



HONOLULU AUTHORITY for RAPID TRANSPORTATION

## MINUTES

**Joint Meeting of  
Finance Committee and Project Oversight Committee**  
Kapolei Hale, Conference Room B  
1000 Uluohia Street, Kapolei, Hawaii  
Thursday, December 6, 2012, 9:00 A.M.

PRESENT:	Carrie Okinaga William "Buzz" Hong Wayne Yoshioka	Keslie Hui Damien Kim Don Horner
ALSO IN ATTENDANCE: (Sign-in Sheet and Staff)	Dan Grabauskas Gary Takeuchi John Burns	Jeanne Mariani-Belding Cindy Matsushita Joyce Oliveira Andrea Tantoco
EXCUSED:	Robert "Bobby" Bunda Ivan Lui-Kwan	Jiro Sumada Glenn Okimoto

I. Call to Order by Chair

Project Oversight Committee Chair Damien Kim called the meeting to order at 9:19 a.m.

II. Public Testimony on all Agenda Items

Mr. Kim called for public testimony, and there was none.

III. Approval of Minutes of November 8, 2012 Joint Meeting of Finance Committee and Project Oversight Committee

Mr. Kim called for the approval of the November 8, 2012 Minutes of the Joint Meeting of the Finance and Project Oversight Committees. There being no objections, the minutes were approved as circulated.

IV. Change Order Review

Director of Engineering and Construction Lorenzo Garrido gave a PowerPoint presentation on the change orders being presented to the joint committee. A copy of the presentation and the change order documentation are attached hereto as Attachment A.

Kiewit Infrastructure West Co. Delay Change Orders

Mr. Garrido stated that he was presenting three change orders for Kiewit Infrastructure West Co. (Kiewit) for the delays resulting from the Kaleikini v. Yoshioka et al. decision of the Hawaii Supreme Court. He stated that HART had been working with Kiewit, and the change orders were based on a 12-month delay assumption. The change orders were for three design-build contracts to cover cost forecasts for the first six months of the 12-month delay period. The contracts provide a mechanism for partial suspension of construction activity, while design, procurement and engineering are ongoing. The contracts provide for the reimbursement of actual costs specific to the suspended activities, which include overhead, but exclude profit. The contractor is also required to mitigate the impact of the delay, and HART has been working with Kiewit on mitigation measures. Mr. Garrido said that the change orders being presented that day did not include future escalation costs, which would be reflected in a separate change order.

The total cost for the three Kiewit change orders is \$25.9 million, broken down into the following contracts:

West Oahu/Farrington Highway	\$17.6 million
Kamehameha Highway Guideway	\$4.2 million
Maintenance and Storage Facility	\$4.1 million

Mr. Garrido said that the amounts were based on a forecast of costs to be incurred. HART is working with Kiewit, processing invoices, and approving what is validated as reasonable.

HART will manage and report on the change orders, which will be drawn against based on certified contractor invoices to be reviewed by HART on a monthly basis. HART will also report monthly to the joint committee. Additional approval will be sought from the joint committee if the estimated forecast amounts are approached. Mr. Garrido said that the Federal Transit Administration's Project Management Oversight Contractor has concurred on the reasonableness of this approach. In addition, HART has retained an independent claims consultant, who reviewed and concurred with the reasonableness of the change orders.

Executive Director and CEO Dan Grabauskas commended Mr. Garrido for working proactively with Kiewit on negotiating these change orders. He said that by paying up front for the staff and equipment during the delay, HART would be free to focus on construction once it resumes. He explained that the proposed arrangement encouraged

fairness to Kiewit, who would not be required to fund all of its delay costs for the period of suspension. In addition, making payments now allows HART to make detailed decisions about staffing and other costs.

Regarding funding for the change orders, Mr. Garrido explained that HART was working with Kiewit on mitigating delay costs, including considering staff reductions. Also, HART was taking other measures such as repackaging some future contracts, to reduce overall costs. He explained that the amounts for the change orders would come from the allocated contingency, and as a last resort, unallocated contingency, should there be a need.

Mr. Grabauskas said that these change orders were part of the costs of delay, which had been discussed from the first day of delay. He said that the change orders were part of the estimated \$7.1 million per month overall cost of delay figure that had been discussed.

Finance Committee Chair Don Horner asked whether there was an estimation of when construction would resume. Mr. Grabauskas replied that construction would likely resume between June and September 2013, resulting in a delay of 9 to 12 months. Mr. Horner asked what the burn rate was, based on the \$25.9 million being requested. Mr. Garrido replied that it was \$4.3 million per month. Mr. Horner stated that these change orders were a good approximation on what the hard costs of the delay would be. Mr. Grabauskas stated that the requested change order amounts had factored in cost escalation.

Mr. Horner asked if HART resumed construction between June and September 2013, whether the cost of delay for the Kiewit contracts would be the \$26 million being requested. Mr. Grabauskas clarified that those are the estimated costs for the first six months of delay, with the possibility that HART would seek additional approvals if that amount is approached. Mr. Horner asked if this amount would be sufficient should construction resume in February, and Mr. Garrido replied that it would.

Board member Keslie Hui asked if the burn rate was constant. Mr. Garrido said that it was not. Rather, it was a forecast based on mitigation, which assumed a stand-down of staff and equipment. He said that staff is doing a full cost analysis with the contractor. Mr. Horner reiterated that the requested amount will pay Kiewit through February, and every month of delay thereafter would cost \$4.3 million.

Board member Wayne Yoshioka asked whether the \$25 million includes demobilization. Mr. Garrido replied that the analysis contained assumptions that certain staff would remain on the job. Mr. Yoshioka asked whether there would be mobilization costs if HART resumed construction in March. Mr. Garrido confirmed that there would be costs involved, which would depend on the timing of the start of construction. He explained that the \$25 million amount is based on the cumulative total of the 12-month forecast. Mr. Yoshioka said that the mobilization costs would depend on the length of the delay, and Mr. Garrido agreed.

Mr. Hui asked whether the process was financially reasonable. Mr. Garrido advised that HART and Kiewit worked together to decide on reasonable costs, which included staffing, equipment, the costs for demobilization and remobilization, subcontractor costs such as site security and maintenance, leasing, and storage.

Mr. Grabauskas clarified that HART was not demobilizing, but engaging in a limited stand-down, with activities held at a certain level. Staff had conducted an analysis of the cost effectiveness of both scenarios. Full demobilization was found to be cost effective for a two-year delay. A stand-down would be more cost effective for a delay less than two years. Mr. Garrido agreed, and stated that keeping certain resources available during the delay was possible under a limited stand-down.

