of the year -- in their words "as a stop-gap measure."

April 13, the City acknowledges that an OCIP program is not in place but should be by January 1, 2012. It embraces the idea of Kiewett insuring itself from May 1 to January 1, saying that construction would be starting on May 1. The City initiated the change order process.

April 19, 2011. A meeting was held in the Kiewit Project Office in Waipahu. Kiewet had three people present. Parsons Brinkerhoff via their subsidiary, PB World, had three people present. In what was described as a negotiation, these six people agreed to award Kiewit change order costs totaling almost four million dollars. Two days later, a City employee, Darin Mar, signed off on these numbers.

April 21. The City asks why labor costs are being insured at \$99 per hour, also why the city is being charged for sixteen hours of work a month to administer. In this document, (page 6), the city reiterates OCIP will save the project money.

May 18, a month later, the City adds \$25 million in "excess liability coverage."

November 16, 2011, the City issues a change order for three different types of insurance totaling \$3,995,230. There is no announcement, no visible record.

I should stress the story is ongoing. The change order notes that the contract duration and date of substantial completion are "yet to be negotiated and unresolved at this time. Therefore, we (Kiewit) reserve our right to a future agreement of these two items."

The City loses money by gearing the contractor up prematurely to start construction on May 1 of last year, combined with the OCIP program sinking. This one instance results in the City losing \$4 million of the \$20 million that OCIP was advertised as saving.

Less obviously, the insurance cost is an unacknowledged penalty for keeping the contractor on hold. It is a penalty ultimately for the City, and now you, HART, rushing the process.

If this was Change Order #4, what have other change orders cost to date? If this one glitch in one contract cost the City \$4 million, how much might the prematurely-issued two billion to three billion in contracts cost the City for insurance alone, or as a result of other *de facto* penalties for delay?

What do the penalty clauses in those contracts say? Why are they not public? If there are no penalties for delay, then what might the "negotiations" described by Mr. Hamayasu amount to? This is a leaky contract if, as the change order said, neither the contract duration or date of substantial completion are agreed to.

The decision meeting between the engineering firm and the construction firm -- inherently a chicken and egg relationship -- with no City negotiator present, seems particularly problematic. Will future meetings awarding millions in cost overruns be held in Waipahu between Parsons Brinkerhoff and the contractors, with an after the fact sign-off by a city staff person?

Regardless of what one thinks of the rail project, I am hopeful that these are shared concerns. I will be glad to respond to questions about my testimony.

APR 18, 2011 RMP TO NEGOTIATION - NO OCIP, SUM 0314,582

HONOLULU HIGH-CAPACITY CORRIDOR PROJECT



CONTRACT No. CT-DTS: 1000137

Contractor Request for Change (RFCC)

RFCC NO: 00065

To: Kenneth Hamayasu

Date: 4/8/2011

Company: Rapid Transit Division

April 8 2011

From: Josh Dole

Company: Kiewit Pacific Co.

RTD Issue No: 00110

Subject: Provide Builder's Risk Insurance

WBS Level:

Scope and Impacts ARE NOT Defined: [] Detailed Scope and Impacts will be submitted by:

Scope IS Defined with the Following Identified Impacts:

No Cost\Schedule Impact: []
Cost Impact: [x] \$317,582 ROM Configuration Control:
Schedule Impact: [] 0 Days Baselines Impact: []
Work Stoppage: No CPC Date Interface Plan Impact: []

Requested Change: (Include time sensitive and schedule activities affected)

The City's Owner Controlled Insurance Program (OCIP) is not available at this time. This proposal is submitted to provide Builder's Risk Insurance for the Project from 5/1/2011 through 12/31/2011.

- 1. This proposal is submitted as a stop-gap measure to provide Builder's Risk Insurance for the Project for the period of 5/1/2011 through 12/31/2011 only and cannot be extended. The rates used for this stop-gap period are not valid for other time periods or scope outside of 5/1/2011 through 12/31/2011.
2. This proposal assumes that RTD will carry the risk of deductible for a Named Windstorm event, which is 3% of the values at risk at the time of the loss subject to a minimum deductible of \$250,000.

