



MINUTES

**Finance Committee Meeting
March 16, 2012, 10:00 AM
Mission Memorial Annex Conference Room
550 South King Street, Honolulu, Hawaii**

PRESENT:	Don Horner Keslie Hui Ivan Lui-Kwan	Robert "Bobby" Bunda Wayne Yoshioka David Tanoue
ALSO IN ATTENDANCE: (Sign-In Sheet and Staff)	Frank Doyle Lorenzo Garrido John Burns Bob Sumitomo Joyce Oliveira Andrea Tantoco Gary Takeuchi Phyllis Kurio Jeanne Mariani-Belding Bill Brennan	Russell Honma W. Joy Hee Paul Migliorato
EXCUSED:	Carrie Okinaga Toru Hamayasu	Glenn Okimoto

I. Call to Order

At 10:17 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.

Russell Honma offered testimony regarding change orders. He stated that change orders initiated by the contractor should be paid for by the contractor, and not come out of HART contingencies.

III. Approval of Minutes

Mr. Horner called for the approval of the minutes of the January 26, 2012 Finance Committee Meeting. There being no objections, the minutes were unanimously approved.

Mr. Horner then moved to take the next agenda item out of order. There being no objections, he proceeded with the discussion on Change Order Process.

IV. Change Order Process, Procedure and Financial Policy

Deputy Project Officer Frank Doyle presented the change management control procedures, attached hereto as Attachment A, and a draft resolution, attached hereto as Attachment B, which were intended to formalize the Board's role with respect to change orders. The goal is to amend the Board's Financial Policies to reflect the requirement that the joint Finance and Project Oversight Committees review change orders in excess of \$1 million. The joint committee would then make its recommendation to the full Board for approval.

The approval process for change orders would be as follows:

- Contract Resident Engineer and City manager < \$50,000
- Deputy Project Officer Administration and Controls and Deputy Project Officer Engineering and Construction < \$100,000
- Change Control Board > \$100,000
- HART Board Finance and Project Oversight Committees and Change Control Board > \$1,000,000

Board member Robert "Bobby" Bunda asked what would occur in the event of a controversy. Mr. Doyle explained that HART's claims resolution procedure would be employed in the case of a dispute. The procedure specifies that the sequence of resolution efforts would be (1) Deputy Administrator; (2) Executive Director; (3) mediation; and finally (4) court. Mr. Horner requested that a copy of the Claims Resolution Procedure be provided to Finance Committee members.

Board member Ivan Lui-Kwan agreed that the change order approval process should be "Sunshined," that is, discussed in a public meeting. Mr. Bunda wondered whether that would be cumbersome and possibly delay the project. Mr. Doyle acknowledged that for controversial claims, the process is cumbersome and time consuming. However, he also went on to say that in most instances, a unilateral change order is issued while the approval process goes on, and the contractor continues to perform the work.

Board member Keslie Hui expressed his desire to have monthly updates on contingencies as change orders are processed. Mr. Doyle replied that he would edit the draft resolution to incorporate what was being discussed, and that the balanced scorecard would include information on change orders and contingencies. In addition, the monthly progress report would also contain information on contingencies.

Mr. Horner moved to adopt the change order policy. The motion was seconded by Mr. Bunda, and unanimously carried.

V. Bus and Handivan Operating Costs Discussion

Roger Morton, the President and General Manager of Oahu Transportation Services (OTS), and Eileen Mark, Public Transit Division Chief of the Department of Transportation Services (DTS), made a presentation on bus and Handivan operating costs. At Mr. Horner's request, Mr. Morton gave the committee a brief personal background, beginning with DTS in 1974, then OTS in 1979.

He began by saying that the Porter report validated HART's Financial Plan (Plan) in stating that the GET revenue is reasonable, and that the assumptions in debt service were overstated and conservative. Board member Hui asked whether Mr. Morton thought the costs for bus and Handivan are reasonable as stated in the Plan. Mr. Morton replied that although the costs are large, the Plan underscores the fact that transit is a costly endeavor. He questioned the Plan's figure of 2.5% Handivan growth, but stated that overall the costs were reasonable. Mr. Horner asked whether a growth rate of 7% is more accurate, but Mr. Morton stated that the answer is complicated by the federal mandate that paratransit must meet all demands.

Board member Wayne Yoshioka stated that the Porter report was not a surprise, and its results have been known to DTS for some time now. However, he stated that DTS costs have been escalating for years. He advised that the Porter report focused on the years 2005-2010, a period of abnormal growth in Handivan service. If the time period were shifted five years earlier, the growth rate would drop significantly. On the bus side, DTS will need more buses just due to population growth. However, he added that when rail is built, DTS will "liberate" buses out of the rail corridor and extend service into currently underserved areas such as Kailua, Waimanalo, and Wahiawa.

Ms. Mark said that Handivan is currently employing cost reduction strategies, such as better managing the demand for service, and employing more accurate rider eligibility determinations. The Handivan eligibility center, opened in 2009, works with applicants to determine which service – fixed route bus, Handivan, or combination of both – suits their needs. They are also utilizing New Freedom and Job Access and Reverse Commute program funds to supplement City monies for day providers to provide their own transit services instead of using Handivan. Goodwill Industries currently employs seven vans under this program, and the Salvation Army will be the next partner to participate. Mr. Morton added that when rail comes into operation, it will provide another option for seamless service.

Ms. Mark stated that they are also examining the two segments of the Handivan ridership population: demand riders, and subscription riders (such as program participants and daily riders). Many subscription riders are State Human Services program participants. They are looking at how they handle the two types of riders, and looking for efficiencies.

The last area of focus in Handivan's cost reduction strategy is the competitive procurement of vehicles. Recently, they have been able to attract a wider variety of bidders, resulting in better cost.

Mr. Yoshioka commended Mr. Morton and Ms. Mark for keeping the bus and Handivan cost increase rate at 7%, despite facing various cost increases. He stated that OTS and Handivan are already doing what the Porter report recommends.

Mr. Lui-Kwan asked what was unusual about the costs in the time period 2005-2010. Mr. Yoshioka stated that, in response to the rapid growth in demand for institutional trips, Handivan increased its fleet from 125 to 159 vehicles. The increase in vehicles also meant an increase in cost for additional mechanics, drivers, etc. Mr. Morton stated that Handivan costs consist of approximately 80% labor, in contrast to bus, which spends approximately 70% on labor.

Mr. Lui-Kwan asked Mr. Morton to share systemic costs that cannot be controlled. Mr. Morton stated that in the last six years, the cost of fuel has doubled. However, most costs are controllable such as labor and the amount of service is controllable. Unfortunately, a 5% wage increase was negotiated in July 2008, just prior to the meltdown. Going forward, Mr. Morton pointed out that costs such as labor contracts are negotiated with the consideration of what is occurring locally and globally.

Mr. Morton expressed his opinion that it would have made more sense for the FTA to use a 10-year time frame for reporting, rather than a 5-year time frame. However, this time frame is part of the FTA's standard methodology.

Mr. Lui-Kwan asked what systemic things impact the ability to control costs. Mr. Morton stated that a transit "law" is that if you improve transit, you induce an increased demand. Service is improved, but costs also increase. Transit agencies across the country are grappling with this issue of how to structure service to provide good service to the disabled community, and keep it sustainable.

Mr. Horner asked whether he was correct in his understanding that rail is not a component in negatively impacting bus or Handivan service. Mr. Morton said that he has stated many times that the best way OTS could improve the bus is to put in rail.

Mr. Bunda asked whether, during the period that Handivan demand spiked, there was a spike in labor as well. Mr. Yoshioka responded that when you increase the number of vehicles, you have to increase the number of employees because the vehicles don't drive and repair themselves.

Mr. Hui thanked Mr. Morton and Ms. Mark for their presentation. He asked what the cost per rider was for Handivan, and opined that it was probably much higher relative to bus and rail. He stated that perhaps TOD would help to bring down the cost per rider by having services, medical care, and amenities available within a small area, thereby

increasing overall efficiency. Mr. Yoshioka agreed wholeheartedly, and stated that TOD does not only apply to Handivan users, but the whole community. Mr. Horner also stated that rail provides great opportunities in transporting people to Queens, Kapiolani and Kuakini Hospitals. Mr. Morton added that many residents of the west side who have the choice between Handivan and bus will often choose the bus because of its frequency and convenience.

Mr. Horner stated that all HART is doing is adding the equivalent of 80 more buses without drivers to a seamless system.

VI. LONP Activities and Costs

Mr. Horner stated that the Finance Committee had requested a presentation on the timelines and costs and activities over the next several weeks of construction. Lorenzo Garrido, HART Assistant Project Officer, introduced himself as having over 20 years of transit engineering experience in California.

Mr. Garrido stated that the issuance of the Letter of No Prejudice allowed HART to begin construction on four contracts: the West Oahu/Farrington Highway guideway, the Kamehameha Highway guideway, the Maintenance and Storage Facility, and the Farrington stations contract.

Mr. Horner requested a broad brush report of the activities Kiewit is engaged in. Mr. Garrido responded that over the last two years in anticipation of construction, Kiewit has been proceeding with design, geotechnical investigations, borings in column locations, the digging eight foundation test shafts, and utility relocations. With the issuance of the notice to proceed for construction in February, Kiewit is mobilizing for the activities that will commence in the next few weeks, beginning with pillar foundations.

Foundation shafts range in diameter from seven to nine feet, and vary in depth from 40 to 120 feet. There are 282 foundations in the West Oahu Farrington section of the alignment. Mr. Horner asked how many columns were in the first ten miles of the alignment. Mr. Garrido replied that there would be approximately 500 columns in the first ten miles; about 300 in the West Oahu Farrington Highway segment, and approximately 200 to 250 in the Kamehameha Highway segment. In the next 90 days, about 50 to 60 belowground foundation shafts will be placed, representing approximately ten percent of the total number of columns under Kiewit contract.

Mr. Hui asked whether pillars would also be going up within that time frame. Mr. Garrido responded that approximately 20 pillars would be erected within the next 90 days. He stated that HART is working with contractors of the locations of the pillars and the timing. He said work will start slow, then productivity will increase to three separate locations on West Oahu/Farrington Highway at the peak of construction.

Mr. Horner asked about the status of work on the Maintenance and Storage Facility. Mr. Garrido stated that it is in the design stage now, and the next stage is grading. He expects

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to obtain a grading permit from the Department of Planning and Permitting in June or July.

Mr. Hui asked how much construction would be in process by the end of the year. Mr. Garrido advised that Kiewit has notices to proceed on the two guideway contracts and the Maintenance and Storage Facility. West Oahu Farrington Highway will be the furthest along in progress. Kamehameha Highway will start with utility relocations and road widening toward the end of the year, with columns going up into the next year. On the Maintenance and Storage Facility, grading, foundation, and drainage work will be ongoing. Construction on all three contracts will be underway by the end of the year.

Mr. Horner asked Transportation Planner Phyllis Kurio whether he was correct in his understanding that HART was not issuing any notices to proceed to contractors until there is sufficient financial capacity for the portion of the work for which the notice to proceed is being issued. Ms. Kurio affirmed. Mr. Horner stated, and Ms. Kurio confirmed, that HART is being fiscally prudent in not using City resources, but rather the GET surcharge revenue that is exclusively for the rail project. Ms. Kurio also pointed out that in addition to the GET surcharge monies, HART receives reimbursements from the federal government for costs that have already been incurred up to \$120 million. Ms. Kurio stated that they are working to ensure HART has sufficient cash appropriations to fund anticipated payments.

Mr. Hui asked how much is being spent on construction this year. Mr. Garrido advised that, based on earlier contractor schedules, HART had anticipated at least \$120 million in construction value expended towards the end of this year.

Mr. Horner asked whether there is any analysis to support Mr. Hamayasu's testimony to the City Council the previous day that it would be more expensive to delay the start of construction than to start now and tear it down later. Mr. Garrido said that an analysis was being prepared. Mr. Horner stated that he looked forward to a dialogue regarding this analysis in the next 30 days.

VII. Balanced Scorecard Status Report

Deputy Project Manager Frank Doyle and Project Controls Manager John Burns then presented a draft of the Balanced Scorecard. Mr. Burns stated that the draft was based on consultant Ron Tober's format, and contained "best guess" quarterly figures that will be updated when the quarter was through. He stated that they were in the midst of rebaselining all the documents on which the Balanced Scorecard is based. Mr. Doyle solicited comments from the Board on any additional items to be added to the Balanced Scorecard. Mr. Horner asked that incoming Executive Director Dan Grabauskas be consulted on his input.

Mr. Burns suggested that the scorecard incorporate quick "thumbnail" items on the major contracts. Mr. Horner concurred, and stated his view of the scorecard as an organic document.

VIII. Adjournment

Addressing the litigation HART is currently engaged in, Mr. Horner asked Deputy Corporation Counsel Gary Takeuchi whether a plaintiff has the right to stop the project via an injunction, subject to a judge's decision. Mr. Takeuchi responded that, with regard to the federal lawsuit, the plaintiffs have indicated they would not seek an injunction, but could seek that remedy if they so chose. Mr. Lui-Kwan pointed out that the filing of a lawsuit alone would not stop the project. Mr. Horner stated that the potential for a plaintiff to stop the project is a very legitimate concern, and stressed the importance of prudence in that regard.

Mr. Lui-Kwan stated that the press reported that an injunction was not filed based on assurances they received from HART. Mr. Takeuchi advised that the plaintiffs understood that if they prevailed, HART could take down what it had already built above ground.