Mr. Hui asked if the change orders were more akin to an allocation or not to exceed limit. Mr. Garrido replied that since the estimate was based on detailed estimates provided by the contractor, HART did not expect to exceed the amount of the change orders. He said that HART concentrated on achieving certainty in the change order amount.

Mr. Hui asked whether actual costs had been examined, as half of the six-month delay period had already passed. Mr. Garrido stated that staff was reviewing invoices, which were lower than the forecast. However, he cautioned that subcontractor costs were not included, and that invoices from different vendors come in at different times, so it should not be assumed that the invoices would always be lower than the forecast. He stated that he would report to the joint committee in January on the status of the invoices received. He stated that would also report the status to the joint committee in February, and possibly make an additional request.

Mr. Horner pointed out the positive aspects of this challenging delay situation. He said that the invoices from the contractor are less than forecast. He also stated that the Archaeological Inventory Survey (AIS) is being completed ahead of schedule. Additionally, the monthly delay costs were less than were predicted four months ago.

Mr. Hui agreed that HART's approach to Kiewit's delay costs is appropriate in terms of risk mitigation and budgeting. Mr. Horner added that it also provides certainty, and he appreciates HART addressing the matter now.

Mr. Hui said that the change orders only represent the delay costs for Kiewit, but he recognized that there are delay costs for HART as well. He requested a discussion about the effects of the delay for HART such as escalation and operating costs. Mr. Grabauskas said that one important metric of the impact on HART would be the start date in 2019, which has not been postponed. He stated that the interim opening in 2016, however, would be a day-for-day delay. Mr. Horner pointed out that a discussion on the pro forma operating budget would occur later in the meeting.

Board member William “Buzz” Hong commended Mr. Garrido. He asked for more information on the independent claims consultant, which Mr. Garrido said he would provide. Mr. Hong also requested a monthly briefing on future claims, to include information on the assumptions.

Mr. Hui noted that the \$17.6 million change order did not include the contractor’s escalation costs, and asked if that would be negotiated in the future. Mr. Garrido replied that it would be negotiated when there was an accepted schedule. He noted that HART aimed to be fair with the contractor, but that the contract does not allow for profit to be claimed for the delay due to suspension of construction.

#### Insurance Coverage Requirements CCP RFCR #41

Mr. Garrido stated that HART’s Owner Controlled Insurance Program has not been put in place yet, resulting in the contractor having to buy insurance coverage for 2012. The cost for that coverage is \$1.67 million, which had already been budgeted for. As this change order is for a budget transfer, it does not result in any additional cost.

Mr. Horner clarified that the amount had been budgeted in a different bucket, resulting in a zero net and no impact to the contingency. Mr. Garrido confirmed that was the case.

#### Additional Valves and Waterline at Old Fort Weaver Road RFCR #51

Mr. Garrido stated that this change order is for the installation of a waterline and additional work required by the Board of Water Supply (BWS) in order to obtain its approval for utility relocation at Farrington Highway and Fort Weaver Road. This work was not anticipated when Kiewit submitted its bid. The change order is for \$1.05 million, which comes from the allocated contingency in Kiewit’s WOFH contract.

Mr. Horner commented on the positive impact of the replacement of the 40 year-old waterline for the neighborhood.

Mr. Hui asked whether this change was driven by BWS, and Mr. Garrido confirmed that BWS required the work. Mr. Kim asked whether BWS also required an upgrade of the line. Mr. Garrido said that as part of the relocation of the existing line for the project, BWS required an upgrade to the line.

Mr. Hui asked why this work was not included in the bid package. Mr. Garrido responded that the improvements that were ultimately required by BWS were unanticipated and not quantified at the time of bid. Mr. Yoshioka asked whether HART had anticipated that the waterline would be impacted, and Mr. Garrido said that the waterline was identified to be relocated. Mr. Yoshioka asked whether some budget provision could have been made for the relocation of the waterline. Mr. Garrido stated any unanticipated costs such as this would come from the allocated contingency.

However, BWS requirements involved more than mere relocation; it involved upgrading gate vales, some of the pipe, and other improvements.

Mr. Hui cautioned HART about taking on the capital needs of another government entity. He stated that there needs to be a process of negotiation to determine HART's fair share in situations like this. Mr. Horner pointed out that since HART is utilizing federal monies, it must have been carefully reviewed. He asked whether this would be an ongoing change order for the entire alignment. Mr. Garrido replied that the change order was specific to this water line only. He said that design is advancing for the first ten miles of the alignment, and HART is getting a better quantification of the utility relocation impacts are. HART is having conversations about abandoned utilities, and looking at a reasonable approach to leave them in place.

Mr. Grabauskas added that negotiations have been very active. He suggested a presentation to the joint committee on utility relocations.

Mr. Horner remarked that utility relocations in the first ten miles of the alignment are easier than the next ten miles. Mr. Hui stated that it would be helpful to have an idea of the costs and reasonable impacts from the start. Mr. Horner said that this was a good opportunity to learn about those impacts before transit oriented development, as HART may be doing valuable work for future developers.

Mr. Yoshioka suggested more information be provided in the future on any change orders. Mr. Hui agreed. Mr. Grabauskas suggested that more detail be provided in the January update.

Mr. Horner moved to accept the change orders. Mr. Hui seconded the motion. All being in favor, the motion carried unanimously.

Mr. Hui requested a more detailed presentation about the cost impact of contract consolidation, especially regarding the impact on the ability of smaller, local firms to bid on these contracts. Mr. Grabauskas said that there had been discussion between HART staff and the general engineering consultant about this issue. He said that the premise had been that smaller contract packages would allow more opportunities for local competition and thus, more local jobs. Now that half of the construction contracts have been let using this approach, the experience has been that the contracts have gone to large companies with national operations, with smaller, local firms participating as subcontractors. Consequently, Mr. Grabauskas said, there was no benefit to letting smaller contract packages in terms of prime contract participation by local companies. Repackaging will not decrease the level of local participation, but will allow HART to realize savings through economies of scale. He added that the project management oversight consultant was in agreement with this plan.

Mr. Hui said that he would like the Board to have a better understanding of this information. Mr. Horner suggested that someone from the General Contractors Association be present at the presentation.

Ms. Okinaga recommended that when the change order documents are uploaded to HART's website, an explanation is given as to the redacted information.

V. FFGA Discussion

Mr. Horner introduced the Full Funding Grant Agreement (FFGA) Discussion, saying that as Finance Chair, he had requested a monthly update on status and any issues. Mr. Horner went on to say that HART will not receive a single check for \$1.55 billion, and that Ms. Scanlon and Ms. Kurio would be explaining the FFGA cash flows, federal monies received to date, and what the drawdown is. Mr. Grabauskas introduced Planners Phyllis Kurio and Elizabeth Scanlon, who would explain the FFGA process. A copy of the materials presented is attached hereto as Attachment B.