Justification:

Attached Files:

RFCC-00065-WOFH Guideway Builders Risk 4-08-2011.pdf

Response:

4/14/11: The City acknowledges receipt of this RFC. We are preparing for negotiations to be held the week of 18 April in conjunction with the original insurance change request (RFCR 00003).

Issued as DCN\FCN: [] Not to exceed \$0

Scope Limited to:

City Reviewer: Darin Mar Date: 4/14/2011
GEC Reviewer: James Voglino Date: 4/14/2011
Responder: Peeri Pappas, P.E. Date: 4/14/2011

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April 13, 2011: KH says "Extend to 12-31-11, No OCIP"

HONOLULU HIGH-CAPACITY CORRIDOR PROJECT



West Oahu/Farrington Guideway DB
CONTRACT No. CT-DTS: 1000137

RTD Request for Change (RFCR)

RFCR NO: 00021

To: Steve Caniglia

Date: 4/13/2011

Company: Kiewit Infrastructure West Co.

From: Kenneth Hamayasu

Company: Rapid Transit Division

RTD Issue No: 00107

Subject: Add'l Insurance Coverage W/No OCIP

WBS Level:

Issued for Price\Schedule CPC Date Due: 5/25/11

Configuration Control:

Baselines Impact:

Interface Plan Impact:

Issued as DCN\FCN: Not to exceed \$0

Issued as Unilateral:

Limitations on the scope during this interim period:

Requested Change:

X Update 5/10/11: This update revises the scope of the original RFCR to put it in line with the negotiations held with KIWC on April 19, 2011. Revised scope: Extend the coverage provided in RFCR 00003 through December 31, 2011. The requirement to secure additional Excess Liability insurance is not required at this time.

2012 KH says "extend thru 2011"

4-13-11: With construction commencing in May, KIWC shall secure insurance coverage as defined in the Contract Special Provisions, SP-3.1 (e) for (3) Excess Liability for a period from May 1, 2011 to December 31, 2011. In addition, KIWC shall extend the coverage provided in RFCR 00003 from August 5, 2011 to December 31, 2011.

Justification:

OCIP coverage as defined in the WOFH Contract, SP-3.1 (e) is not available until such time as the City procures this coverage. In the interim KIWC has been requested to cover this insurance. It is anticipated that an OCIP will be in-place by January 1, 2012. This is a City initiated RFC *[Request for Change]*

Response:

No Cost\Schedule Impact:

Cost Impact: \$0 (Submit assumptions and rough-order of magnitude breakdown of costs)

Schedule Impact: 0 Days (Submit assumptions and breakdown of time)

Date CPC Submitted:

X 5/26/11: RFCR 00021 has been negotiated and an agreement has been reached on this RFCR as well as RFCR 00003 and RFCC 00065. See the attached Record of Negotiations.

May 10 2011

Attached Files:

- RFCR 00003 - RON.pdf
- Record of Negotiations.pdf

Responder: Steve Caniglia

Date: 5/26/2011

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X 2 May Addenda



RFC No.: RFCC-00065

CONTRACT: West Oahu/Farrington Guideway Contract

Contract No.: CT-DTS: 1000137 **Contractor:** Kiewit Infrastructure West Company

RFC Issue: Builders Risk Insurance Coverage from May 1 to December 31, 2011

Date/Time of Negotiations:
 4/19/2011 8 am at Kiewit Project Office

Location of Negotiations:
 Kiewit Project Office 94-235 Leoku Street, Waipahu HUB Office

Negotiation Participants:

Name	Organization	Telephone	email
Steve Caniglia	KIWC	808-679-0642	Steve.caniglia@Kiewit.com
Edwin Aleman	KIWC	808-679-0636	Edwin.aleman@Kiewit.com
Colleen Furuya	KIWC	808-679-0649	Colleen.furuya@Kiewit.com
Tom Willoughby	GEC	808-694-3243	Willoughby@pbworld.com
Jim Voglino	GEC	808-686-9104	Voglino@pbworld.com
Tom Julich	GEC	808-694-3254	Julich@pbworld.com