Having completed all Committee business, Mr. Horner adjourned the meeting of the Finance Committee at 11:48 A.M.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Don Horner
Chair, Finance Committee

MAY - 3 2012

Date

ATTACHMENT A

HONOLULU RAIL TRANSIT PROJECT

CONTRACT CHANGE MANAGEMENT PROCEDURE

5.CA-02, REV. 0.1, 3/13/12

1.0 PURPOSE:

This document sets forth the "Contract Change Management" procedure, in conformance with configuration control, request for changes, change orders, and risk and contingency management procedures. The Contract Change Management Procedure is a systematic approach for implementing material changes to Project contracts, while maintaining the principal goals of the Project.

2.0 SCOPE:

This procedure applies to all Project contracts. Management procedures for changes affecting scope, quality, schedule, and budget are also incorporated and referenced, while the overall intent is to identify how changes are managed on a Contract by Contract basis. The approval process for the use of allocated and unallocated monies is also identified within this document.

3.0 DEFINITIONS:

Refer to Project Procedure 1.PP-03, "Standard Terms and Definitions". For specific Contract Change Management processing related terms and abbreviations, refer to the following:

Allowances - A contract dollar value within the Schedule of Milestones for a Professional Services Contract that is reserved to cover costs of additional work required to be completed in a timely manner.

Allocated Contract Contingency - Funds which have been encumbered in the Contract Allotment Voucher as contingency for completing Contract change work, the payment of which will be made by issuance of a CCO.

Contract Allowance Change Order (CACO) - Instrument executed by the parties of a Professional Service Contract and approved by the Chief Procurement or designee to authorize work as directed by a RFC/DCN due to the immediate nature of the changed work.

Contract Amendment (CA) - A document created and executed by both parties to modify an existing Contract, for either cost, schedule or language changes. A CA process commences upon the receipt of a Request for Change (RFC) and the Contractor's Proposed Costs (CPC). Each CA will be separately accounted for on the Schedule of Milestones (SM) pay items with associated completion milestones (see Procedure 6.CM-04, "Contractor Progress Payments"). The CA will include details associated with the changes, including its effect on the Schedule of Milestones (both timing and payment). An Amendment for cost may increase an Allowance or increase/decrease monies in the Schedule of Milestones and is based on revised a scope identified in a Request for Change. Any funds used under the DCN issued under the authority of the CACO will be accounted for in a subsequent CA.

HONOLULU RAIL TRANSIT PROJECT

CONTRACT CHANGE MANAGEMENT PROCEDURE

5.CA-02, REV. 0.1, 3/13/12

Contract Baselines – All original executed contract documents, including, but not limited to: specifications, drawings, RFP's, contracts and all associated documents incorporated into the contract via Contract Change Orders.

Contract Change Order (CCO) – Instrument executed by the parties of a Project contract, which authorizes changes to a contract. For changes to firm-price contracts, the basic intent is to issue firm-price change orders that have been reviewed and negotiated based on cost analysis, reasonable estimating practices, and subject to the Escrow of Proposal Documents (if necessary to resolve comparative estimate impasses). Any funds used under the RFC-DCN/FCN issued under the authority of the CMCO will be accounted for in a subsequent CCO.

Contract Management System (CMS) – The Contract Management System is the Rapid Transit Division's (HART) Oracle Primavera document management system and contract control software for the Project. i.e., Contracts, Submittals, RFIs, Meeting Minutes, Transmittals, Purchase Orders, Cost Worksheets, and Change Orders.

Contract Master Change Order – A Unilateral Change Order given to a DB, DBOM, MIM or Construction Only Contractor for an amount determined by HART to cover Field and Design Changes that require immediate authorization to perform work. Actual payment for work will be finalized through the Contract Change Order Procedure. (Exhibit 3)

Contractor(s) refers to the parties with whom the City enters into a Project procurement contract, and who may include, but not limited to, Final Design Consultants, Construction Contractors, Design-Build (DB) Contractors, and Design-Build-Operate-Maintain (DBOM) Contractors.

Contractor(s) Proposed Costs (CPC) - Detailed cost and schedule estimate from the Contractor for a specific Request for Change (RFC). This document is used in the formal negotiations of the RFC, which will be a part of the Contract Change Order.

Design Change Notice (RFC/DCN) - Instrument used to make an immediate change to a standard, issue a variance, or make a schedule-sensitive contract change affecting the design. Reference the RFC Procedure, 6.CM-03.

Field Change Notice (RFC/FCN) - Instrument used to authorize an immediate change to the contract for cost, schedule and/or health and safety work place conditions, due to a Differing Site Condition (DSC) or other unforeseeable conditions in the field as provided under the Contract. Reference the RFC Procedure, 6.CM-03.

Force Account (FA) - A document used to track all Time and Material work authorized by the RTD for a specific task and used as back up for Contract Change Orders if necessary.

Request for Change (RFC) - Instrument and procedure that has been developed by HART for identifying and quantifying a change to a contract standard, scope, configuration, schedule, and/or budget/cost.

Summary of Change— This package contains all information pertaining to the RFC including the Record of Negotiations, the RFC and supporting documentation. The package is presented to the CCB as a whole for acceptance.

Unilateral Change Order (UCO) - Instrument used to direct a Contractor or GEC to perform a task under protest.

4.0 RESPONSIBILITY:

Individual responsibilities for implementing this Contract Change Management procedure include the following:

BFS The City and County of Honolulu Department of Budget and Fiscal Services is responsible for sign off of all Contract Change Orders.

BOD HART Board of Directors

CCB The Change Control Board as established which operates in accordance with the Configuration Management Plan (CFMP). The CCB approves all changes exceeding \$100,000 in value, impact more than one contract or significantly modify the Baseline Documents.

CCC The Change Control Committee (CCC) is responsible for managing all Issues and RFCs from their initial entry into CMS to final action or recommending approval to the CCB. The CCC provides oversight of the processing of changes by the individual contract CATs and the approvals by the CRE and CM and by the DEC and DAC.

CFM The Configuration Control Manager has the overall responsibility for the configuration management of the Project and ensures conformity with all required change control policies and procedures. The CFM will rely on assistance from the System Safety and Security Manager, Quality Assurance Manager, Project Control Manager (PCM), Real Estate Acquisitions Manager (RAM), Procurement/Contracts Officer (PCO) and the staff of the Deputy Chief Project Officer, Engineering and Construction (DEC) and other Project staff to determine the cost and schedule impacts of all proposed changes to baseline documents. This impact information may be presented to the CCB to determine if the changes should be made.

CM HART Contract Manager is the HART's lead person for the Project Contracts and co-signs change request recommendations, within his/her authority level.

COR The City and County of Honolulu's Corporation Counsel responsible for review of all contractual issues and verification of the compliance with the contract.

CRE The GEC Resident Engineer is responsible as the single point of contact with the Contractor as "HART's Representative". The CRE facilitates the GEC staff efforts related to the Change Management. The (CRE) working jointly with the CM will coordinate contract change activities with HART's Configuration Manager and Lead

Interface Coordinator(s) so as to maintain open communication between contracts and Project-wide interface requirements.

- CTR** The Contractor facilitates the change management process from initiation to quantification to settlement along with all supporting documentation as required by the Contract. The Contractor Project Manager (PM) serves as the single point-of-contact having day-to-day responsibility for the management and administration of the contract scope of Work.
- DAC** The HART Deputy Project Officer Administration and Controls is responsible for the performance of the CFM, change request approvals, within his/her level of authority, and for recommending Contract CO's for approval by the Chief Executive Officer (CEO).
- DEC** The HART Deputy Project Officer Engineering and Construction is responsible for the performance of the CM and change request approvals, within his/her level of authority.
- ED** HART's Executive Director is also known as the Chief Executive Officer (CEO) and is responsible for all Project activities and is the Chairman of the CCB. The Executive Director is also the Chief Procurement Officer.
- OIC** Officer-in-Charge is the HART Executive Director or his designated representatives.

5.0

PROCEDURE:

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The following procedures are intended to support and integrate Contract Change Management and the Project Configuration Management Plan for Project (CMP-001) that defines configuration management, organizational roles and responsibilities for the establishment and maintenance of Project baselines and the processing of contract changes.

5.1 Change Management Environment:

The Project consists of over 35 contracts that collectively define the Project. Each contract is setup with baselines, standards of practice, contract-specific requirements, and schedule commitments. Each contract is a "firm price" contract unless specifically stated otherwise. HART has established an administrative and quality oversight team for each contract that consists of GEC and HART personnel. The day-to-day communication, coordination, and administration of a contract rest with the GEC Contract Resident Engineer (CRE) working closely with HART's Contract Manager (CM). Changes can initiate at the contract-level or the project-level, but are managed by each contract team.

RFCs may fall into certain types depending on the scope, schedule or cost sensitivity. RFCC/RFCRs are the general formats used for generating a request for change. HART may elect to use a DCN or FCN so that work can commence immediately and allow the process of fully quantifying and establishing the firm price or schedule impact in parallel to the work. Refer to 5.CA-05 or 5.CA-08 for detailed Contract Change Order and Amendment Procedures. This type of RFC is used only when the

contract work schedule is at risk. The Contractor is motivated to resolve the cost and schedule impact as soon as possible so that the change work can continue and be completed in an orderly and efficient manner and receive full payment. The balance of this procedure describes the change process that is more bilateral and collaborative between the contracting parties.

The contract documents contain contract baselines that are monitored through performance measurement practices. Typical baselines that may be established for a particular contract include:

- Environmental (Permitting)
- Geotechnical (Ground)
- Design Concepts
- Right-of-Way
- Third Party Interfaces
- HART-provided materials, equipment and/or labor
- Other site constraints

For the DB contracts, these baselines are defined in the RFP Contract Documents and serve as a basis of proposing technical solutions and price. For DBB contracts, these baselines are developed along with the final design plans and specifications and serve as a basis of pricing the construction work. Payment for performance of contract change work is based on WBS milestones. Should significant (material) changes to these baselines occur during contract delivery due to unforeseen circumstances that the City agrees justifies a change order or due to material different site conditions, the Contractor is required to notify HART following contractually established procedures including the quantification of the change to schedule, budget and/or quality. HART is then required to review, evaluate, and determine a reasonable and timely resolution to the change.

The revised Project Baselines (Drawing Specifications or Contract documents) with proper execution of change order documents, become a part of the contract. Refer to the Configuration Management Plan for further discussion of establishing and maintaining Project Baselines. Any material change to the Project baselines requires CCB action.

5.2 Configuration Control:

Configuration management is a process for defining, evaluating, identifying, controlling and recording the status of the Project against established management plans and performance outcomes. It provides a technical coordination of the various Project contracts and their components to ensure consistency with Project's performance, function, and physical attributes with its requirements, design, and operational constraints as the Work is executed by multiple design, construction, operation, and maintenance contracts. Any changes made to contracts that affect the Configuration of the Project will be brought to the attention of the CFM for

monitoring and to ensure conformance. The Configuration Management Plan, also referred to as CFMP, ensures that:

- Project Baselines are defined and documented
- Documentation is identified, released and controlled
- Change Control Procedures and Processes are established and followed
- Contract Management System (CMS) software is properly utilized
- Interface control is instituted and utilized for all contracts
- Levels of change authority are set
- Approved configuration changes are implemented and tracked
- Configuration accounting, verification and audit are accomplished

The CFM, with the assistance of the GEC shall prepare presentation materials, including as appropriate those documents shown in Exhibit 7, in support of the recommended action for any change presented to the CCB. Final approval of schedule changes affecting the contract's substantial completion or interface with other contracts shall be made by the CCB. Final approval of any operational configuration changes will be made by the CCB. Any impacts to the Project's baseline documents and/or schedule require CCB action as well. Further definition of roles, responsibilities and procedures associated with CFMP can be found in the Configuration Management Plan.

5.3 Sources of Change:

There are two sources for a contract change: Contractor initiated and HART/GEC initiated. Third Party changes are considered to be in the latter category.

Changes can also be "betterments" to the Work if those changes are within the scope of the contract and determined to provide added value to HART, as determined solely by HART. Betterments, raised by Third Parties (i.e., Utility Owners, HDOT, etc.), are considered to be HART initiated changes.

HART and the Contractor will maintain change logs identifying and documenting the status of all contract changes. A separate Issues Log will be maintained in HART's CMS with issues that may lead to possible changes. The other source of possible changes or issues-of-concern may be the Risk Register for the contract that has been established as part of the Risk Management process as further detailed and explained in Section 5.10 below. During coordination meetings between the contracting parties, status of pending changes and reconciliation of the change logs are performed.

5.4 Clarification and/or Rejection of Possible Change:

Each potential change when presented is evaluated for realism and possible impact to the contract. The first choice is to resolve the possible change with clarification of responsibilities or corrections without a contractual change. If a possible change does not rise to the level of a "change order" and can be rejected on basis of

credibility or entitlement that should also provide a means to filter the changes being managed. Once the CRE/CM determines that a potential change requires an initial impact assessment, the assessment procedure will follow as further detailed in 5.5 below.

5.5 Initial Impact Assessment:

As possible changes are identified and logged within CMS, the CRE will determine whether there is a need for an Initial Impact Assessment. In the event an Initial Impact Assessment is deemed necessary, the CRE may elect to perform the assessment with CRE staff or ask the OE to assemble a CAT to perform the initial assessment and determine a rough order-of-magnitude cost, impact to scope, schedule, and/or budget of the Project contract. Included in this initial assessment is whether the change impacts other contracts or the Project overall. Proper notification to the CFM, other CREs and the impact assessment may include Project impact assessment as well as the contract assessment.