Ms. Scanlon said that the FFGA sets forth the agreement between the FTA and the City and County of Honolulu as grantee implementing the project in the FFGA. She stated that the \$1.55 billion received from the Federal Transit Administration (FTA) are discretionary Section 5309 funds under the New Starts program. Receipt of the monies follows extensive FTA scrutiny in a competitive application process. The FFGA lays out the requirements for the receipt of the money, and the grantee remains in constant discussions with the FTA, which monitors compliance with the FFGA.

Mr. Horner asked Ms. Scanlon to clarify possible public misconceptions regarding Section 5307 funds. Ms. Scanlon said that increasing transit passenger capacity via rail will render the City and County eligible for more Section 5307 monies. She distinguished Section 5309 funds – which was the \$1.55 billion just received – from Section 5307 funds, which comprise \$10 million of HART's capital finance plan. The funds come from different pots of money, and carry different requirements.

Ms. Scanlon pointed to Attachment 6 of the FFGA, which indicates the appropriation schedule for the \$1.55 billion, which will be disbursed in increments from now until 2017. The first increment will be \$250 million. Mr. Horner asked about the \$64 million that had previously been received from the FTA. Ms. Scanlon said that amount is included in the \$320 million in the "2012 and prior" row under the "Section 5309" column.

Of the \$120 million already appropriated by the FTA, \$64 million has already been spent. HART will receive \$200 million more when the FFGA is signed from the FY 2012 appropriation, for a total of \$320 million received in FY 2012 and prior. Mr. Grabauskas and Ms. Kurio clarified that HART will also receive an additional \$55 million, which is the balance of the \$120 million appropriation from FY 2011.

Ms. Scanlon explained that the FTA annually sets forth the total monies they will disburse, which the president then bases his budget allocations on. Congress takes the president's budget and creates the federal budget. There is the potential that the FFGA appropriation may be increased or decreased, or timelines may be increased. In her experience, Ms. Scanlon said that appropriations are sometimes reduced, but then doubled in subsequent years to make up for it. However, she has never seen the FTA default on an FFGA.

Mr. Horner asked whether the funds would be drawn down on a reimbursement basis, and Ms. Scanlon confirmed that it would. He asked whether the funds were subject to the fiscal cliff, and Mr. Grabauskas assured him it was not. Mr. Grabauskas stated that the \$255 million will be available when the FFGA is executed. Mr. Horner expressed the importance of having the funds when construction resumes.

Mr. Horner asked when we would know about the \$250 million appropriation for FY 2013. Ms. Kurio said that Congress historically makes the appropriation between January and March. Mr. Grabauskas suggested that HART representatives visit Washington before next years' appropriation.

Mr. Horner asked what percent of the FTA's appropriations were received by HART, and Ms. Scanlon said that HART received the largest FTA appropriation.

Ms. Okinaga asked whether MAP 21 monies are contingent on the FFGA, and Ms. Scanlon replied that they are totally separate. Ms. Okinaga asked if HART was seeking MAP 21 TOD funds. Ms. Scanlon replied that she did not know, but would look into it.

Mr. Horner asked Ms. Kurio to explain how Section 5307 funds work. Ms. Kurio referred to the proposed schedule of federal funds in Attachment 6, and said that the rail project does not anticipate needing Section 5307 funds in FY 2013 or FY 2014. She said that HART is avoiding having to use these funds. She explained that the availability of the funds is based on a formula that factors in such data as population density, and operating statistics on bus and rail ridership. And since the revenue passenger miles for the fixed guideway is weighed more heavily than bus due to rail's greater carrying capacity, the Section 5307 revenue levels are expected to increase with rail. Mr. Horner asked whether the bus and rail will be in competition for those funds, and Ms. Kurio stated they will not be.

Ms. Okinaga thanked Ms. Scanlon and Ms. Kurio, and stated that the FFGA documents presented should be posted on the HART website.

#### VI. Discussion of Possible Permitted Interaction Group re: Financing Options

Mr. Horner invited Ms. Kurio and HART Chief Financial Officer Diane Arakaki to discuss the possibility of forming a permitted interaction group for the purpose of achieving granularity on financing the rail project. He emphasized the importance of this

process for transparency. He recommended that the Board begin the process, and asked the Executive Director to begin dialogues with the City Council Finance Chair, and the Director of Budget and Fiscal Services (BFS). He stressed the need to begin this process early in order to obtain the most competitive interest rates. He challenged Ms. Arakaki to save \$50 million in obtaining financing, and asked that she make a presentation in the first quarter of 2013 with a financing outline. Mr. Horner said that the FFGA financial plan was very simplistic, and contained financing costs that in his estimation could be less expensive.

Ms. Arakaki agreed, and stated that she is also planning on starting discussions with BFS regarding the issuance of debt. Mr. Horner emphasized that the City and County of Honolulu has a great credit rating, and that he did not want to incur the financing costs contained in the FFGA plan. Mr. Horner asked when HART would need financing, and Ms. Kurio replied that, conservatively, HART would need financing in FY 2014. Mr. Horner pointed out that interest rates in 2014 may not be as low as they are currently.

Mr. Horner again emphasized the importance of this discussion financially and for transparency. He stated he was not requesting a permitted interaction group, but wanted to begin the dialogue. Ms. Okinaga said in light of previous financial plan discussions on constraints, part of the discussion should be the identification of those constraints, particularly with regard to the Council's authority. Mr. Horner confirmed that his goal was to provide options. Ms. Arakaki said that she would discuss this matter with the new BFS Director once he or she is appointed, as part of a discussion regarding a memorandum of understanding.

#### VI. Review of HART Operating Statement

Ms. Arakaki introduced Director of Operations Duane Sayers, who would be giving a high level outline for future operations costs. Mr. Grabauskas asked Mr. Sayers to give the joint committee his background.

Mr. Sayers said that he began his career as a San Diego trolley operator in 1989. He worked his way up through line supervisor, line controller, controller, and trainer positions. He moved to Houston in 2003, where he spent seven years at the metropolitan transit authority. He left Houston as the Director of Rail Transportation. Mr. Sayers came to Honolulu in 2010 with Infraconsult, and since September of 2012 has been the Director of Operations and Maintenance for HART. He described himself as the "poster child" of the transition from Infraconsult to HART. Mr. Sayers said that he has put together a high level operations and maintenance staffing plan. The plan delineates the different duties between Ansaldo Honolulu Joint Venture (AHJV) and HART. A copy of Mr. Sayers' materials is attached hereto as Attachment C.