K.
P.B.

Record of Negotiations:
 Discussed the Builder's Risk insurance cost estimate of \$234,591 (without markups; taxes, etc.) This is an estimate, not a quote, and KIWC takes the risk for any additional insurance costs and includes a condition that RTD will cover deductible for a "Named Windstorm" event. Potential risk derived from a potential loss of \$8.5 million in work at 3% deductible would be \$250,000. Discussed preparation and administration charges and KIWC reduced the total preparation amount of \$11,800 to \$5900. Increase in bond/insurance is agreeable to all parties.

Summary of Agreed to Conditions:
 KIWC and RTD agreed to a total negotiated value of \$311,682 for Builders Risk coverage from May 1 to December 31, 2011. ^{**}The RTD will carry the risk of deductible for a "Named Windstorm" event, which is 3% of the values at risk at the time of the loss subject to a minimum deductible of \$250,000. *** agreed to all but \$16,000*

Participants:

<u>Steve Caniglia, KIWC, PM</u> Print Name/Company/Title	<u>[Signature]</u> Signature	<u>4-21-11</u> Date
<u>Darin Mar, RTD</u> Print Name/Company/Title	<u>[Signature]</u> Signature	<u>4/21/11</u> Date
<u>JIM VOGLINO</u> Print Name/Company/Title	<u>[Signature]</u> Signature	<u>4/21/11</u> Date

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[Faded stamp]

RFC No.: RFCR 003

CONTRACT: West Oahu / Farrington Highway Guideway DB
Contract No.: CT-DTS-1000137 **Contractor:** KIWC
RFC Issue: RFCR 003, Insurance Coverage Increase

Date/Time of Negotiations:
 19 April 2011, 8 AM

Location of Negotiations:
 KIWC Field Office

Negotiation Participants:

Name	Organization	Telephone	email
Steve Caniglia	KIWC		
Edwin Aleman	KIWC		
Colleen Furuya	KIWC		
Jim Voglino	GEC		
Tom Willoughby	GEC		
Tom Julich	GEC		

Record of Negotiations:
 The negotiations addressed 3 RFC's: RFCR 003, Insurance Coverage Increase, RFCC 065, Builder's Risk Insurance, and RFCR 021, Add'l Insurance Coverage w/ No OCIP. While a separate Record of Negotiations has been prepared for RFCC 065 to expedite its processing separately, it is understood by the participants that the negotiated agreement covered all 3 RFC's.

KIWC agreed to reduce the engineering and administration of RFCR 003 by \$49,000 giving a new bottom line of \$3,687,706 (subsequently reduced to \$3,683,548 per request from Steve Caniglia) (from the proposal amount of \$3,736,706). Steve Caniglia proposed that KIWC would extend the coverage provided in RFCR 00003 from August 2011 to December 31, 2011 (part of the scope for RFCR 021) within the revised costs discussed for RFCR 003 and RFCC 065. Steve did note that the Excess Liability insurance portion of the scope (to the \$50,000,000 level) of RFCR 021 is excluded from this revised proposal, and will still need to be dealt with in RFCR 021. This was all agreed to by the GEC participants.

All parties to the agreement understand that this negotiated agreement does not set a precedent on how markups will be addressed on future RFC's.

Summary of Agreed to Conditions:
 The agreed upon amount for this RFCR is \$3,683,548. This includes extending the coverage provided in RFCR 00003 from August 2011 to December 31, 2011 (part of the scope for RFCR 021).