The initial impact assessment and order-of-magnitude quantification of impact will be presented to HART's CCC for concurrence with the assessment and the recommended course of action. HART may reject the change, modify the action plan, or concur with the GEC's initial assessment. With concurrence, the CRE will notify the Contractor with issuance of a RFC, should the recommended course of action lead to a change.

5.6 Final Impact Assessment:

While the Contractor is preparing an impact assessment and quantification of change, the CRE/CAT will perform a detailed price assessment and quantification of change, independently from the Contractor. The GEC shall use the same pricing forms and breakdown anticipated by the Contractor. Assumptions and the basis of quantification shall be documented along with any schedule or estimate worksheets. Should a change require a deviation to Project Standards or contract requirements, the CFM will be advised and the final assessment will be prepared and the appropriate contract change documents modified accordingly.

Upon receipt of the Contractor change proposal, the CRE will assign a reviewer. Additional supporting information and/or clarifications to complete the change proposal review may be required from the Contractor to understand the basis of quantification, assumptions, etc.

5.7 Negotiations Strategy:

The CRE/CAT will develop a Negotiation Strategy Memo that depicts the thresholds of a negotiated deal: walk-away condition and anticipated middle ground, with a reasonable "win-win" strategy. Reference Request for Change Procedure 6.CM-03 for specific requirements.

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5.8 Change Order/Contract Amendment Issuance:

A CCO/CA includes the Request for Change negotiated between HART/GEC and the Contractor and approved within the appropriate levels of authority as follows:

- The CRE and the CM: < \$50,000
- The DAC and the DEC: < \$100,000
- The CCB: > \$100,000
- The Finance and Oversight Committees of the HART Board of Directors and the CCB: > \$1,000,000

Upon completion of negotiations and approval of the change, the CFM will prepare the CCO/CA with appropriate supporting documents for each Request for Change involved, reference Procedures 5.CA-05 and 5.CA-08..

5.9 Contract Contingency:

Each contract goes through a risk assessment and management process whereby the contract's "risk register" is used to identify and quantify risk and to establish mitigation actions including the establishment of allocated contract contingencies for budget and schedule risks. This is a continuous process that, if necessary, provides input to identifying pending changes. (Exhibits 1 and 2)

The Risk Management process also involves integration and interface management. Contract performance is dependent on a fully-integrated and coordinated effort of all contracts involved with the Project. Integration and interface with other contracts and Third Party performers are a source of risk that must be managed. Reference Procedures 4.PC -4 and 05, Risk Management and Contingency Management.

The Risk Management and Contingency Management procedures are referenced documents which provide the basis for controlling risk and contingency changes.

5.10 Contract Master Change Order:

HART shall issue all DB and Construction Contracts a CMCO (Exhibit 3) to allow the Contractor to proceed with work directed by the Contract Manager and Contract Resident Engineer. All work performed under this direction will be formally incorporated into the Contract via a Contract Change Order as required by the Change Order Procedure.

5.11 Contract Allowances:

For Professional Services, such as Design Only Contracts, a Contract Allowance Change Order (CACO) (Exhibit 4) is established in lieu of a Master Contract Change Order. The Allowance is managed by the Contract Manager and accounted for by the issuance of a Contract Amendment. (Exhibit 5)

5.12 Requesting Additional Funds:

When the Allocated Contingency on a Contract is reduced to 75% of the original value, the CM shall notify the appropriate APO and Configuration Manager. The CFM will notify Project Controls, Finance and Procurement Departments. The Contract Manager, with support from the GEC, shall have 30 days to prepare a summary of all anticipated changes for the Contract. If the Estimate to Complete for the Contract exceeds the allocated contingency, each major change will be identified and a Rough Order of Magnitude created for review by the CCB. The CCB may approve any or all of the requests and allow the CM to submit the Procurement Request to Project Controls begin the M-4 process. At the completion of the M-4, the CM will have the ability to negotiate changes with a Contractor as outlined in the Request for Change Procedure (6.CM-03)

5.12 Claim Avoidance:

The Contract Documents include provisions that address: (1) how changes escalate to Claims, and (2) HART's process to resolve contract claims. Openly discussing contract status, risk management, and issues/areas of concern during weekly coordination or special meetings offer a means to mitigate impacts to the work and the contract.

Claim avoidance is a coherent process of effective communication, risk management, and change processing used throughout the Project life to reduce the number of Claims submitted by Contractors. More detailed information about HART's process can be found in the Claims Avoidance Plan and Dispute Resolution Procedure.

6.0 REFERENCES:

Procedure 1.PP-03, "Standard Terms and Definitions"

Procedure 2.PA-04, "Project-wide Document Control"

Procedure 4.PC-08, "Risk Management"

Procedure 4.PC-09, "Contingency Management"

Procedure 5.CA-05, "Contract Change Orders"

Procedure 6.CA-07, "Dispute Resolution Procedure"

Procedure 5.CA-08, "Contract Allowance Change Orders and Change Amendments"

Procedure 6.CM-03, "RFC Procedure"

Configuration Management Plan

Contract Packaging Plan

Claims Avoidance Plan

HONOLULU RAIL TRANSIT PROJECT

CONTRACT CHANGE MANAGEMENT PROCEDURE

5.CA-02, REV. 0.1, 3/13/12

7.0 EXHIBITS:

- 1 – Flow Chart / M-4
- 2 – Contingency Usage
- 3 – Contract Master Change Order
- 4 – Contract Allowance Change Order
- 5 – Contract Amendment

CHANGE HISTORY		
Revision Level	Effective Date	Description of Change
0	03/16/11	Accepted
0.1	3/13/12	RTD to HART

DRAFT for FFGA

Approved by:

Signature

Date

Title

Exhibit 1 – Flow Chart

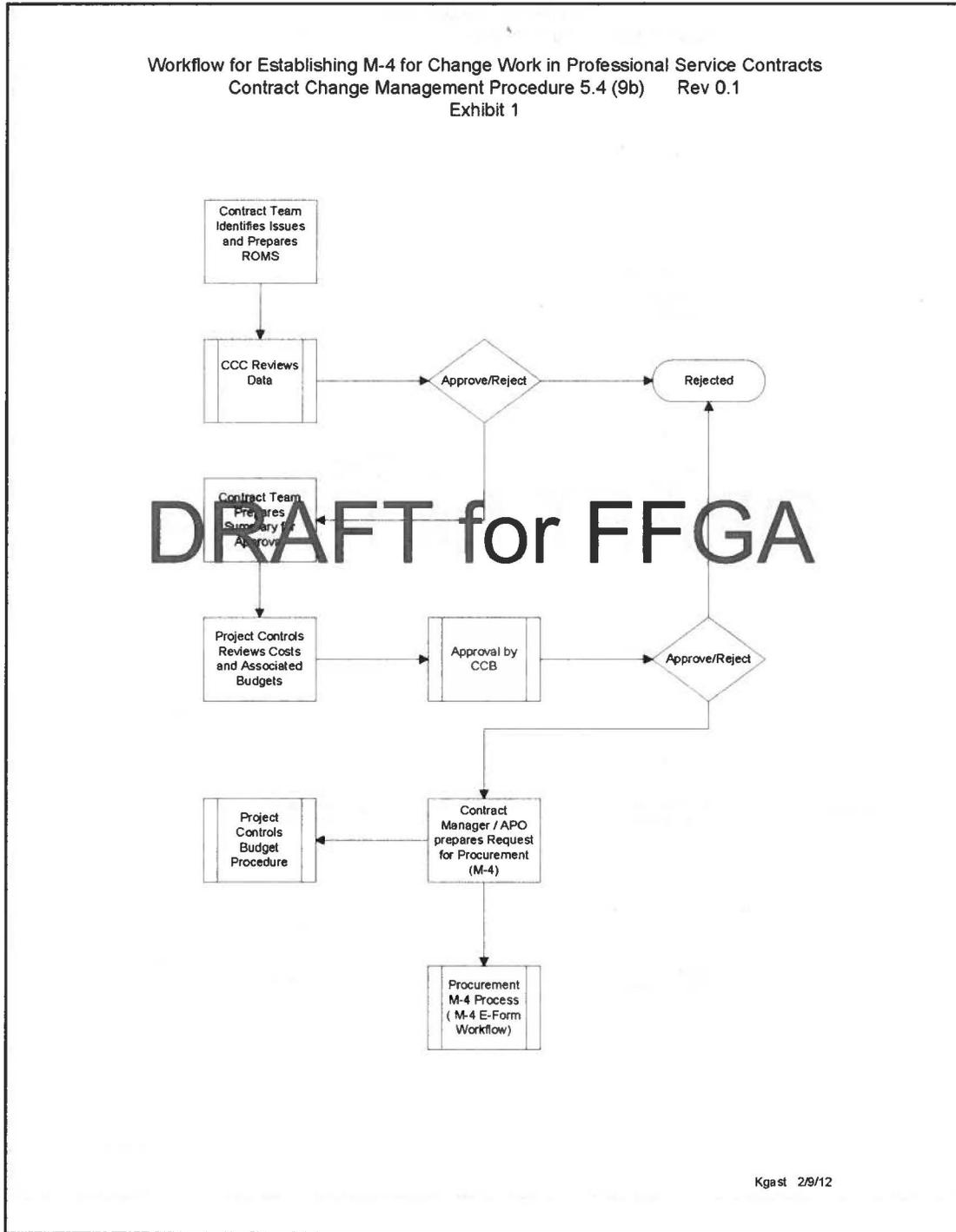


Exhibit 2 – Contingency Usage Chart

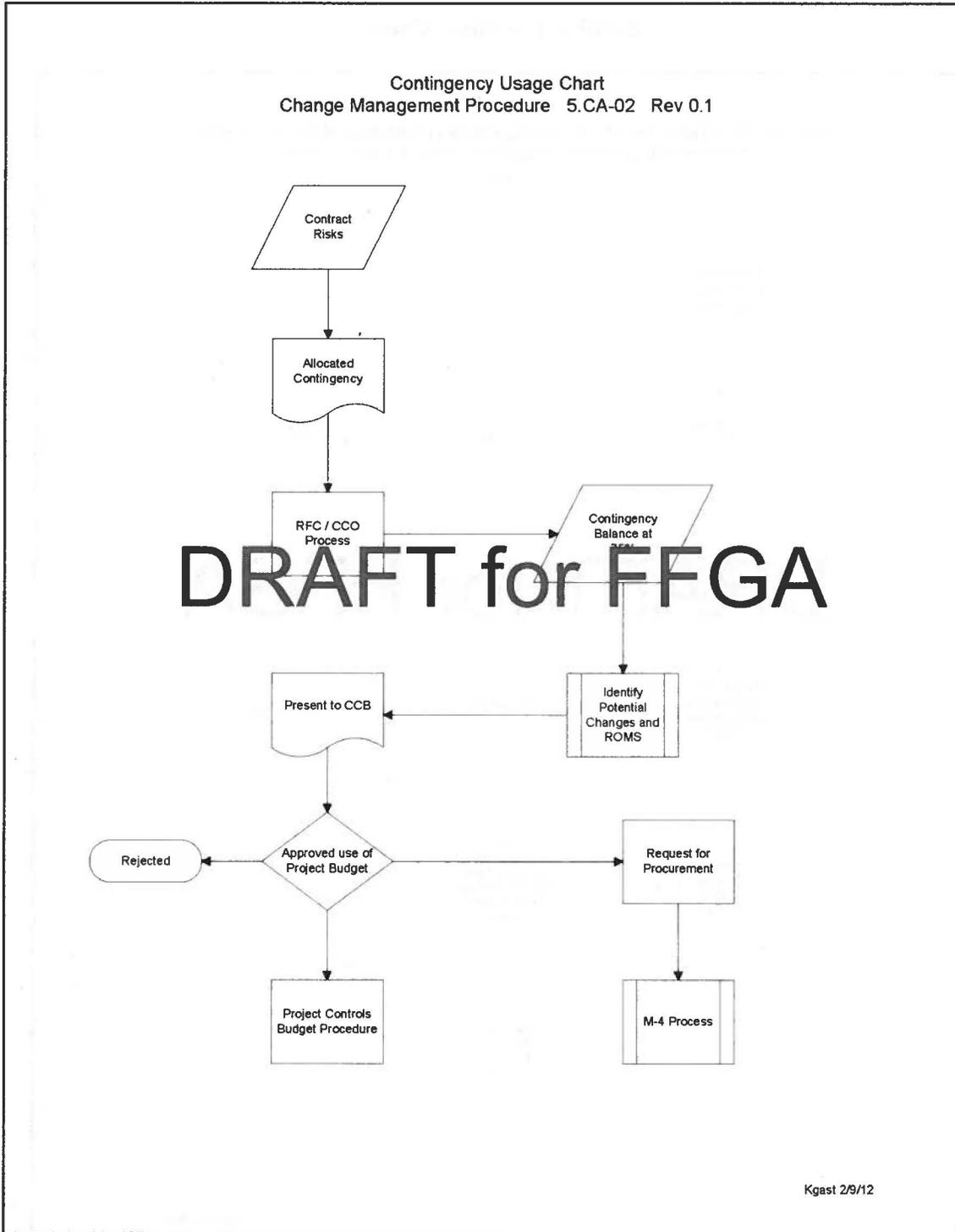


Exhibit 3 – Contract Master Change Order



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

CONTRACT MASTER CHANGE ORDER

Contract: West Oahu/Farrington Guideway DB

Change Order No. 00001

Contractor: Kiewit Infrastructure West Co.