Mr. Horner said that this presentation was being made at his request. He expressed the need to start working on the operating costs now, in anticipation of 2020. He said that revenue issues such as fare gates and design need to be discussed, as well as the AHJV

contract. He would also like to discuss the transition of the HART staff of 139 to a manager of managers, as well as the transition from Infraconsult to HART. He also said that he would like to discuss fuel consumption and costs. He requested a monthly presentation on the operating statement, and a comparison of HART with three other existing systems.

Ms. Okinaga called for a quick recess at 10:50 a.m., to maintain quorum. The joint meeting was reconvened at 10:59 a.m.

Mr. Sayers said that staff would review HART's organizational needs regarding oversight of the AHJV contract. The analysis will also include what AHJV's needs will be, for example, in the control center. Mr. Horner asked whether the contract with AHJV allows for a cost reduction if their staff is reduced. Mr. Sayers said that while the contract does not allow HART to dictate AHJV's staffing decisions, HART could make suggestions. Mr. Sayers went on to say that operations and maintenance responsibilities between HART and AHJV must also be determined, of which fare policy development would play a part. Mr. Sayers said that eventually he would like real-time data to determine ridership needs. For example, when an event lets out at Blaisdell Center and 200 passengers buy tickets, the availability of real-time data would allow the control center to dispatch an additional train.

Mr. Sayers said that HART would also have to develop a schedule for duties not contained in the AHJV contract for maintenance issues outside the guideway, for example, who buys, installs and stores the light bulbs. Mr. Kim asked whether that was contained in the contract. Mr. Sayers said that some maintenance issues are in the contract, but others are broad, and need clarification on the details. Mr. Horner said that at the time the pro forma was drafted, HART did not have the level of granularity it now has. He said that the contract is quite detailed, with almost all jobs done by AHJV. HART will hand the keys to the Maintenance and Storage Facility to AHJV.

Mr. Sayers said that HART will also have to approve AHJV's pre-revenue startup processes such as standard operating procedures, manuals, rule books, training procedures, and operating and maintenance plan, rail fleet management plan, safety certification plan, and final acceptance.

Mr. Horner thanked Mr. Sayers for his presentation, and said that he would like the discussion on the operating budget to include the following:

1. Revenue – federal revenue, fare revenue, enterprise revenue (comparison with other jurisdictions);
2. HART labor – organizational structure, job descriptions, cost, transition plan from consultants to permanent staff, which will be “managers of managers”;
3. Fuel – costs, whether the trains run on DC or AC engines;
4. AHJV contract – understand respective responsibilities and costs between HART and AHJV; and

5. Capital costs – depreciation, whether there will be a reserve fund for capital costs

Mr. Grabauskas agreed that as HART would be a supervisory entity, it would need a core staff to deliver proper management oversight over AHJV, and no more. Mr. Horner pointed out that that the discussion assumes, for financial purposes, that there will be no extensions built. Mr. Grabauskas agreed that staffing needs for a capital program would entail a different discussion.

VIII. Discussion of AHJV Honolulu JV Presentation

Mr. Horner stated that as HART will need to give AHJV a notice to proceed, and the City Council will likely have questions on the company's financial capacity, he would like to invite AAHJV to give the Committee a presentation during the first quarter of the following year on the following items:

1. Income;
2. Losses of Finmeccanica and Ansaldo STS;
3. News reports regarding liquidity, credit ratings, and leverage; and
4. Revisit to AHJV's customer base.

Mr. Horner noted that receipt of these assurances was a proviso for approving HART's preliminary FY 2014 budget. Mr. Horner stated he would also request that AHJV give an update on the rail cars.

Mr. Hong moved to request a presentation by AHJV on financial capacity, and Mr. Hui seconded the motion. All being in favor, the motion carried.

IX. Executive Session

There was no reason for executive session.

X. Adjournment

The business of the joint committee having been concluded, Mr. Kim adjourned the meeting at 11:16 a.m.

Respectfully Submitted,



Cindy Matsushita  
Board Administrator

HART Joint Meeting of the Finance and Project Oversight Committees  
December 6, 2012

Approved:



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Damien Kim  
Project Oversight Committee Chair

2/7/13

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Date



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Don Horner  
Finance Committee Chair

FEB - 7 2013

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Date

## ATTACHMENT A

# Honolulu Authority for Rapid Transportation

## Kiewit Change Orders

### December 6, 2012

# Methodology and Assumptions

- **Construction suspension of 12 months used for purposes of planning due to Hawaii Supreme Court Decision**
- **Change Order covers 6 months of planned suspension**
- **Reimburses Contractor for actual costs including overhead but not profit during the suspension period**
- **Contractor obligation to mitigate impact**
- **Future escalation costs will be a separate change order**

# Change Order Costs

**\$25,900,000 Total for three requested change orders**

- 1. West Oahu Farrington Highway Guideway**
  - \$17,600,000
- 2. Kamehameha Highway Guideway**
  - \$4,200,000
- 3. Maintenance and Storage Facility**
  - \$4,100,000

# Management and Reporting

- **Certified Contractor Invoices**
- **Monthly Invoice Review**
- **Monthly reporting to HART Finance Committee**
- **FTA Project Management Oversight Contractor concurrence**

# Funding for these Change Orders

- **Contractor Mitigation during Suspension Period**
- **Cost Reduction Measures**
  - Repackaging Future Contracts
  - Staff Reduction
- **Contingency**

# **Change Orders**

## **West Oahu Farrington Highway**

- 1. Insurance Coverage Transfer**
  - **\$1,670,178 (Budget transfer: no additional project cost)**
- 2. 30-inch Waterline Work required by Board of Water Supply**
  - **\$1,050,000 (Allocated contingency for WOFH)**

**\*No effect on unallocated contingency**

**RFCR# 41 insurance Coverage requirements CCIP  
HART WOFH CONTRACT #10H0137  
HART Contract Change Order Authorization  
HART BOARD OF DIRECTORS: JOINT COMMITTEE**

**Scope:**

The Design-Builder agrees to provide insurance coverage in compliance with the requirements of SP-3.1 for the period January 1, 2012 to December 31, 2012 (12 months). The agreed to amount of \$1,670,178.00 is a full and final amount for the time period set forth above. This total agreed to amount includes the Design-Builder's self performed work and all estimated subcontract work. Further, SP-3.1(b)(5), Professional Liability, as revised under RFCR 00041 is modified as follows:

Delete

"The Design Builder shall provide and ensure that Professional Liability Insurance covers the Design-Builder, any design professionals hired by the Design-Builder, and/or any subconsultants, and their respective employees and agents for liability arising out of errors, omissions, or negligence in the performance of professional services provided in connection with this project."