Participants:	<u>Steve Caniglia</u> KIWC PM Print Name/Company/Title	<u>Steve Caniglia</u> Signature	<u>5-10-11</u> Date
	<u>JAMES T. VOGLINO</u> Print Name/Company/Title	<u>[Signature]</u> Signature	<u>5/10/2011</u> Date
	<u>Darin Mar, RTD, CM</u> Print Name/Company/Title	<u>[Signature]</u> Signature	<u>5/10/11</u> Date

ORIGINAL COPY

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LINE #	NTP #	PRICE ITEM CODE	BASELINE SCHEDULE ACTIVITY ID	MILESTONE CODE (WBS)	MILESTONE TITLE	SM VALUE (\$)	PLANNED ACHIEVEMENT (DATE)	QUANTITY	UNIT	UNIT VALUE (\$/UNIT)
NTP 2		CO #	B.G.00.01.73.00.40.08	B.G.00.01.73.00.40.08	Builders Risk Insurance from 5/1/2011 to 12/31/2011	311,682	27-May-11		LS	
NTP 2		CO #	B.G.00.01.73.00.40.08	B.G.00.01.73.00.40.08	Non-OCIP Insurance from 12/1/2009 to 4/30/2	2,503,484	27-May-11		LS	
NTP 2		CO #	B.G.00.01.73.00.40.08	B.G.00.01.73.00.40.08	Non-OCIP Insurance from 5/1/2011 to 12/31/2011	1,180,064	31-Dec-11	8	MO	147,508

Line # to be filled out by Kiewit

Activity ID to be filled out by Kiewit

Price Item code will be the Change Order designation

Apr 21, 2011

RTD explain \$99/hr 12hr cost, 16 hrs admin, show in vcr



HONOLULU RAIL TRANSIT

HONOLULU HIGH-CAPACITY CORRIDOR PROJECT

West Oahu/Farrington Guideway DB

CONTRACT No. CT-DTS: 1000137

RTD Request for Change (RFCR)

RFCR NO: 00003

To: Steve Caniglia

Date: 4/21/2011

Company: Kiewit Pacific Co.

(After the meeting in EWR on Kiewit)

From: Kenneth Hamayasu

Company: Rapid Transit Division

RTD Issue No: C00004

Subject: Insurance Coverage Increased

WBS Level: 01 73 00

Issued for Price\Schedule CPC Date Due: 9/15/10

Configuration Control:

Baselines Impact:

Interface Plan Impact:

Issued as DCN\FCN: Not to exceed \$0

Issued as Unilateral:

Limitations on the scope during this interim period:

Requested Change:

Update 2/17/11: Request KIWC provide additional information as indicated below.

- Provide additional information about Kiewit's self-insurance program for the City to evaluate the ability of the program to meet the requirements for this change. This should include a general description of the program, information on the coverage, and the process for handling claims.
- Provide additional breakout and/or explanation for determining the \$1,776, 720 cost of Kiewit's program. What is the basis for the unit price? Explain the cost for "insurance risk on future labor overruns."
- For subcontractor costs provide an explanation of how the insurance will be provided (i.e. is it also under the Kiewit program or handled in another manner).
- For subcontractor costs provide an explanation for the cost of "1% risk on subcontractor estimated increase due to added insurance coverage."
- For labor costs a \$99/hr rate was used. Provide a breakdown on how the rate was calculated, to include the level of individuals involved and what the blended rate covers.
- Provide an explanation to substantiate why this change will require an additional 16 hours per month for someone to administer.
- Provide an explanation for the cost of "non-OCIP adjustment for insurance."
- Be prepared to provide invoices during the negotiations process to show the actual additional costs incurred insuring under Kiewit's program for this period (both prior to the new insurance being in place and to cover the additional period requested).
- Be prepared to provide invoices to show actual additional costs incurred by subcontractors.

8-4-10: In addition to the requirement already identified in Special Provisions 3.1 (h) for coverage not expected to be included in the OCIP, it is requested that you provide insurance coverage identified in SP- 3.1(h) sub-paragraphs (2), (3), and (4) cover the additional insurance being required by the City, given that the OCIP may not be in place until 1 year from now.

Please include this coverage in your annual policy.

Please note that "Builders Risk" is not to be included in your proposal.

Please disregard the City's letter RTD-0045, dated June 21, 2010.

Justification:

The City will be providing OCIP Provided Coverage to the entire Honolulu High-Capacity Transit Corridor Project. This total coverage will reduce costs to the entire project instead of having each Contractor or Design Builder providing their own insurance. Until OCIP Provided Coverage is procured by the City, it is necessary for KIPC to purchase their own insurance.