Contract No.: 1000137

The Original Contract Sum	\$482,924,000.00
Contract Master Change Order	\$250,000.00
The New Contract Sum Including This Contract Master Change Order	\$483,174,000.00

This Contract Master Change Order authorizes the use of the Contract Contingency to provide for the funding of Contract change work required by the issuance of a Request For Change Design Change Notice (DCN) or Field Change Notice (FCN) prior to the finalization of a formal Contract Change Order. The Contractor shall not commence any work prior to the issuance of a RFC-DCN or RFC-FCN by HART, which will also include a not to exceed amount to be performed under the document. A subsequent Contract Change Order shall be entered into and properly executed by the parties, which shall include the negotiated prices for change work, detailed schedule of milestones and deliverables.

DRAFT for FFGA

Computed and Checked:

1. _____
Contract Manager

Approved:

2. _____
Contractor

Approved:

3. _____
Officer In Charge, HART

Certify Availability of Funds:

4. _____
Fiscal Officer

Approved as to form and legality:

5. _____
Deputy Corporation Counsel

Approved:

6. _____
Interim Executive Director, HART

HART Execution Date

Exhibit 4 – Contract Allowance Change Order



CONTRACT ALLOWANCE CHANGE ORDER

Contract: Farrington Highway Station Group, FD

Change Order No. 00001

Contractor: HART

Contract No.: BUD-FD-240

Test

The Original Contract Sum	\$5,800,696.00
Contract Allowance Change Order	\$0.00
The New Contract Sum Including This Contract Allowance CO	\$5,800,696.00

This Contract Allowance Change Order authorizes the use of the Contract Allowance to provide for the funding of Contract change work required by the issuance of a Request For Change Design Change Notice (DCN) prior to the finalization of a formal Contract Amendment. The Contractor shall not commence any work prior to the issuance of a RFC-DCN by HART, which will also include a not to exceed amount to be performed under the document. A subsequent Contract Amendment shall be entered into and properly executed by the parties, which shall include the negotiated prices for change work, detailed schedule of milestones and deliverables.

DRAFT for FFGA

Computed and Checked:

1. _____
Contract Manager

Approved:

2. _____
Contractor

Approved:

3. _____
Officer In Charge, HART

Certify Availability of Funds:

4. _____
Fiscal Officer

Approved as to form and legality:

5. _____
Deputy Corporation Counsel

Approved:

6. _____
Interim Executive Director, HART

HART Execution Date

1.0 PURPOSE:

This document sets forth the "Contract Change Order" procedure which covers changes for all, Design Build; Manufacture, Install and Maintain; Design Build Operate Maintain and, Construction Contracts, in conformance with contract change management, cost estimating, documents control and request for change procedures. The Contract Change Order Procedure is a systematic approach for implementing material changes to Project contracts, while maintaining the principal goals of the Project.

2.0 SCOPE:

This procedure applies to all Project contracts. Management procedures for changes affecting scope, quality, schedule, and budget are also referenced.

3.0 DEFINITIONS:

Refer to Project Procedure 1.PP-03, "Standard Terms and Definitions." For specific Contract Change Order processing related terms and abbreviations, refer to the following:

Contract Change Order (CCO) - Instrument executed by the parties of a Project contract, which authorizes changes to a contract. For changes to firm-price contracts, the basic intent is to issue firm-price change orders that have been reviewed and negotiated based on cost analysis, reasonable estimating practices, and subject to the Escrow of Proposal Documents (if necessary to resolve comparative estimate impasses). A CCO process commences upon the receipt of a Request for Change (RFC) and the Contractor's Proposed Costs (CPC). Each CCO will be separately accounted for on the Schedule of Milestones (SM) pay items with associated completion milestones (see Procedure 6.CM-04, "Contractor Progress Payments"). The CCO will include details associated with the changes, including its effect on the Schedule of Milestones (both timing and payment).

Contract Management System (CMS) – The Contract Management System is the Oracle Primavera document management system and contract control software for the Project. I.e., Contracts, Submittals, RFIs, Meeting Minutes, Transmittals, Purchase Orders, Cost Worksheets, and Change Orders.

Contract Master Change Order (CMCO) - Instrument executed by the parties and approved by the Chief Procurement or designee issued to a Design Build; Manufacture, Install and Maintain; Design Build Operate Maintain, Construction and Construction, Engineering and Inspection Contracts, to authorize work as directed by a RFC, DCN or FCN due to the immediate nature of the changed work.

The change work provided under a RFC, DCN or FCN will be finalized in a subsequent CCO and funds authorized under the CMCO will be accounted and paid for in the subsequent CCO.

Contractor(s) - Refers to the parties with whom the City enters into a Project procurement contract, and who may include, but not limited to, Final Design Consultants, Construction Contractors, Design-Build (DB) Contractors, and Design-Build-Operate-Maintain (DBOM) Contractors.

Contractor(s) Proposed Costs (CPC) - Detailed cost and schedule estimate from the Contractor for a specific Request for Change (RFC). This document is used in the formal negotiations of the RFC, which will be a part of the Contract Change Order.

Design Change Notice (DCN) - Instrument used to make an immediate change to a standard, issue a variance, or make a schedule-sensitive contract change affecting the design. The DCN will carry a provisional not to exceed sum to initiate the work immediately with an agreed upon limited time until HART and the Contractor negotiate a firm price to complete the work. The DCN may also be given as a no cost change with or without adjustment of time. The DCN will be issued jointly by the General Engineering Consultant (GEC) Contract Resident Engineer (CRE) and the HART Contract Manager (CM). A HART initiated RFC incorporating the DCN will immediately follow in accordance with the RFC procedure.

Field Change Notice (FCN) - Instrument used to authorize an immediate change to the contract for cost, schedule and/or health and safety work place conditions, due to a Differing Site Condition (DSC) or other conditions in the field. The FCN will carry a provisional not to exceed sum to initiate the work immediately with an agreed upon limited time until HART and the Contractor negotiate a firm price cost to complete the work. The FCN may also be given as a no cost change with or without adjustment of time. The FCN will be issued jointly by the General Engineering Consultant (GEC) Contract Resident Engineer (CRE) and the HART Contract Manager (CM) A HART initiated RFC incorporating the FCN will immediately follow in accordance with the RFC procedure.

Request for Change (RFC) - Instrument and procedure (p.CM-03) that has been developed by HART for identifying and quantifying a change to a contract standard, scope, configuration, schedule, and/or budget/cost.

Unilateral Change Order (UCO) - Instrument used to direct a Contractor to perform a task under protest.

4.0 RESPONSIBILITY:

Individual responsibilities for implementing this procedure include the following:

CCB The Change Control Board as is established which operates in accordance with the Configuration Management Plan (CFMP).

CCC The Change Control Committee (CCC) is responsible for managing all Issues and RFCs from their initial entry into CMS to final action of recommending approval to the CCB. The CCC provides oversight of the processing of changes by the individual contract CATs and the approvals by the CRE and CM and by the DEC and DAC. The CCC reviews and approves the RFC documentation after the Contractor and GEC have completed their detailed estimates and GEC has prepared their Negotiation Strategy. Upon completion of negotiation the GEC Design/Construction Manager and the DEC or the GEC Contract Manager and DAC (when appropriate) sign off on the Request for Change Package that is submitted by the CFM to the CCB.

CFM The Configuration Control Manager has the overall responsibility for the configuration management of the Project and ensures conformity with all required change control

- policies and procedures. The CFM will rely on assistance from the System Safety and Security Manager, Quality Assurance Manager, Project Control Manager (PCM), Real Estate Acquisitions Manager (RAM), Procurement/Contracts Officer (PCO) and the staff of the Deputy Chief Project Officer, Engineering and Construction (DEC) and other Project staff to determine the cost and schedule impacts of all proposed changes to baseline documents. This impact information may be presented to the CCB to determine if the changes should be made. Where appropriate the CFM may, for information purposes only, inform the CCB of pending changes before the CCC which may be brought to CCB.
- CRE** GEC's Resident Engineer is responsible as the single point-of-contact with the Contractor as the "Representative of HART". The CRE facilitates the GEC staff efforts related to the Change Order.
- CM** HART's Contract Manager is HART's Lead person for a Project contract, works directly with the CRE to manage the contract including negotiating changes and signs all change documents.
- CFO** HART's Chief Financial Officer is responsible for all cash flow requirements, accounting of all revenues and expenditures and preparation of HART's Annual Capital and Operating Budgets.
- ED** HART's Executive Director is responsible for all Project activities and is the Chairman of the CCB.
- GCM** GEC's Contracts Manager supports the CRE, manages change, facilitating GEC support and preparation of change documentation and works closely with HART when appropriate to receive CCB action on those changes that exceed the appropriate threshold.
- OIC** Officer-in-Charge is the Executive Director or his designated representatives have the responsibility for approving Contract Change Orders and related documents.

5.0 PROCEDURE:

A CCO is initiated after GEC and HART have completed all negotiations with a Contractor and has the authorized signatures required for approval per Procedure 6.CM-03, "RFC Procedures" and the details of the negotiation process.

The following procedure is developed in accordance with the CFMP for Project (CMP-001) that defines configuration management, organizational roles and responsibilities, and the establishment and maintenance of Project baselines. (Exhibit 1, Flow Chart)

5.1 **CCO Process:**

CCOs are prepared within HART and approved as to form and legality by the City's Department of the Corporation Counsel (COR) and approved by HART, and the City's Department of Budget and Fiscal Services (BFS). (Exhibit 2)

A CCO includes the Request for Change negotiated between HART/GEC and the Contractor and approved within the appropriate levels of authority as follows:

- The CRE and the CM: < \$50,000

- The DAC and the DEC: < \$100,000
- The CCB: > \$100,000
- The Finance and Oversight Committees of the HART Board of Directors and the CCB: > \$1,000,000

All pricing documentation from the Contractor(s) Proposed Costs (CPC) will be in accordance with HAR Chapter 3-125, HAR Chapter 3-122, subchapter 5, and HRS Chapter 103D-312.

The CFM along with CFO and the Project Controls Manager, determines that sufficient funds are available to cover the change and that any changes to the baseline Project Budget and Schedule are incorporated. (Reference Contract Change Management Procedure 5.CA-02)

The CFM prepares the CCO which is circulated for HART review and comment/signoff. After the authorized signatures are obtained, the CRE will forward the originals (3 each) to the Contractor for signature. After the Contractor has signed all 3 originals, they will be returned to HART for finalization, including approval as to form and legality by COR, BFS approval and final signature by the Executive Director. After full execution of the CCO, an original will be retained by HART Procurement, the Contract Field Office and Contractor for their records. The CCO and all related documents will be posted in CMS by the CFM Staff.

DRAFT for FFGA

5.2 CMCO Process:

CMCOs are prepared by the CFM and approved as to form and legality by the City's Department of the Corporation Counsel (COR), HART, and the City's Department of Budget and Fiscal Services (BFS).

The purpose and function of the CMCO is to authorize funds to be used for changes that are immediate in nature. Any funds authorized under the CMCO will be accounted and paid for in a subsequent CCO, which will detail and include the work performed under the CMCO. (Exhibit 3)

5.3 RFC DCN/FCN Function:

HART has the ability to direct a contractor to proceed on a limited budget and scope using the RFC/DCN or RFC/FCN. (Exhibit 4) This type of change can be tracked using Force Account or can be fully negotiated by all parties. The amount of the authorization will be as required by the limits under this Procedure. These documents are the instrument used to prevent delays when an immediate change is required due to the design or construction constraints or when a Contractor encounters "differing site conditions." Funds for these changes will be authorized by the approved Contract Master Change Order (CMCO). A DCN/FCN is issued under the authority of the CMCO, and work performed under a DCN/FCN will be accounted and paid for in a subsequent CCO, which will detail and include the work performed under the CMCO.

5.4 Timely Issuance of CCO:

The CFM shall assure that a fully executed change order is issued within 10 days after negotiations are completed, all documentation is received from the Contractor, in accordance with HAR Chapter 3-125.