Replace With

"The Design-Builder shall provide, or cause to be provided, Professional Liability Insurance covering the Design-Builder, any design professional hired by the Design-Builder, and/or any subconsultants, and their respective employees and agents for liability arising out of errors, omission or negligence in the performance of professional services provided in connection with this project. This coverage may be provided by a combination of designer's professional liability and Contractor's Protective Professional Indemnity Insurance policies."

The agreement excludes insurance coverage for the following issues:

Issue 00001, RFCR 0001, CO 00017 – Waipahu School Site Improvements (Insurance included in CO 00017);

Issue 00163, RFCR 00043 – Contaminated Material Sta.663+18 (insurance included in current cost proposal);

Issue 00186 – Unknown Obstruction Conflict 4-693-E1 (insurance included in current cost proposal); and

Issue 00194 – Planned Construction Partial Suspension (insurance included in current cost proposal).

The insurance cost associated with these issues has been or will be agreed upon as part of the negotiated price adjustment for each issue.

Also excluded from this settlement are:

1. Insurance costs above and beyond those required by Contract as of January 1, 2013 and,
2. Insurance costs related to elements of Work currently under suspension should the suspension be lifted in its entirety prior to January, 2013. This agreement includes insurance costs for the partially suspended elements of Work anticipated by the Design-Builder and HART to be released prior to January 1, 2013.
3. Excludes Excess Liability coverage in excess of \$25 Million per occurrence/Aggregate.

**RFCR# 41 insurance Coverage requirements CCIP  
HART WOFH CONTRACT #10H0137  
HART Contract Change Order Authorization  
HART BOARD OF DIRECTORS: JOINT COMMITTEE**

**Justification:** The Contract included OCIP coverage to be provided by HART. In absence of the OCIP, the Design-Builder was requested to provide the insurance as required in revised SP-3.1 for a period of twelve months beginning January 1, 2012 through December 31, 2012. An additional RFCR will be issued to the Contractor requesting coverage until OCIP is in place. The current target date for obtaining coverage is May 1, 2013.

**Original Scope and Budget** Per the contract HART was to provide OCIP

**Cost of Change:** \$1,670,178

**Funding Source** Budget Transfer – CCH200

information on contingency and negotiations remain confidential for purposes of preserving negotiation integrity

**Encumbered Funds**

**Contingency Remaining:**

**Cost Goal per Negotiation Strategy Memo:**

**Schedule Impacts:** N/A

**Impacts to Other Contracts:** N/A

**Attachments:** Record of Negotiations and HART Request for Change

**Lesson Learned:**

**Recommendation:** HART to approve the issuance of a Contract Change order

**CONFIDENTIAL**

**CONFIDENTIAL**

\_\_\_\_\_  
Project Manager                      Date              Deputy Director                      Date              Director of Engineering and Construction                      Date

\_\_\_\_\_  
Chief Financial Officer                      Date                      Chief Executive Officer                      Date

✓ orig in KG office

CONFIDENTIAL

HONOLULU RAIL TRANSIT PROJECT

**Record of Negotiations**

RFCR No.: 00041

**CONTRACT:** West Oahu / Farrington Highway Design-Build  
**Contract No.:** CT-DTS-1000137 **Contractor:** Kiewit Infrastructure West Co.  
**RFC Issue:** Non-OCIP Insurance Coverage

**Date/Time of Negotiations:**  
October 19, 2012

**Location of Negotiations:**  
WOFH Project Office – 94-235 Leoku Street, Waipahu, HI 96797

**Negotiation Participants:**

Name	Organization	Telephone	email
Brian Wilson	HART	808-686-9114	wilsonbr@pbworld.com
Charles Carroll	HART	808-312-6017	carroll@pbworld.com
Karley Halsted	HART	808-686-9101	khalstead@honolulu.gov
Edwin Aleman	KIWC	808-679-0636	edwin.aleman@kiewit.com
Steve Caniglia	KIWC	808-679-0600	Steve.caniglia@kiewit.com

**Record of Negotiations:**  
  
See Summary of Agreed to Conditions below.

**Summary of Agreed to Conditions:**  
The Design-Builder agrees to provide insurance coverage in compliance with the requirements of SP-3.1 for the period January 1, 2012 to December 31, 2012 (12 months). The agreed to amount of \$1,670,178.00 is a full and final amount for the time period set forth above. This total agreed to amount includes the Design-Builder's self performed work and all estimated subcontract work. Further, SP-3.1(b)(5), Professional Liability, as revised under RFCR 00041 is modified as follows:

Delete  
"The Design Builder shall provide and ensure that Professional Liability Insurance covers the Design-Builder, any design professionals hired by the Design-Builder, and/or any subconsultants, and their respective employees and agents for liability arising out of errors, omissions, or negligence in the performance of professional services provided in connection with this project."

Replace With  
"The Design-Builder shall provide, or cause to be provided, Professional Liability Insurance covering the Design-Builder, any design professional hired by the Design-Builder, and/or any subconsultants, and their respective employees and agents for liability arising out of errors, omission or negligence in the performance of professional

**HONOLULU RAIL TRANSIT PROJECT**

services provided in connection with this project. This coverage may be provided by a combination of designer's professional liability and Contractor's Protective Professional Indemnity Insurance policies."

The agreement excludes insurance coverage for the following issues:

- Issue 00001, RFCR 0001, CO 00017 – Waipahu School Site Improvements (Insurance included in CO 00017);
- Issue 00163, RFCR 00043 – Contaminated Material Sta.663+18 (insurance included in current cost proposal);
- Issue 00186 – Unknown Obstruction Conflict 4-693-E1 (insurance included in current cost proposal); and
- Issue 00194 – Planned Construction Partial Suspension (insurance included in current cost proposal).

The insurance cost associated with these issues has been or will be agreed upon as part of the negotiated price adjustment for each issue.

Also excluded from this settlement are:

1. Insurance costs above and beyond those required by Contract as of January 1, 2013 and,
2. Insurance costs related to elements of Work currently under suspension should the suspension be lifted in its entirety prior to January, 2013. This agreement includes insurance costs for the partially suspended elements of Work anticipated by the Design-Builder and HART to be released prior to January 1, 2013.
3. Excludes Excess Liability coverage in excess of \$25 Million per occurrence/Aggregate.