Response: *LACK OF OCIP IS THE CAUSE, CLEARLY MAKES BATTLE POINT. OCIP CONFUSION = \$4M on one contract*

Responder: Steve Caniglia

Date: 4/21/2011

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HONOLULU HIGH-CAPACITY CORRIDOR PROJECT

West Oahu/Farrington Guideway DB

CONTRACT No. CT-DTS: 1000137

RTD Request for Change (RFCR)

RFCR NO: 00003

No Cost/Schedule Impact:

Cost Impact: \$0 (Submit assumptions and rough-order of magnitude breakdown of costs)

Schedule Impact: 0 Days (Submit assumptions and breakdown of time)

Date CPC Submitted:

4/21/11: As a follow-up to the negotiation held on 4/19/2011 regarding Non-OCIP Insurance Coverage, KIWC offers the following clarification regarding the coverage included in the proposal for RFCR 00003 Insurance Coverage Increased. The proposal for RFCR 00003 is submitted for insurance coverage assumed by KIWC to be included in the RTD's OCIP program. ~~ASSENTMENT OF (A)ND~~ **CLEAR**

To further clarify, insurance included in the RFCR 00003 proposal is not included in Price Item Code 01A Activity ID A1010 Insurance.

2/23/11: Response to RTDs request for additional information dated 2/17/11 can be found in the attachment: "Update to RFCR 00003 02-23-2011.pdf"

10/18/10: This response formally transmits Kiewit Infrastructure West's proposal for RFCR #00003. The attached proposal (RFCR 00003 Insurance Coverage Increased 10-18-2010.pdf) was presented to Rapid Transit Division (RTD) on Monday, October 18, 2010. Two options are presented: 1) A bindable outside policy, 2) Kiewit program.

9/10/10: Kiewit Infrastructure West Co. (KIWC) is currently in the internal review process regarding RFCR-00003 Increase Insurance Coverage. KIWC requests to submit this proposal by October 1, 2010. KIWC will proceed with this new date until directed otherwise.

Attached Files:

RFCR 00003 Insurance Coverage Increased 10-18-2010.pdf

Update to RFCR 00003 02-23-2011.pdf

Sequence -

- A) Sept 10, 2010 - Kiewit studying Ins issues
- B) Oct 18, 2010 - Kiewit proposal to RTD
- C) ~~RTD~~ Response to RTD Q's
- D) April 21, 2011 - Kiewit refining ~~the~~ the alternative cost to OCIP

Responder: Steve Caniglia

Date: 4/21/2011

May 18, 2011 - Adds \$25M in liability ins.

HONOLULU HIGH-CAPACITY TRANSIT CORRIDOR PROJECT



RFC No.: RFCR-00021

CONTRACT: West Oahu/Farrington Guideway Contr.

Contract No.: CT-DTS: 1000137 Contractor: Kiewit Infrastructure West Co.

RFC Issue: Revised to exclude additional \$25 million in excess liability coverage

Date/Time of Negotiations:

May 18, 2011

Location of Negotiations:

94-235 Leoku Street, Waipahu HUB Office

Negotiation Participants:

Name	Organization	Telephone	email
James Voglino	PB Americas, Inc.	808-686-9104	Voglino@pbworld.com
Edwin Aleman	KIWC	808-679-0636	Edwin.Aleman@Kiewit.com
Darin Mar	RTD	808-768-8353	Dmar@honolulu.gov

Record of Negotiations:

See Attachment Response to: RFCRNo. 00021, 00003, and RFCC 00065

Summary of Agreed to Conditions:

This request per RFCR #21 was revised to exclude the additional \$25 M in excess liability coverage and is in accordance with the negotiations held on April 19, 2011 for all other insurance coverage through December 31, 2011. (Reference to RFCR #3 and RFCC #65)

Participants:	Signature	Date
EDWIN ALEMAN / KIWC Print Name/Company/Title		5/20/2011 Date
JAMES T. VOGLENO Print Name/Company/Title		5/20/2011 Date
Darin K.H. Mar, RTD Print Name/Company/Title		5/20/11 Date

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large order occurred on the public knowing.