5.5 CCO Audits:

After the CCO has been complete and confirmed with DTS/BFS, the HART QA Manager will perform the internal audit as necessary, reference Quality Management Plan. The CFM Staff will maintain a check sheet for each RFC/CCO to ensure all proper documentation is present in CMS. (Exhibit 5)

6.0 REFERENCES:

Procedure 1.PP-04, "Baseline Documents and Controlled Distribution"

Procedure 2.PA-04, "Project-wide Document Control"

Procedure 3.PM-01, "CMS Procedures"

Procedure 4.PC-06, "Cost Estimating"

Procedure 5.CA-02, "Contract Change Management"

Procedure 6.CM-03, "RFC Procedures"

Configuration Management Plan (CFMP)

Quality Management Plan (QMP)

7.0 Exhibits:

1 – Flow Chart

2 – Contract Change Order

3 – Contract Master Change Order

4 – RFC DCN/FCN

5 - Potential Documents for RFC/CCO

CHANGE HISTORY		
Revision Level	Effective Date	Description of Change
0	03/16/11	Accepted
0.1	1/31/12	RTD to HART
0.2	3/14/12	Limit to DB and Construction Only Contracts

Approved by:

Signature

Date

DRAFT for FFGA

Title

Exhibit 1 – Flow Chart

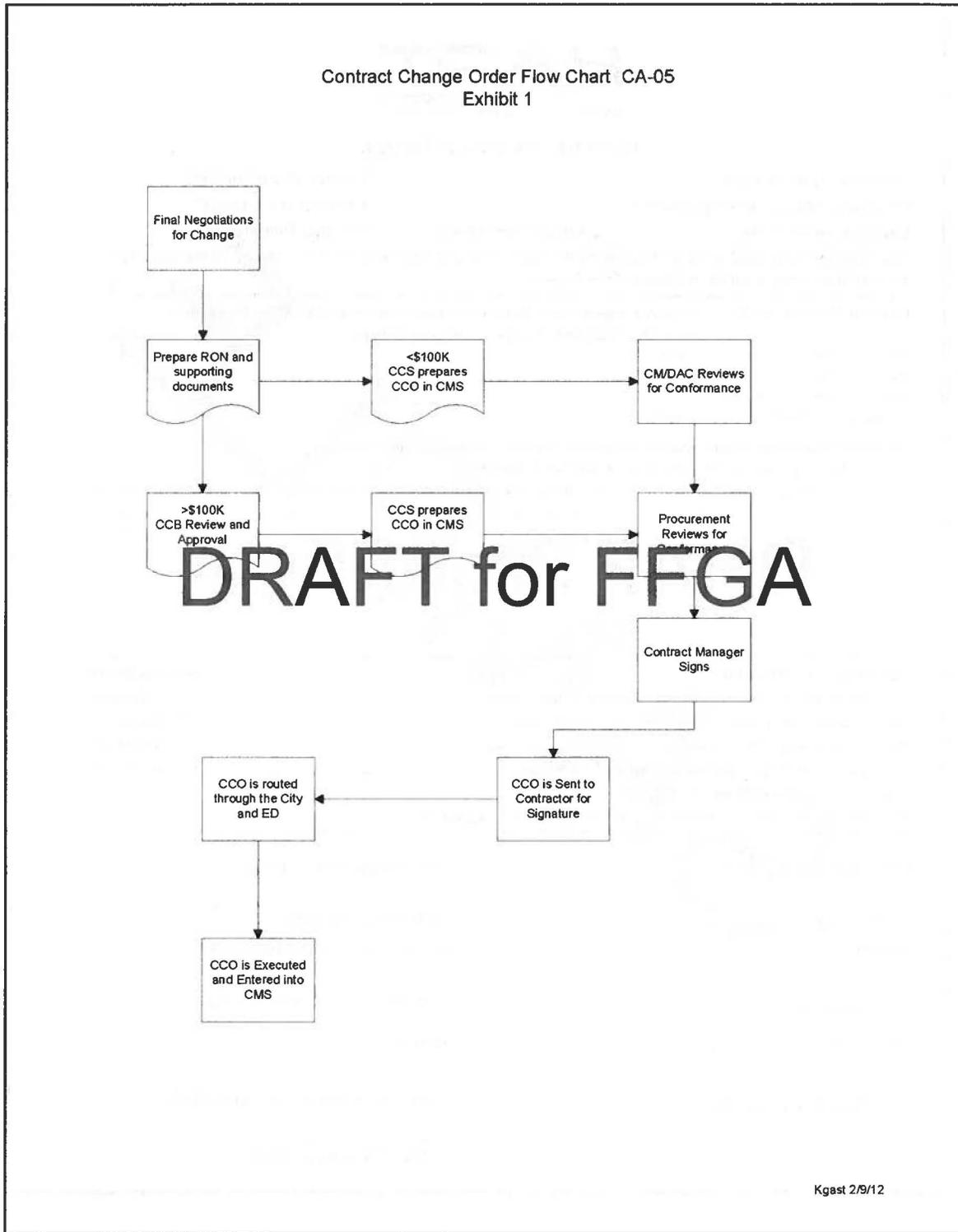


Exhibit 2 – Contract Change Order



CONTRACT CHANGE ORDER

Contract: Training Project Change Order No.00004
 Contractor: Design Build Contractor Contract No.: 100037
 Commencement Date: Contract Time (Days): Original Completion:

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
RFCR	00015		\$1.60	0
RFCC	00007	by practice rfcc 7	\$1,800.00	0
Total Amount This Change Order No. 00004			\$1,801.60	

The following milestones will be added to the Baseline Schedule and Schedule of Milestones:
 If more than 1 page, see the following page for additional Milestones

Milestone Title	NTP	Milestone Code	Activity ID	Unit Value	Qty	Units	SM Value (\$)
	B.G.	00.01.22.00.80.0		\$1,800.00	1	LS	\$1,800.00
	B.G.	00.01.22.00.80.0		\$55,000.00	1	LS	\$55,000.00
	B.G.	00.01.22.00.80.0		\$1.60	1	LS	\$1.60

DRAFT for FFGA

The Original Contract Sum	\$482,000,000.00
Net Change by Previously Authorized Requests and Changes	\$1,000.00
The Contract Sum Prior to This Contract Change Order	\$482,001,000.00
The Contract Sum Will be Increased	\$56,801.60
The New Contract Sum Including This Contract Change Order	\$482,057,801.60
The Contract Time Will Not Be Changed	
The Date of Substantial Completion as of this Contract Change Order	

Computed and Checked:

1. _____
 Contract Manager

Approved:

2. _____
 Contractor

Approved:

3. _____
 Officer In Charge, HART

Certify Availability of Funds:

4. _____
 Fiscal Officer (BFS)

Approved as to form and legality:

5. _____
 Deputy Corporation Counsel

Approved:

6. _____
 Interim Executive Director, HART

 HART Execution Date

Exhibit 3 – Contract Master Change Order



SAMPLE

CONTRACT MASTER CHANGE ORDER

Contract: West Oahu Farrington Guideway DB
Contractor: Kiewit Infrastructure West Co.

Change Order No. 00001
Contract No.: 1000137

The Original Contract Sum	\$482,924,000.00
Contract Master Change Order	\$250,000.00
The New Contract Sum Including This Contract Master Change Order	\$483,174,000.00

This Contract Master Change Order authorizes the use of the Contract Contingency to provide for the funding of Contract change work required by the issuance of a Request For Change Design Change Notice (DCN) or Field Change Notice (FCN) prior to the finalization of a formal Contract Change Order. The Contractor shall not commence any work prior to the issuance of a RFC-DCN or RFC-FCN by HART, which will also include a not to exceed amount to be performed under the document. A subsequent Contract Change Order shall be entered into and properly executed by the parties, which shall include the negotiated prices for change work, detailed schedule of milestones and deliverables.

DRAFT for FFGA

Computed and Checked:

1. _____
Contract Manager

Approved:

2. _____
Contractor

Approved:

3. _____
Officer In Charge, HART

Certify Availability of Funds:

4. _____
Fiscal Officer

Approved as to form and legality:

5. _____
Deputy Corporation Counsel

Approved:

6. _____
Interim Executive Director, HART

HART Execution Date

HONOLULU RAIL TRANSIT PROJECT

CONTRACT CHANGE ORDER PROCEDURE

5.CA-05, REV. 0.2, 03-14-12

Exhibit 4 – RFC DCN/FCN (1 of 3)



HONOLULU RAIL TRANSIT PROJECT
West Oahu/Farrington Guideway DB

CONTRACT No. CT-DTS: 1000137

HART Request for Change (RFCR)

RFCR NO: 00036

To: Steve Caniglia

Date: 12/12/2011

Company: Kiewit Infrastructure West Co.

From: Kenneth Hamayasu

Company: HART

HART Issue No: C00046

Subject: Emergency Lighting - Guideways

WBS Level:

Issued for Price\Schedule CPC Date Due: 1/13/12

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:

12/12/11: The Contractor shall eliminate from the Contract all emergency walkway lighting and markings along parapet wall as required by but not limited to the following:

DRAFT for FFQA

Standard and Directive Drawings

- 1. Delete Electrical Directive Drawings ED003, ED004, and ED005.

Compendium of Design Criteria

- 2. Delete paragraph 20.1.2.A.7 in its entirety.
- 3. Delete paragraph 20.4.4.2.D.12 in its entirety.
- 4. Delete Guideway lighting level requirements from Table 20-2 Facility Lighting Levels on page 20-27.
- 5. Delete paragraph 20.11.12.C in its entirety.
- 6. Delete the last two sentences in paragraph 23.5.5.B.
- 7. Delete paragraph 23.5.5.C in its entirety.

HART requests KIWC to submit their credit proposal to this RFCR as per SP-5.3.

Justification:

Illumination requirements for emergency walkways contained in NFPA 130, Standard for Fixed Guideway Transit and Passenger Rail System do not apply to the project guideway (NFPA 130, 6.2.5.1), as the guideway is neither underground or enclosed. Since the specific requirements of that standard do not apply, it was determined that more reliable and cost effective options should be evaluated. Photo-luminescent and reflective paints were identified that will provide clear demarcation of the guideway in darkness, providing an effective substitute for the proposed guideway emergency walkway lighting. The addition of the guideway markings will be addressed by a separate RFC.

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:

UPDATE 1/25/2012: KIWC is submitting the attached design proposal for the deletion of Emergency Lighting - Guideway RFCR 00036. KIWC is currently working on the proposal for construction.

Responder: Matt Glanzer

Date: 1/11/2012

Print Date: 3/14/12

Page 1 of 3

Exhibit 4 – RFC DCN/FCN (2 OF 3)

 HONOLULU AUTHORITY FOR RAPID TRANSPORTATION	HONOLULU RAIL TRANSIT PROJECT West Oahu/Farrington Guideway DB
HART Request for Change (RFCR)	CONTRACT No. CT-DTS: 1000137 RFCR NO: 00036
UPDATE 1/11/2012: KIWC is preparing a proposal for this change. Unless advised otherwise, KIWC will continue to work on this proposal.	
Attached Files:	
<h1>DRAFT for FFGA</h1>	
Responder: <u> Matt Glanzer </u>	Date: <u> 1/11/2012 </u>
Print Date: 3/14/12	Page 2 of 3

Exhibit 4 – RFC DCN/FCN (3 of 3)



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

HONOLULU RAIL TRANSIT PROJECT
West Oahu/Farrington Guideway DB

CONTRACT No. CT-DTS: 1000137

HART Request for Change (RFCR)

RFCR NO: 00036

RTD has issued this Request for Change as a Field or Design Change Notice and requires the Contractor to proceed with the change while pricing the cost and or time impacts. The "Not to Exceed" value is an estimate of costs the contractor will realize during the negotiation process and not an estimated value of the entire change. If RTD has not entered a value for this change, it believes there is no 'Material Change' impact to the Contractor; however, if the Contractor believes there will be cost or time impacts please notify RTD in writing immediately and submit your detailed estimate with justifications within 30 days.

Note that the Contractor should track any additional work performed under this Change using the 'Force Account' clause (detailed below) until the Change has been fully negotiated.

The proceeding change(s) in the referenced Contract are hereby made in accordance with the terms of the contract, and under the terms and conditions listed below:

GCDB Chapter 6.10 Force Account. When the contractor and the City cannot agree to the price adjustment of any change in work, the City may, in accordance with Section SP-6.8 "Price Adjustment" require that the work be performed under force account until such time that an equitable adjustment can be agreed to by both parties. Payment for work under this change notice cannot be paid until such time as the agreed upon firm price adjustment has been issued via a Change Order. At such time the Force Account records will be included as part of the firm price adjustment. Should a Dispute or the parties cannot agree on the price adjustment, the Force Account records shall be reimbursement of Work accomplished.

Please refer to GCDB Exhibits "F", "G", and "H" that are to be used for this Change.

Exhibit F - Estimate for Change Order Work (unless equivalent form is agreed to)

Exhibit G - Daily Force Account Report (to be submitted only if Dispute or parties cannot reach an agreement on firm price adjustment. FA Report shall be maintained in Change Order and subject to City audit.)

Exhibit H - Certificate of Current Cost of Pricing Data

DRAFT for FFQA

Responder: Matt Glanzer

Date: 1/11/2012

Print Date: 3/14/12

Page 3 of 3

Exhibit 5 – Potential Documentation for RFC/CCO Processing

**POTENTIAL DOCUMENTS FOR
REQUEST FOR CHANGE /
CONTRACT CHANGE ORDERS**

Issue Log:

Comments from meeting minutes
Letters from outside agencies
Request for Information

RFC Draft:

Original Scope defined
New Scope defined
Drawings revised
Specification Sections
Justification
Cost data - ROM
Schedule impacts
Comments from outside agencies
Comments from reviewers

RFC to Contractor:

Finalized Scope
Finalized Revised Drawings
Finalized Revised Specifications

RFC Response from Contractor:

Responses for any clarifications requested
Detailed Cost Proposal (CPC)
Detailed Schedule impact

GEC Detailed Estimate:

Detailed Cost Impact
Detailed Schedule Impact
Negotiation Strategy

RTD/Contractor Negotiations:

Record of all Negotiations
Final Resolution

Decision by Authority:

GEC
RTD CM
CCB

Contract Change Order:

All documentation pertaining to a specific RFC will be compiled and attached to the Contract Change Order for RTD's files.