The Schedule of Milestones is revised as follows:

KIWC proposes the following Schedule of Milestones payable upon completion of the Work:

ACTIVITY ID	MILESTONE CODE (WBS)	MILESTONE TITLE	UNIT VALUE (\$/UNIT)	QTY	UNIT	VALUE (\$)
CO.137.000XX.01	B.G.00.01.73.00.40.08	Non-OCIP Insurance From 1/1/2012 to 11/30/2012	\$ 139,181.00	11	MO	\$ 1,530,991.00
CO.137.000XX.02	B.G.00.01.73.00.40.08	Non-OCIP Insurance From 12/1/2012 to 12/31/2012	\$ 139,187.00	1	MO	\$ 139,187.00

**Participants:**

BRIAN WILSON

Print Name/Company/Title

B. Wilson

Signature

11-16-2012

Date

EDWIN ALAMAN / KIWC

Print Name/Company/Title

[Signature]

Signature

11-16-2012

Date

Robert M. Nichols

Print Name/Company/Title

[Signature]

Signature

11/16/12

Date

KAROLY HASTED

Print Name/Company/Title

[Signature]

Signature

11-20-12

Date



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

HONOLULU RAIL TRANSIT PROJECT
West Oahu/Farrington Hwy Guideway

CONTRACT NO: CT-HRT-10H0137

HART Request for Change (RFCR)

RFCR NO: 00041

To: Steve Caniglia

Date: 3/9/2012

Company: Kiewit Infrastructure West Co.

From: Robert M. Nichols

Company: Parsons Brinckerhoff, Inc.

HART Issue No: 00138

Subject: Insurance Coverage Rqmts CCIP

WBS Level:

Issued for Price\Schedule [ ] CPC Date Due: 3/16/12

Configuration Control:

Baselines Impact: [ ]

Interface Plan Impact: [ ]

Issued as DCN\FCN: [x] Not to exceed \$50,000

Issued as Unilateral: [ ]

Limitations on the scope during this interim period:

Requested Change:

ISSUANCE 3/09/12: Delete SP-3.1 Insurance and replace with the revised SP-3.1 (attachment dated 12-23-11). Provide insurance coverage specified in the revised SP-3.1 except Builder's Risk Insurance (section SP-3.1(b)(7)). The revised coverage in SP-3.1 is effective 1 January 2012 to 31 December 2014.

Justification:

HART has developed revised insurance coverage requirements.

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: 5/11/12

UPDATE 10/1/2012: Kiewit Infrastructure West Co. (KIWC) is submitting the attached revised proposal for RFCR 00041 Insurance Coverage Rqmts. This proposal has been revised to provide Non-OCIP insurance for the Project for the period from 1/1/2012 through 12/31/2012.

UPDATE 8/17/12: As directed in HART's letter (HRT-WOFH-00177), KIWC submitted a revised proposal on 6/15/12 for the non-OCIP program for the period from 1/1/12 through 11/30/12. KIWC has and is currently carrying HART's request to carry Non-OCIP Insurance for the Project through 11/30/12. KIWC has continued to request resolution to this issue; however, there is still no clear date to bring this issue to conclusion. KIWC requests HART's immediate attention to this issue so KIWC can be compensated for providing Non-OCIP Insurance.

UPDATE 6/15/2012: In response to the attached HRT-WOFH-00177 Owner Controlled Insurance Plan (OCIP), Kiewit Infrastructure West Co. (KIWC) is submitting the attached revised proposal for RFCR 00041 Insurance Coverage Rqmts. The statement that KIWC would forfeit its right for reimbursement if HRT-WOFH-00177 was not responded to within 30 days is not a contractual requirement, however, KIWC has honored the request.

UPDATE 5/11/2012: KIWC is submitting the attached estimated proposal for RFCR 00041 Insurance Coverage Rqmts.

Attached Files:

HRT-WOFH-00177.pdf

Responder: Steve Caniglia

Date: 5/11/2012



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

HONOLULU RAIL TRANSIT PROJECT  
West Oahu/Farrington Hwy Guideway

CONTRACT NO: CT-HRT-10H0137

**HART Request for Change (RFCR)**

**RFCR NO: 00041**

**Attached Files:**

- Insurance Coverage Requirements 12-23-11.doc
- WOFH CPC moved to CM75 module.doc
- xx WOFH RFCR41 CPCrev1 6.15 moved to CM75 module.doc
- xx NOTE to FILE--WOFH RFCR41 CPC 10.1.12 moved to CM75.doc

Responder: Steve Caniglia

Date: 5/11/2012

**RFC R# 51 Additional Valves and Waterline at Old Fort Weaver Road**  
**HART WOFH CONTRACT #10H0137**  
**HART Contract Change Order Authorization**  
**HART BOARD OF DIRECTORS: JOINT COMMITTEE**

<b>Scope:</b>	<p>The Design-Builder shall relocate the 30-inch waterline at Old Fort Weaver Road through the intersection as required by the Board of Water Supply. This scope of Work includes the following:</p> <ol style="list-style-type: none"><li>1. Installation of additional 30-inch waterline through the intersection</li><li>2. Replacement of four (4) Bevel Gear Gate Valves with water manholes / vaults</li><li>3. Reconfiguration of tie-ins for two (2) 30-inch waterlines</li><li>4. Connection for one (1) fire hydrant</li></ol>
<b>Justification:</b>	<p>A pre-bid agreement between the City and County of Honolulu and the Board of Water Supply (BWS) that included the scope to extend the waterline through the intersection was not fully reflected in the Request for Proposal (RFP) documents. The Design-Builder submitted Utility Relocation Design Package for Water, Sewer, Drainage, Petroleum, and Gas Work Area 2B Final Design Rev. C, to BWS for review. The submittal did not reflect the scope of Work in the agreement. BWS would not accept the relocation design. Subsequently, BWS accepted Final Design Rev. E which contained the scope outlined in the agreement. Thus, the scope of this change is the net difference between Final Design Rev. C, which matched the RFP preliminary engineering design, and the Final Design Rev.E ultimately accepted by BWS in accordance with the pre-bid agreement.</p>
<b>Original Scope and Budget</b>	<p>The Request for Proposal documents issued for bid reflected a water line tie-in prior to entering the intersection. The existing 30" waterline was to remain. No budget anticipated for this work.</p>
<b>Cost of Change:</b>	<p>\$1,050,000</p>
<b>Funding Source</b>	<p>Contract Contingency "Known Changes" – this will not impact the Project Contingency of \$644 Million</p>
<b>Encumbered Funds</b>	
<b>Contingency Remaining:</b>	
<b>Cost Goal per Negotiation Strategy Memo:</b>	
<b>Schedule Impacts:</b>	<p>Not know at this time due to the Suspension of Work. Any Schedule impacts will be reflected in the overall schedule impact to the Contract.</p>
<b>Impacts to Other Contracts:</b>	<p>None</p>
<b>Attachments:</b>	<p>Record of Negotiations and HART Request for Change</p>

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**RFC R# 51 Additional Valves and Waterline at Old Fort Weaver Road  
HART WOFH CONTRACT #10H0137  
HART Contract Change Order Authorization  
HART BOARD OF DIRECTORS: JOINT COMMITTEE**

**Lesson Learned:** Agreements and Coordination with third party agencies prior to bid shall be clearly outlined in the Contract RFP. Any other work required by the Utility after the bid process shall be paid for by the Utility Company.