Cost of Contract?

NOV 10, 2011
HONOLULU RAIL TRANSIT

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Contracts issued w/o
ins issues resolved.
CITY AND COUNTY OF HONOLULU
STATE OF HAWAII
CONTRACT CHANGE ORDER

CCOF
A-1-3?

Contract: West Oahu/Farrington Guideway DB Change Order No. 0004
Contractor: Kiewit Infrastructure West Co. Contract No.: 1000137
Commencement Date: 11/17/09 Contract Time (Days): 1434 Original Completion: 10/21/13

This Change Order shall serve as a supplemental agreement covering extra work or a change in the quantity of work from what is on the proposal of this project.

DESCRIPTION OF WORK: See attached Supplemental Sheets, RFCs and corresponding Record of Negotiations.

CHANGES INCLUDED IN CHANGE ORDER

Type	Number	Title	Cost	Time Change
R FCC	00065	Builder's Risk Ins. 5/1/11-12/31/11 8 mos	\$311,682.00	0
RFCR	00003	Non-OCIP Insurance 12/1/09-4/30/11 17 mos	\$2,503,484.00	0
RFCR	00021	Non-OCIP Insurance 5/1/11-12/31/11 8 mos	\$1,180,064.00	0
Total Amount This Change Order No. 00004			\$3,995,230.00	

* The Contract Time (Days) and The Date of Substantial Completion are yet to be negotiated and are unresolved at this time. Therefore, we reserve our right to a future agreement of these two items.

The Original Contract Sum	\$482,924,000.00
Net Change by Previously Authorized Requests and Changes	\$0.00
The Contract Sum Prior to This Contract Change Order	\$482,924,000.00
The Contract Sum Will be Increased	\$3,995,230.00
The New Contract Sum Including This Contract Change Order	\$486,919,230.00
The Contract Time Will Not Be Changed	
The Date of Substantial Completion as of this Contract Change Order	10/21/2013*

Acct. No. 69017801-09-C

Computed and Checked:
[Signature]
Contract Manager

Certify Availability of Funds:
5. [Signature] 7/27/11
Fiscal Officer

Approved:
2. [Signature]
Deputy Project Officer Admin. and Controls

Approved as to form and legality:
6. [Signature] 7/27/11
Deputy Corporation Counsel

Approved:
3. [Signature]
Contractor

Approved:
7. [Signature]
Interim Executive Director

Approved:
4. [Signature]
Officer In Charge, RTD
Transportation Services

7/27/2011
Execution Date DEPT. COM. 733

Submitted at the Committee on Budget Meeting on November 16, 2011 by the Honolulu Authority for Rapid Transportation.

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CITY AND COUNTY OF HONOLULU
STATE OF HAWAII
CONTRACT CHANGE ORDER

Contract: West Oahu/Farrington Guideway DB

Change Order No.00004

Contractor: Kiewit Infrastructure West Co.

Contract No.: 1000137

Commencement Date: 11/17/09

Contract Time (Days): ~~1434~~

Original Completion: 10/21/13

This Change Order shall serve as a supplemental agreement covering extra work or a change in the quantity of work from what is on the proposal of this project.

The following milestones will be added to the Baseline Schedule and Schedule of Milestones:

Milestone Title	NTP	Milestone Code	Activity ID	Unit Value	Qty	Units	SM Value (\$)
Non-OCIP Insurance from 12/1/2009 to 4/30/2011.	NTP 2	00.01.73.00.40.08	CO.137.00004.01	\$2,503,484.00	1	LS	\$2,503,484.00
Non-OCIP Insurance From 5/1/2011 to 12/31/2011	NTP 2	00.01.73.00.40.08	CO.137.00004.02	\$147,508.00	8	Months	\$1,180,064.00
Negotiated Builders Risk Insurance	NTP 2	00.01.73.00.40.08	CO.137.00004.03	\$311,682.00	1	LS	\$311,682.00

3,995,230.00
AEMC