DRAFT for FFGA

HONOLULU RAIL TRANSIT PROJECT

CONTRACT ALLOWANCE CHANGE ORDER AND CONTRACT AMENDMENT PROCEDURE 5.CA-08, REV. 0, 03-14-12

1.0 PURPOSE:

This document sets forth the Contract Amendment and Contract Allowance Change Order procedure which covers changes for Professional Service Contracts, in conformance with contract change management, cost estimating, documents control and request for change procedures. The Contract Amendment and Contract Allowance Change Order Procedure is a systematic approach for implementing material changes to Professional Service Contracts, while maintaining the principal goals of the Project. (Exhibit 1, Flow Chart)

2.0 SCOPE:

This procedure primarily applies to Professional Service contracts working on Design Only type work. Management procedures for changes affecting scope, quality, schedule, and budget are also referenced.

3.0 Definitions:

Refer to Project Procedure 1.PP-03, "Standard Terms and Definitions." For specific Contract Change Order processing related terms and abbreviations, refer to the following:

Allowance – A contract dollar value that is reserved for work specified within the Contract Schedule of Milestones of a Professional Services Contract. Authorization to execute the work defined by the allowance and payment will be made in accordance with this procedure.

Contract Allowance Change Order (CACO) - Instrument executed by the parties of a Professional Service Contract and approved by the Chief Procurement or designee to authorize work as directed by a RFC/DCN due to the immediate nature of the changed work.

Contract Amendment (CA) – A document created and executed by both parties to modify an existing Contract, for either cost, schedule or language changes.. A CA process commences upon the receipt of a Request for Change (RFC) and the Contractor's Proposed Costs (CPC). Each CA will be separately accounted for on the Schedule of Milestones (SM) pay items with associated completion milestones (see Procedure 6.CM-04, "Contractor Progress Payments"). The CA will include details associated with the changes, including its effect on the Schedule of Milestones (both timing and payment). An Amendment for cost may increase an Allowance or increase/decrease monies in the Schedule of Milestones and is based on revised a scope identified in a Request for Change. Any funds used under the DCN issued under the authority of the CACO will be accounted for in a subsequent CA.

Contract Management System (CMS) – The Contract Management System is the Rapid Transit Division's (HART) Oracle Primavera document management system and contract control software for the Project. I.e., Contracts, Submittals, RFIs, Meeting Minutes, Transmittals, Purchase Orders, Cost Worksheets, and Change Orders.

Contractor(s) - Refers to the parties with whom the City enters into a Project procurement contract, and who may include, but not limited to, Final Design Consultants.

HONOLULU RAIL TRANSIT PROJECT

CONTRACT ALLOWANCE CHANGE ORDER AND CONTRACT AMENDMENT PROCEDURE

5.CA-08, REV. 0, 03-14-12

Contractor(s) Proposed Costs (CPC) - Detailed cost and schedule estimate from the Contractor for a specific Request for Change (RFC). This document is used in the formal negotiations of the RFC, which will be a part of the Contract Change Order.

Design Change Notice (DCN) - Instrument used to make an immediate change to a standard, issue a variance, or make a schedule-sensitive contract change affecting the design. The DCN will carry a provisional not to exceed sum to initiate the work immediately with an agreed upon limited time until HART and the Contractor negotiate a firm price to complete the work. The DCN may also be given as a no cost change with or without adjustment of time. The DCN will be issued jointly by the General Engineering Consultant (GEC) Contract Resident Engineer (CRE) and the HART Contract Manager (CM). A HART initiated RFCR incorporating the DCN will immediately follow in accordance with the RFC procedure. A DCN is issued under the authority of the CACO, and work performed under a DCN will be accounted for in a subsequent Contract Amendment which will detail and include the work performed under the DCN.

Force Account (FA) - Instrument used to track all Time and Material work authorized by HART for a specific task and used as back up for Contract Change Orders if necessary.

Request for Change (RFC) – Instrument and procedure that has been developed by HART for identifying and quantifying a change to a contract standard, scope, configuration, schedule, and/or budget/cost.

Request for Change Package – This package contains all information pertaining to the RFC including the Summary of the Change, Change Control Committee signatures, Record of Negotiations, the RFC and supporting documentation. The package is presented to the CCB as a whole for acceptance.

Unilateral Change Order (UCO) - Instrument used to direct a Contractor to perform a task under protest.

4.0 **RESPONSIBILITY:**

Individual responsibilities for implementing this procedure include the following:

CCB The Change Control Board as is established which operates in accordance with the Configuration Management Plan (CFMP).

CCC The Change Control Committee (CCC) is responsible for managing all Issues and RFCs from their initial entry into CMS to final action of recommending approval to the CCB. The CCC provides oversight of the processing of changes by the individual contract CATs and the approvals by the CRE and CM and by the DEC and DAC. The CCC reviews and approves the RFC documentation after the Contractor and GEC have completed their detailed estimates and GEC has prepared their Negotiation Strategy. Upon completion of negotiation the GEC Design Manager and the DEC or the GEC Contract Manager and DAC (when appropriate) sign off on the Request for Change Package that is submitted by the CFM to the CCB.

CFM The Configuration Control Manager has the overall responsibility for the configuration management of the Project and ensures conformity with all required change control

HONOLULU RAIL TRANSIT PROJECT

CONTRACT ALLOWANCE CHANGE ORDER AND CONTRACT AMENDMENT PROCEDURE 5.CA-08, REV. 0, 03-14-12

policies and procedures. The CFM will rely on assistance from the System Safety and Security Manager, Quality Assurance Manager, Project Control Manager (PCM), Real Estate Acquisitions Manager (RAM), Procurement/Contracts Officer (PCO) and the staff of the Deputy Chief Project Officer, Engineering and Construction (DEC) and other Project staff to determine the cost and schedule impacts of all proposed changes to baseline documents. This impact information may be presented to the CCB to determine if the changes should be made.

- CRE** GEC's Resident Engineer is responsible as the single point-of-contact with the Contractor as the "Representative of HART". The CRE facilitates the GEC staff efforts related to the Change Order.
- CM** HART's Contract Manager is HART's Lead person for a Project contract, works directly with the CRE to manage the contract including negotiating changes and signs all change documents.
- ED** HART's Executive Director is responsible for all Project activities and is the Chairman of the CCB.
- GCM** GEC's Contracts Manager supports the CRE, manages change, facilitating GEC support and preparation of change documentation and works closely with HART when appropriate to receive CCB action on those changes that exceed the appropriate threshold.
- OIC** Officer-in-Charge is the Executive Director or his designated representatives have the responsibility for approving Contract Change Orders and related documents.

5.0 PROCEDURE:

A Contract Amendment (CA) is initiated after GEC and HART have completed all change negotiations with a Contractor per Procedure 5.CA-02 Contract Change Management and Procedure 6.CM-03, "RFC Procedures" and all approvals have been obtained. (Exhibit 2)

The following procedure is developed, in accordance with the CFMP for Project (CMP-001), that defines configuration management, organizational roles and responsibilities, and the establishment and maintenance of Project baselines.

5.1 CACO Process:

The Contract Allowance Change Order (CACO) is prepared by the CFM and approved as to form and legality by the City's Department of the Corporation Counsel (COR), HART, and the City's Department of Budget and Fiscal Services (BFS). (Exhibit 3)

The purpose and function of the CACO is to authorize funds to be used for changes that are immediate in nature. Any funds authorized under the CACO will be accounted and paid for in a subsequent CA, which will detail and include the work performed under the CACO.

HONOLULU RAIL TRANSIT PROJECT

CONTRACT ALLOWANCE CHANGE ORDER AND CONTRACT AMENDMENT PROCEDURE

5.CA-08, REV. 0, 03-14-12

5.4 RFC DCN Function:

HART has the ability to direct a contractor to proceed on a limited budget and scope using the RFC/DCN. This type of change can be tracked using Force Account or can be fully negotiated by all parties. The amount of the authorization will be as required by the limits under this Procedure. These documents are the vehicle used to prevent delays when an immediate change is required due to the design constraints. Funds for these changes will be authorized for payment by the Contract Allowance Change Order and the Contract shall be amended using the Contract Amendment. (Exhibit 4)

5.5 Timely Issuance of CA:

HART and GEC shall review the Change Management Module of CMS to assure that a fully executed change order is issued within 10 days after negotiations are completed per HAR Chapter 3-125.

5.6 CA Audits:

After the AC has been complete, the HART QA Manager will perform the internal audit as necessary, reference Quality Management Plan.

5.7 Contract Amendments (CA):

A Contract Amendment shall be issued to a Contractor to modify the terms of the Original Contract or increase/decrease the total value of the Contract. The Contract Change Management Procedure (5.CA-02) and Request for Change Procedure (6.CM-03) shall be used to identify the scope, schedule and cost for any modifications and shall be incorporated into the Contract via the Contract Amendment.

CAs are prepared within HART and approved as to form and legality by the City's Department of the Corporation Counsel (COR) and approved by HART, and the City's Department of Budget and Fiscal Services (BFS). (Exhibit 2)

A CA includes the Request for Change negotiated between HART/GEC and the Contractor and approved within the appropriate levels of authority as follows:

- The CRE and the CM: < \$50,000
- The DAC and the DEC: < \$100,000
- The CCB: > \$100,000
- The Finance and Oversight Committees of the HART Board of Directors and the CCB: > \$1,000,000

All pricing documentation from the Contractor(s) Proposed Costs (CPC) will be in accordance with HAR Chapter 3-125, HAR Chapter 3-122, subchapter 5, and HRS Chapter 103D-312.

HONOLULU RAIL TRANSIT PROJECT

CONTRACT ALLOWANCE CHANGE ORDER AND CONTRACT AMENDMENT PROCEDURE 5.CA-08, REV. 0, 03-14-12

The CFM along with CFO and the Project Controls Manager, determines that sufficient funds are available to cover the change and that any changes to the baseline Project Budget and Schedule are incorporated. (Reference Contract Change Management Procedure 5.CA-02)

The CFM prepares the CA which is circulated for HART review and comment/signoff. After the authorized signatures are obtained, the CRE will forward the originals (3 each) to the Contractor for signature. After the Contractor has signed all 3 originals, they will be returned to HART for finalization, including approval as to form and legality by COR and BFS approval. After full execution of the CA, an original will be retained by HART Procurement and Contractor, for their records. The CA and all related documents will be posted in CMS by the CFM Staff.

6.0 REFERENCES:

Procedure 1.PP-04, "Baseline Documents and Controlled Distribution"

Procedure 2.PA-04, "Project-wide Document Control"

Procedure 3.PM-01, "CMS Procedures"

Procedure 4.PC-06, "Cost Estimating"

Procedure 5.CA-02, "Contract Change Management"

Procedure 5.CA-05, "Contract Change Orders"

Procedure 6.CM-03, "RFC Procedures"

Configuration Management Plan

Quality Assurance Management Plan

7.0 Exhibits:

1 – Flow Chart

2 – Contract Amendment (CA)

3 – Contract Allowance Change Order

4 – RFC/DCN

HONOLULU RAIL TRANSIT PROJECT

**CONTRACT ALLOWANCE CHANGE ORDER AND CONTRACT AMENDMENT PROCEDURE
5.CA-08, REV. 0, 03-14-12**

CHANGE HISTORY		
Revision Level	Effective Date	Description of Change
0	3/14/12	Original Document

Approved by:

_____ **DRAFT for FFGA** _____
Signature Date

Title

HONOLULU RAIL TRANSIT PROJECT

**CONTRACT ALLOWANCE CHANGE ORDER AND CONTRACT AMENDMENT PROCEDURE
5.CA-08, REV. 0, 03-14-12**

Exhibit 1 – Flow Chart

DRAFT for FFGA

HONOLULU RAIL TRANSIT PROJECT

CONTRACT ALLOWANCE CHANGE ORDER AND CONTRACT AMENDMENT PROCEDURE 5.CA-08, REV. 0, 03-14-12

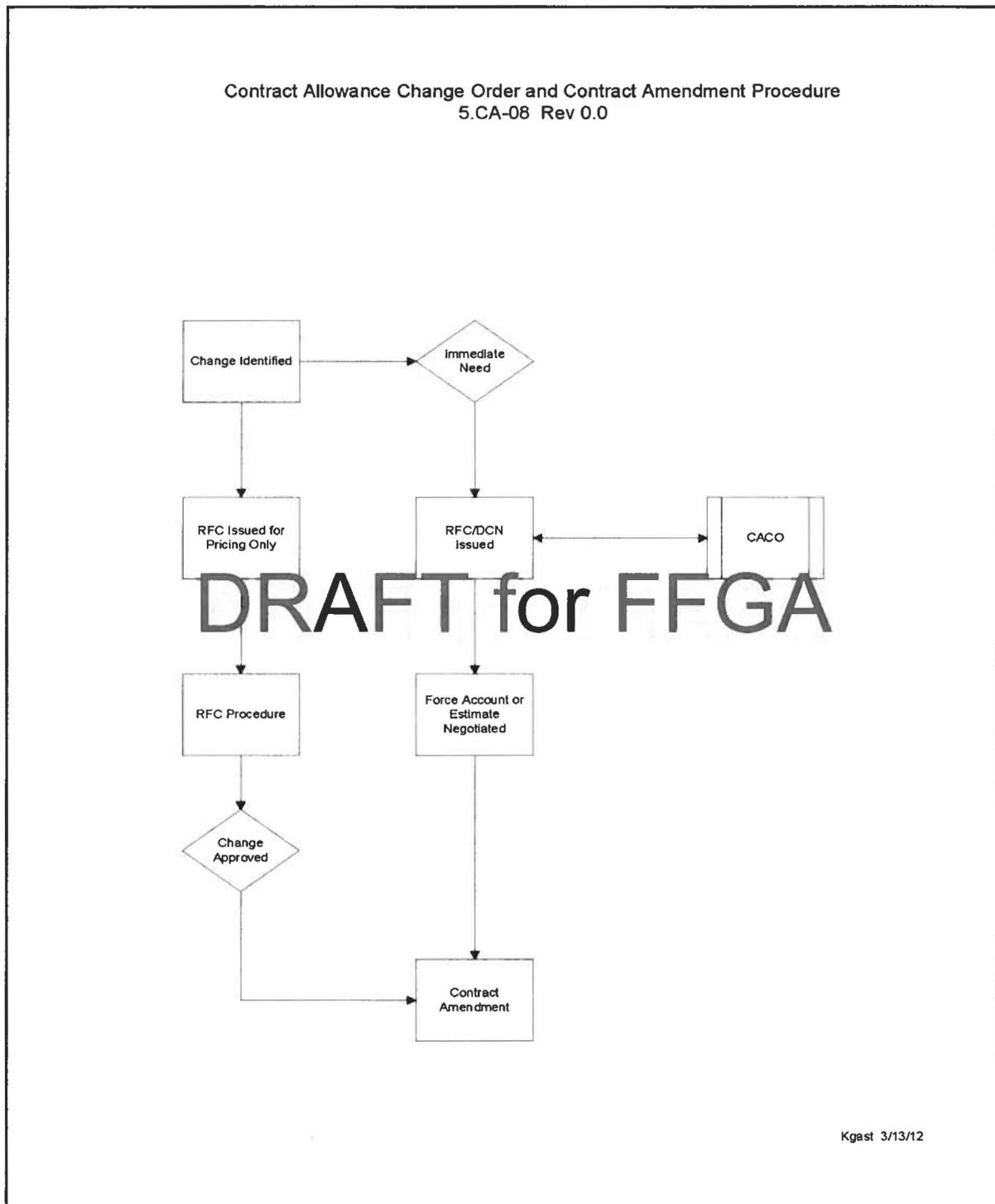


Exhibit 2 – Contract Amendment

HONOLULU RAIL TRANSIT PROJECT

**CONTRACT ALLOWANCE CHANGE ORDER AND CONTRACT AMENDMENT PROCEDURE
5.CA-08, REV. 0, 03-14-12**



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

CONTRACT ALLOWANCE CHANGE ORDER

Contract: Farrington Highway Station Group, FD

Change Order No. 00001

Contractor: HART

Contract No.: BUD-FD-240

Test

The Original Contract Sum	\$5,800,696.00
Contract Allowance Change Order	\$0.00
The New Contract Sum Including This Contract Allowance CO	\$5,800,696.00

This Contract Allowance Change Order authorizes the use of the Contract Allowance to provide for the funding of Contract change work required by the issuance of a Request For Change Design Change Notice (DCN) prior to the finalization of a formal Contract Amendment. The Contractor shall not commence any work prior to the issuance of a RFC-DCN by HART, which will also include a not to exceed amount to be performed under the document. A subsequent Contract Amendment shall be entered into and properly executed by the parties, which shall include the negotiated prices for change work, detailed schedule of milestones and deliverables.

DRAFT for FFGA

Computed and Checked:

1. _____
Contract Manager

Approved:

2. _____
Contractor

Approved:

3. _____
Officer In Charge, HART

Certify Availability of Funds:

4. _____
Fiscal Officer

Approved as to form and legality:

5. _____
Deputy Corporation Counsel

Approved:

6. _____
Interim Executive Director, HART

HART Execution Date

Exhibit 4 – RFC-DCN (1 of 3)

HONOLULU RAIL TRANSIT PROJECT

CONTRACT ALLOWANCE CHANGE ORDER AND CONTRACT AMENDMENT PROCEDURE 5.CA-08, REV. 0, 03-14-12

 <small>HONOLULU AUTHORITY FOR RAPID TRANSPORTATION</small>	HONOLULU RAIL TRANSIT PROJECT Farrington Highway Station Group, FD
CONTRACT No. CT-DTS: 1100013	
HART Request for Change (RFCR)	RFCR NO: 00003
To: Lawrence Krasnoff, AIA	Date: 3/3/2011
Company: HDR Engineering, Inc	
From: Kenneth Hamayasu	
Company: HART	HART Issue No: 00022
Subject: Design of West Loch Entrance	WBS Level:
Issued for Price/Schedule <input checked="" type="checkbox"/> CPC Date Due: 3/18/11	Configuration Control: Baselines Impact: <input type="checkbox"/> Interface Plan Impact: <input type="checkbox"/>
Issued as DCN/FCN: <input checked="" type="checkbox"/> Not to exceed \$45,000	
Issued as Unilateral: <input type="checkbox"/>	
Limitations on the scope during this interim period:	
Requested Change:	
Update 8-11-11: The design of the steps and ramps at the Farrington Highway side of the station site should avoid permanent construction over the sewer and water easements. The slope easement is not a concern at this time and should not impact the locations of the steps and ramps. Service vehicle (truck) access for the trash room and TCCR may be either from Farrington Highway or the Don Quijote parking lot. If from Farrington Highway, there may be sufficient truck maneuvering area such that the truck will leave the station front lot and not have to back out. HDR should proceed on this basis. Reconfiguration of the plan sketch, prepared by the OEC, and presented to HDR for guidance will require some revisions and reconfiguration of a portion of the rooms to allow sufficient area for the steps and ramps.	
8-3-11: Provide Design Labor only to reduce the take area affecting the Don Quijote parking lot by either moving some elements of the building (such as the TCCR/UPS) to the makai side, or by reconfiguring the mauka side and subsequently taking fewer parking spaces. Redesign the entry building and complete the Preliminary Engineering update. The following is a chain of events that have occurred prior to this Request for Change:	
<ol style="list-style-type: none"> 1. The initial West Loch mauka site boundaries were established by PE Drawings dated September 18, 2009. 2. HDR began West Loch Station design on March 15, 2011. 3. RTD advised HDR of programmatic revisions to West Loch mauka site on April 28, 2011. 4. HDR ceased design development from April 28, 2011. 5. RTD issued RFCR No. 00001 on 5/20/2011 for a Right-of-Way site study to West Loch mauka for \$20,000.00. 6. The Study reduces site boundaries to limit taking of vehicle parking in Don Quijote parking lot. 7. HDR to submit plan for site reduction by May 26, 2011. 8. The HDR site study provided the following changes: <ul style="list-style-type: none"> - Reduced the number of parking spaces lost to mauka station entrance. - Provided Staff Room at Makai Entrance where Bus Transit Facility is provided. - Provided 5'-0" set-back on all sides of property. - Allowed for space for future construction of ADA-compliant ramp by others. All other time impacts and associated costs will be provided under another RFC.	
Justification:	
Reduce impact Don Quijote and save ROW take. Mitigate Design time impacts.	
Response:	
No Cost/Schedule Impact: <input type="checkbox"/>	
Cost Impact: <input type="checkbox"/> \$_____ (Submit assumptions and rough order of magnitude breakdown of costs)	
Responder: _____	Date: _____
Print Date: 3/14/12	Page 1 of 3

Exhibit 4 – RFC-DCN (2 of 3)

HONOLULU RAIL TRANSIT PROJECT

**CONTRACT ALLOWANCE CHANGE ORDER AND CONTRACT AMENDMENT PROCEDURE
5.CA-08, REV. 0, 03-14-12**

 <small>HONOLULU AUTHORITY FOR RAPID TRANSPORTATION</small>	HONOLULU RAIL TRANSIT PROJECT <i>Farrington Highway Station Group, FD</i>
CONTRACT No. CT-DTS: 1100013	
HART Request for Change (RFCR)	RFCR NO: 00003
<small>Cost Impact: <input type="checkbox"/> <u>0</u> (Submit assumptions and rough-order of magnitude measurement of costs)</small>	
Schedule Impact: <input type="checkbox"/> <u>0</u> Days <small>(Submit assumptions and breakdown of time)</small>	
Date CPC Submitted:	
Attached Files:	
<h1>DRAFT for FFGA</h1>	
Responder: _____	Date: _____
<small>Print Date: 3/14/12</small>	<small>Page 2 of 3</small>

Exhibit 4 – RFC-DCN (3 of 3)

HONOLULU RAIL TRANSIT PROJECT

**CONTRACT ALLOWANCE CHANGE ORDER AND CONTRACT AMENDMENT PROCEDURE
5.CA-08, REV. 0, 03-14-12**



**HONOLULU RAIL TRANSIT PROJECT
Farrington Highway Station Group, FD**

CONTRACT No. CT-DTS: 1100013

HART Request for Change (RFCR)

RFCR NO: 00003

RTD has issued this Request for Change as a Field or Design Change Notice and requires the Contractor to proceed with the change while pricing the cost and or time impacts. The "Not to Exceed" value is an estimate of costs the contractor will realize during the negotiation process and not an estimated value of the entire change. If RTD has not entered a value for this change, it believes there is no 'Material Change' impact to the Contractor; however, if the Contractor believes there will be cost or time impacts please notify RTD in writing immediately and submit your detailed estimate with justifications within 30 days.

Note that the Contractor should track any additional work performed under this Change using the 'Force Account' clause (detailed below) until the Change has been fully negotiated.

The proceeding change(s) in the referenced Contract are hereby made in accordance with the terms of the contract, and under the terms and conditions listed below.

General paragraph 5.2.

DRAFT for FFGA

Responder: _____

Date: _____

Print Date: 3/14/12

Page 3 of 3

ATTACHMENT B

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2012-1

**RELATING TO THE CHANGE ORDER PROCESS OF
THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION**

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City & County of Honolulu 1973, as amended (Charter); and

WHEREAS, it is in the public interest to ensure that the funds supporting HART's activities are utilized as efficiently and effectively as possible; and

WHEREAS, the Board desires to establish a procedure for the review and approval of change orders to ensure that expenditures are properly controlled and accounted for;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That the Change Order Policy, as shown in Exhibit A attached hereto and made a part hereof by reference, be and hereby is, adopted as the policy of HART; and
2. That the Executive Director/CEO is authorized to implement the policies described in Exhibit A and to ensure that Authority staff and contractors, as appropriate, adhere to these policies; and
3. That this Resolution shall take effect immediately upon its adoption.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on

_____.

Exhibit A – Change Order Policy of the Honolulu Authority for Rapid Transportation

ATTEST:

Board Administrator

Board Chair

ATTACHMENT C

TheBus and TheHandi-Van

Introduction

- Thank-you for the Opportunity to speak and to give you our views on future bus and Handi-Van costs.
- On behalf of the Oahu Transit Services and its Board of Directors, we want to be very clear. We support rail transit. It will lead to better transit for all of Honolulu and should also improve bus transit operations for all of Oahu.
- By 2030 – it is projected that bus ridership will account for about 75% of total transit trips for both bus and rail.
- And by 2030 – TheBus and Handi-Van operational costs will dwarf rail operational costs. The bus fleet size is projected to increase by about 80 buses and TheBus and TheHandi-Van are projected to account for about 80% of total transit costs.
- On a per-passenger mile basis, rail will be less costly than bus.

Need for Efforts to control costs

- We've got a great bus system now.....
- Compared to Mainland transit systems, the current City system performs at a high level on the basis of ridership, service and fiscal efficiency.
- The Porter report applied a stress test on the City's financial plan and determined that Bus and Handi-Van costs could increase faster than projected. This was based on an analysis of the past five years.
- While there are probably valid technical issues that will cause the stress test estimates to be revised downward, the greater need is to make sure the assumptions made by Porter do not turn out to be a prophecy but rather a reminder of what the worst case could be if efforts are not taken to control the growth of Bus and Handi-Van costs.
- Going forward, we all have responsibility to control the growth of transit costs.
- There are multiple ways that should be considered to manage bus and Handi-Van O and M costs.
- About 70% of these costs are labor and there is a need to control the growth of personnel costs salaries and benefits - for TheBus and for Handi-Van. That's my job.
- Bus routes and schedules can be optimized to provide more effective service at less cost. DTS, working closely with OTS, is spearheading this effort. As a result of these efforts, the transit budget for next year will reflect only increases in fuel and electricity costs.

- The Handi-Van cost projections received particular attention because of the projections of rapid growth. Much of this growth was based on the assumption that future demand for the use of Handi-Vans will be correlated entirely by our growing aging population. We don't think that true for all components of Handi-Van riders. The over 65 age group is projected to grow at about 60% over the next twenty years compared to the general population which is projected to grow by less than 15%. Many Handi-Van disabilities are for congenital conditions that are not necessarily age related.
- There are other ways that the Handi-Van can become more cost-effective. A current effort is to try and improve schedule efficiency through the use of better technology.
- Another issue that is being reviewed by DTS has to do with how future service should be provided to human service agencies. About a third of Handi-Van service is provided to institutions rather than individuals. Many such institutions are financed by State and Federal programs and transportation service is a part of the program.

Organizational and Staffing Issues

There are also issues related to organizational development and the growth of administrative systems. OTS is a large organization with about 1830 employees operating TheBus and Handi-Van. This includes..

- 1150 Drivers
- 350 Hourly Maintenance
- About 300 administrative, supervisory, support and clerical employees
- About another 150 employees at DTS and HART
- About 2000 employees today

MTL and OTS have provided almost a half-century of service to the City. Over this long period of time, many of the transit specific administrative functions have evolved within OTS. The reality is that most transit specific administrative functions are performed within OTS. These include.....

- FTA mandated accounting systems
- Most O&M public procurement
- Most marketing and customer communication programs
- Transit specific information technology systems
- Operational planning activities
- Human Resources

In many cities, similar administrative functions are housed within the umbrella organization and not within the modal operator. We need a plan to deal with this reality.

By 2030 – the number of transit employees will probably increase to about 2,500 including HART, DTS, TheBus, Handi-Van, and Ansaldo.

- There are dangers from many organizations developing separate administrative systems which can result in duplication of effort, internal communication problems and higher overall headcount.
- The City or HART needs to map out its probably ultimate staffing needs and define an organization that meets those needs. Then we need to develop a roadmap to get there. This will not be an easy task as there are legacy institutional or union issues that must be considered.
- A streamlined organization might include HART absorbing some of the administrative functions now performed by OTS or contracting with OTS to perform certain functions.
- Fare Collection is a good candidate. OTS has 32 positions involved in producing bus passes, distributing fare media, operating a pass office, maintaining over 500 electronic fareboxes, pulling vaults each day, counting the money, accounting for revenue and producing planning and analysis reports. We could easily expand our nucleus to cover rail.

What is needed now is not a plan to necessarily integrate all modes but a roadmap of how administrative staffs should evolve over the next ten years. Central to that planning effort is a determination of how best to treat OTS. It is intertwined with the City and has attributes of a private contractor; a City instrumentality; or a City Department. If OTS were a City Department, it would be second only to HPD.

Other more complicated cities have gone through similar issues and it would be wise to review what actions and strategies were taken and how the streamlining process worked.

Over the years, we have developed quite extensive resources. Our Board and our entire management team look forward to working with Dan Grabouskas and the entire HART team to map out a strategy that will result in a good outcome for our Hawaii Nei.

Thank-you. I would be happy to try and answer any questions the Board might have.

ATTACHMENT D



BALANCED SCORECARD

Project Implementation/Pre-Revenue Operation

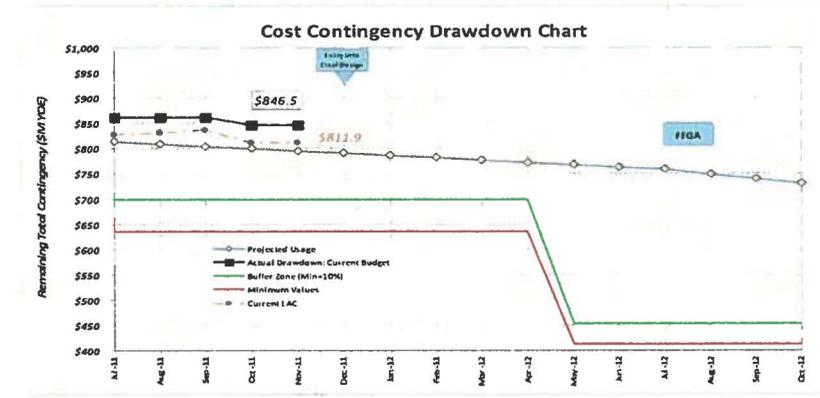
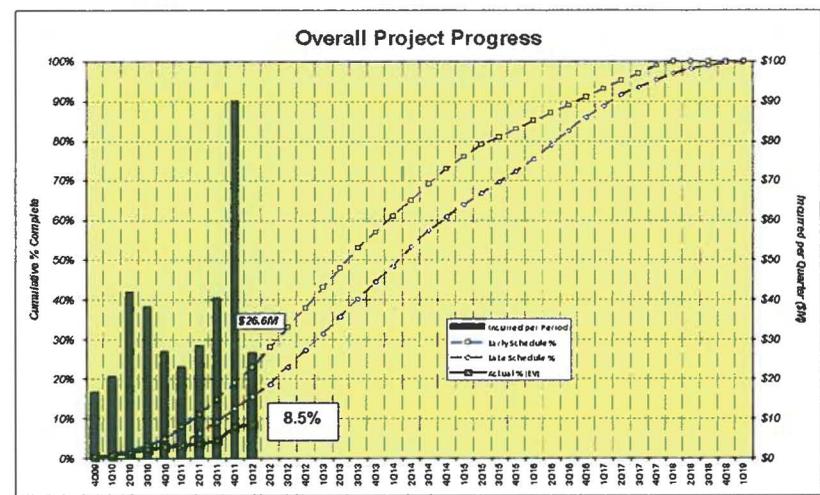
DRAFT

Note: The "Actuals" included in this Draft version of the Balanced Scorecard are current through February 24, 2012, and thus are preliminary figures until the March data is closed out and incorporated for an accurate comparison to the Plan.

Executive Perspectives

HART Executive Summary

Total Budget	\$5.174	
Less Contingency and Financing	\$1.179	
Adjusted Budget	\$3.995	
Committed to Date	\$1.998	38.6%
Expended to Date	\$0.327	6.3%
Contingency:	\$865.5	
Utilized to Date	\$19.0	
Remaining	\$846.5	
Schedule Status	On Schedule for Revenue Service by March 2019	
Overall Progress to Date =		8.5%





BALANCED SCORECARD

Project Implementation/Pre-Revenue Operation

DRAFT

Note: The "Actuals" included in this Draft version of the Balanced Scorecard are current through February 24, 2012, and thus are preliminary figures until the March data is closed out and incorporated for an accurate comparison to the Plan.

Goal/Measures	FY 3Q12				FY 4Q12				FY 1Q13				FY 2Q13				Comments
	Cal months Jan, Feb, Mar 2012				Cal months Apr, May, June 2012				Cal months July, Aug, Sept 2012				Cal months Oct, Nov, Dec 2012				
	Plan	Actual	Variance +Over/(Under)	Status	Plan	Actual	Variance +Over/(Under)	Status	Plan	Actual	Variance +Over/(Under)	Status	Plan	Actual	Variance +Over/(Under)	Status	
HART Policy																	
<ul style="list-style-type: none"> Operational and Administrative Policy Decisions <ul style="list-style-type: none"> Platform Gates Fare Collection System Bus-Rail Integration Plan HART Operating Organization Plan HART Service Policy/Standards HART TOD Policy 																	
Public Outreach																	
<ul style="list-style-type: none"> Community Involvement <ul style="list-style-type: none"> Public Meetings/Events Participation (# as of Feb) 90 87 (3) ● Public Opinion Research Public Comments (#) [Website and Hotline] 																1,692 meetings/events as of end of Dec '11. Construction complaints to be monitored once field activities begin.	
Planning and Environmental																	
<ul style="list-style-type: none"> Archeological <ul style="list-style-type: none"> Archeological Finds (#) --- 2 --- ● AIS Progress 20 20 -0- ● 100 100 72 Historic <ul style="list-style-type: none"> PA Commitments Completed (#) --- --- --- ● HPC Meetings [One per Quarter] 1 1 -0- ● Environmental <ul style="list-style-type: none"> Permit Violations (#) --- 0 --- ● Mitigation Measures Implemented (#) --- 211 --- ● Regulatory Actions (#) --- 0 --- ● 																One find per phase (section). First two phases completed; City Center in progress. Programmatic Agreements complete; Kako'o contract pending. Total PA commitment = \$2.85M. 65 currently active.	



BALANCED SCORECARD

Project Implementation/Pre-Revenue Operation

DRAFT

Note: The "Actuals" included in this Draft version of the Balanced Scorecard are current through February 24, 2012, and thus are preliminary figures until the March data is closed out and incorporated for an accurate comparison to the Plan.

Goal/Measures	FY 3Q12				FY 4Q12				FY 1Q13				FY 2Q13				Comments
	Cal months Jan, Feb, Mar 2012				Cal months Apr, May, June 2012				Cal months July, Aug, Sept 2012				Cal months Oct, Nov, Dec 2012				
	Plan	Actual	Variance +Over/(Under)	Status	Plan	Actual	Variance +Over/(Under)	Status	Plan	Actual	Variance +Over/(Under)	Status	Plan	Actual	Variance +Over/(Under)	Status	
HART Operating/Capital Budgets																	
<ul style="list-style-type: none"> Operating Budget <ul style="list-style-type: none"> Annual Budget vs Actual Expenditures/Encumbrances YTD (\$M) Staffing Level (FTEs) Capital Improvement Budget <ul style="list-style-type: none"> Annual Budget vs Actual Expenditures/Encumbrances YTD (\$M) Revenues <ul style="list-style-type: none"> GET Receipts YTD vs Plan (\$M) Federal Grant \$\$ Received YTD vs Plan (\$M) Public/Private Partnerships <ul style="list-style-type: none"> HART Joint Development Projects Identified (#) TOD Projects Planned with DPP (#) 	\$20.58	\$7.04	(\$13.54)	●													
	136	115	(21)	●													The balance of the project staffing requirements are being filled by the Project Management Support Consultant.
	\$354.74	\$200.88	(\$153.86)	●													
	\$186.00	\$145.27	(\$40.73)	●													Cash Basis Sept 2011 Financial Plan Annual Amount
	\$224.00	\$41.84	(\$182.16)	●													Cash Basis Sept 2011 Financial Plan Annual Amount
	1	1	---	●													Discussions in progress with one interested party. Currently exploring other public/private ventures.
	1	1	---	●													DPP following up on one inquiry.

Financial Perspectives



BALANCED SCORECARD

Project Implementation/Pre-Revenue Operation

DRAFT

Note: The "Actuals" included in this Draft version of the Balanced Scorecard are current through February 24, 2012, and thus are preliminary figures until the March data is closed out and incorporated for an accurate comparison to the Plan.

Goal/Measures	FY 3Q12				FY 4Q12				FY 1Q13				FY 2Q13				Comments	
	Cal months Jan, Feb, Mar 2012				Cal months Apr, May, June 2012				Cal months July, Aug, Sept 2012				Cal months Oct, Nov, Dec 2012					
	Plan	Actual	Variance +Over/(Under)	Status	Plan	Actual	Variance +Over/(Under)	Status	Plan	Actual	Variance +Over/(Under)	Status	Plan	Actual	Variance +Over/(Under)	Status		
Project Budget/Schedule (Continued)																		
Internal Processes Perspectives	• Utilities Agreements																	
	- Required vs Completed (#)	26	20	(6)	●	35				45								Projected completion of all utility agreements by Cal Yr 3Q12.
	- In Process: Planned vs Actual (#)	19	18	(1)	●	10												
	• HDOT Agreements																	
	- Required vs Completed (#)	12	6	(6)	●													Will include Kamehameha Section in Cal Yr 2Q12.
	- In Process: Planned vs Actual (#)	8	8	-0-	●													
	• Real Estate/Right-of-Way [WOFH Section Only]																	
	- Full Takes: Planned vs Avail for Construction (#)	14	8	(6)	●	14												Will include Kamehameha Section in Cal Yr 2Q12.
	- Partial Takes: Planned vs Avail for Construction (#)	10	4	(6)	●	10												
	- Budget [Plan] vs Commitments (\$M)																	
	• Safety																	
	- Recordable Accidents	4.3	0.24	(4.1)	●													Planned resolution of outstanding NCR's in Cal Yr 2Q12. Planned resolution of outstanding NCR's in Cal Yr 2Q12.
	- OSHA Reportable Injuries: Actual (#)	----	2	----	●													
	- OSHA Violations: Actual (#)	----	0	----	●													
	- Safety Certification Checklists (# Completed)	----	----	----														
	• Quality Assurance																	
	- Number of QA Audits Plan vs Actual (#)	4	4	-0-	●	8												Planned resolution of outstanding NCR's in Cal Yr 2Q12. Planned resolution of outstanding NCR's in Cal Yr 2Q12.
	- Construction NCRs Identified [Plan] vs Resolved (#)	5	3	(2)	●	5												
	- Design NCRs Identified [Plan] vs Resolved (#)	5	3	(2)	●	5												
	• Major Milestones																	
- FTA Approval: LONP2	Feb 06 '12	Feb 06 '12	0 days	●													Planned resolution of outstanding NCR's in Cal Yr 2Q12. Planned resolution of outstanding NCR's in Cal Yr 2Q12.	
- FFGA Application Submittal					May 01 '12													
- Congressional Review Begins									Jul 18 '12									
- FFGA Executed													Oct 15 '12					



BALANCED SCORECARD

Project Implementation/Pre-Revenue Operation

DRAFT

Note: The "Actuals" included in this Draft version of the Balanced Scorecard are current through February 24, 2012, and thus are preliminary figures until the March data is closed out and incorporated for an accurate comparison to the Plan.

Goal/Measures	FY 3Q12				FY 4Q12				FY 1Q13				FY 2Q13				Comments
	Cal months Jan, Feb, Mar 2012				Cal months Apr, May, June 2012				Cal months July, Aug, Sept 2012				Cal months Oct, Nov, Dec 2012				
	Plan	Actual	Variance +Over/(Under)	Status	Plan	Actual	Variance +Over/(Under)	Status	Plan	Actual	Variance +Over/(Under)	Status	Plan	Actual	Variance +Over/(Under)	Status	
<div style="display: flex;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; margin-right: 5px;">Learning and Growth Perspectives</div> <div> <p>Agency Culture</p> <ul style="list-style-type: none"> • Staff Training and Career Development Program <ul style="list-style-type: none"> - Training Opportunities Provided - Number of staff attending training • Internal Promotions <ul style="list-style-type: none"> - Number Filed Internally • PMSC/GEC Phase-Out <ul style="list-style-type: none"> - Positions transitioned to HART (#) • Employee Satisfaction Surveys [Results] </div> </div>																	