**Recommendation:** HART to approve the issuance of a Contract Change order

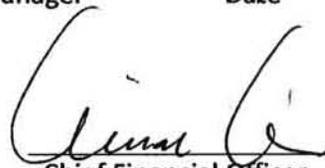
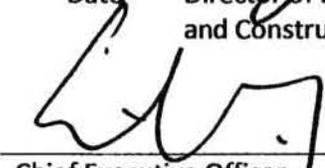
Project Manager	Date	Deputy Director	Date	Director of Engineering and Construction	Date
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Chief Financial Officer	Date	Chief Executive Officer	Date
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**RFC R# 51 Additional Valves and Waterline at Old Fort Weaver Road  
HART WOFH CONTRACT #10H0137  
HART Contract Change Order Authorization**

**Lesson Learned:** Agreements and Coordination with third party agencies prior to bid shall be clearly outlined in the Contract RFP. Any other work required by the Utility after the bid process shall be paid for by the Utility Company.

**Recommendation:** HART to approve the issuance of a Contract Change order

 Project Manager	<u>12/3/12</u> Date	 Deputy Director	<u>12/3/12</u> Date	 Director of Engineering and Construction	<u>12/3/12</u> Date
 Chief Financial Officer	<u>12/3/12</u> Date	 Chief Executive Officer	<u>12/4/12</u> Date		

# Record of Negotiations

Issue No.: 00165

RFCR No.: 00051

**CONTRACT:** West O'ahu / Farrington Highway Design-Build

**Contract No.:** CT-HRT-10H0137      **Contractor:** Kiewit Infrastructure West Co.

**RFC Issue:** Addl. BGGV & WL at Old Fort Weaver Rd.

**Date/Time of Negotiations:**

Friday, November 9, 2012 / 9:00 AM (Session 1)

Monday, November 12, 2012 (Session 2)

Wednesday, November 14, 2012 (Session 3)

**Location of Negotiations:**

WOFH Project Office – 94-235 Leoku Street, Waipahu, HI 96797

**Negotiation Participants:**

Name	Organization	Telephone	email
Brian Wilson (Session 1 & 2)	HART	808-686-9114	<a href="mailto:Wilsonbr@pbworld.com">Wilsonbr@pbworld.com</a>
Paul Dowler (Session 1)	HART	801-803-9546	<a href="mailto:dowler@pbworld.com">dowler@pbworld.com</a>
Karley Halsted (Session 1 & 3)	HART	808-768-6251	<a href="mailto:khalsted@honolulu.gov">khalsted@honolulu.gov</a>
Edwin Aleman (Session 1 & 2)	KIWC	808-679-0636	<a href="mailto:Edwin.Aleman@kiewit.com">Edwin.Aleman@kiewit.com</a>
Cydney Nakama (Session 1)	KIWC	808-679-0616	<a href="mailto:Cydney.nakama@kiewit.com">Cydney.nakama@kiewit.com</a>
Bob Nichols (Session 2 & 3)	HART	808-686-9102	<a href="mailto:nicholsr@pbworld.com">nicholsr@pbworld.com</a>
Steve Caniglia (Session 2 & 3)	HART	808-679-0642	<a href="mailto:Steve.caniglia@kiewit.com">Steve.caniglia@kiewit.com</a>

**Record of Negotiations:**

See Summary of Agreed to Conditions below.

**Summary of Agreed to Conditions:**

The Design-Builder agrees to incorporate into the Work:

Relocate the 30-inch waterline at Old Fort Weaver Road through the intersection as required by the Board of Water Supply. This scope of Work includes the following:

1. Installation of additional 30-inch waterline through the intersection;
2. Replacement of four (4) Bevel Gear Gate Valves with water manholes / vaults;
3. Reconfiguration of tie-ins for two (2) 30-inch waterlines; and
4. Reconfigure connection for one (1) existing fire hydrant.

This lump sum agreement excludes:

1. General excise tax on subcontracted amounts, however, the Design-Builder and the City expressly agree that the Design-Builder reserves its rights to receive and defers the issue of additional compensation in the event a general excise tax on subcontracted amounts is assessed on the Contract Work until a determination has been made by the appropriate

**HONOLULU RAIL TRANSIT PROJECT**

taxing authorities;

2. Time and/or price adjustments allowable under the Contract as a result of the Partial Suspension issued on August 24, 2012.
3. Insurance provided by the Design-Builder above and beyond that required by the Contract.
4. All escalation. Escalation will be determined from August 24, 2012 to the period when the incorporated scope is planned to be executed.

This agreement is for a lump sum amount of \$1,050,000.

KIWC proposes the following Schedule of Milestones payable upon completion of the Work activity:

ACTIVITY ID	MILESTONE CODE (WBS)	MILESTONE TITLE	UNIT VALUE (\$/UNIT)	QTY	UNIT	VALUE (\$)
CO.137.000XX.01	B.G.02.01.22.00.80.02	CO 000XX - Design w/ Mark Up	\$ 21,000	1	LS	\$ 21,000
CO.137.000XX.02	B.G.02.33.10.00.40.02	CO 000XX - Materials on Hand w/ Mark Up	\$ 430,500	1	LS	\$ 430,500
CO.137.000XX.03	B.G.02.33.10.00.40.02	CO 000XX - 30" BGGV's & Line Installation w/ Mark Up	\$ 598,500	1	LS	\$ 598,500

_____	_____	_____
Print Name / Company / Title	Signature	Date
_____	_____	_____
Print Name / Company / Title	Signature	Date
_____	_____	_____
Print Name / Company / Title	Signature	Date
_____	_____	_____
Print Name / Company / Title	Signature	Date

Final  
Draft  
Signatures Only



HONOLULU AUTHORITY for RAPID TRANSPORTATION

CONTRACT NO: CT-HRT-10H0137

**HART Request for Change (RFCR)**

**RFCR NO:** 00051

**To:** Steve Caniglia

**Date:** 7/19/2012

**Company:** Kiewit Infrastructure West Co.

**From:** Robert M. Nichols

**Company:** Parsons Brinckerhoff, Inc.

**HART Issue No:** 00165

**Subject:** Addl BGGV & WL at Old Ft. Weaver Rd

**WBS Level:**

**Issued for Price\Schedule**  **CPC Date Due:** 8/20/12

**Configuration Control:**

**Baselines Impact:**

**Interface Plan Impact:**

**Issued as DCN\FCN:**  **Not to exceed** \$100,000

**Issued as Unilateral:**

**Limitations on the scope during this interim period:**

**Requested Change:**

HART provides the following direction:

The Design-Builder shall relocate the 30-inch waterline at Old Fort Weaver Road through the intersection as required by the Board of Water Supply. This scope of Work includes the following:

1. Installation of additional 30-inch waterline through the intersection
2. Replacment of four (4) Bevel Gear Gate Valves with water manholes / vaults
3. Reconfiguration of tie-ins for two (2) 30-inch waterlines
4. Connection for one (1) fire hydrant

**Justification:**

A pre-bid agreement between the City and County of Honolulu and the Board of Water Supply (BWS) that included the scope to extend the waterline through the intersection was not fully reflected in the Request for Proposal (RFP) documents. The Design-Builder submitted Utility Relocations Design Package for Water, Sewer, Drainage, Petroleum, and Gas Work Area 2B Final Design Rev. C, to BWS for review. The submittal did not reflect the scope of Work in the agreement. BWS would not accept the relocation design. Subsequently, BWS accepted Final Design Rev. E which contained the scope outlined in the agreement. Thus, the scope of this change is the net difference between Final Design Rev. C, which matched the RFP preliminary engineering design, and the Final Design Rev. E ultimately accepted by BWS in accordance with the pre-bid agreement.

**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:** 7/27/12

UPDATE 11/26/12: Attached is the Proposal Certification for RFCR 00051.

UPDATE 8/16/12: Per direction from HART, KIWC has procured the BGG Valve assemblies, fittings, connections, pipes, and manholes to support the Extra Work described in this RFCR. KIWC moved forward in good faith and procured these materials, for which the amount spent to date exceeds the Not to Exceed (NTE) amount. KIWC did this to mitigate impacts to the upcoming shaft operations and to progress the Project. However, during the Partnering Meeting held on 8/15/12, KIWC received direction from HART to suspend all work exceeding the NTE amount. This direction to suspend the Extra Work will cause impacts to Contract Work which includes, but is not limited to, the drill shafts, columns and completion of the 30" waterline installation.

Since this Extra Work is a requirement of BWS, this direction may cause adverse effects to BWS<sub>i</sub> involvement and coordination with

**Responder:** Steve Caniglia

**Date:** 11/26/2012



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

**HART Request for Change (RFCR)**

**RFCR NO: 00051**

the WOFH Contract such as the stopping the review of unapproved designs, the inability to tie-in to BWS systems, and the potential stoppage of all waterline work. Given the direction provided at the Partner Meeting, KIWC will not proceed with this Extra Work until an executed Change Order is received.

UPDATE 7/27/12: KIWC is submitting the attached price proposal for RFCR 00051-Addtl BGGV & WL at Old Ft. Weaver Rd.

UPDATE 7/25/12: KIWC is scheduled to install the Type-A water manhole and the corresponding Bevel Gear Gate Valve (BGGV) at station 55+40.93 at the end of this week. This is the most eastern BGGV out of the cluster. KIWC will track under the Force Account Provisions and requests that the FA sheet be signed by HART Inspectors for all RFCR 51 work until the RFCR is negotiated. KIWC will submit the proposal by the end of this week.

**Attached Files:**

xx NOTE to FILE--WOFH RFCR51 CPC 7.27.12 moved to CM102 module.doc  
Certification of Proposal 2012.11.26.pdf

Responder: Steve Caniglia

Date: 11/26/2012

**Provisional Sum - AIS Temporary Suspension  
HART WOFH CONTRACT #10H0137  
HART Contract Change Order Authorization  
HART BOARD OF DIRECTORS: JOINT COMMITTEE**

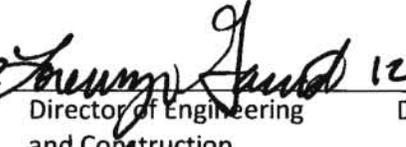
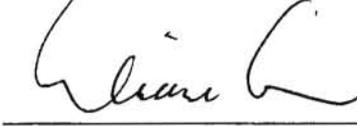
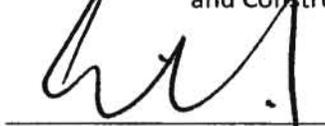
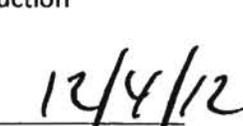
<b>Scope:</b>	<p>HART issued a Partial Suspension on August 24, 2012 for all new ground disturbing activity along the alignment and expanded the suspension on September 7, 2012 to "construction activity along the WOFH alignment." The Design-Builder suspended "construction activity" effective August 24, 2012. HART provided guidance to the Design-Builder that the suspension duration should be twelve (12) months for planning purposes. The Design-Builder provided a draft Rough Order of Magnitude (ROM) Estimate, based on a twelve (12) month suspension period.</p> <p>In accordance with the contract, the Contractor may be reimbursed for actual money expended towards the project during the period of suspension. It is anticipated that the Contractor will submit monthly invoices reflecting the actual money as referenced above. The Provisional Sum, and associated milestones, would allow the Contractor to be reimbursed.</p>
<b>Justification:</b>	<p>Due to the State Supreme Court decision to stop all ground disturbing activities and HART's CEO request to mitigate impacts.</p> <p>In accordance with Special Provisions 7.1(c) "Reimbursement to Contractor. In the event that the Contractor is ordered by the Officer in Charge in writing as provided herein to suspend all or part of the work under the contract in accordance with subsections (a)(3), (a)(4), or (a)(5), the contractor may be reimbursed for actual money expended towards the project during the period of suspension. No allowances will be made for anticipated profits. [HAR 3- 125-7]"</p>
<b>Original Scope and Budget</b>	Not anticipated by the Contract Budget.
<b>Cost of Change:</b>	\$17,600,000
<b>Funding Source</b>	Cost reduction measures including contract repackaging and staff reduction; and allocated contingency.
<b>Encumbered Funds</b>	Encumbered funds to be determined by Chief Executive Officer and Chief Financial Officer.
<b>Contingency Remaining:</b>	
<b>Cost Goal per Provisional Sum Analysis:</b>	
<b>Schedule Impacts:</b>	Not known at this time due to the Suspension of Work. Any Schedule impacts will be reflected in the overall schedule impact to the Contract.
<b>Impacts to Other Contracts:</b>	None

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**Provisional Sum - AIS Temporary Suspension  
HART WOFH CONTRACT #10H0137  
HART Contract Change Order Authorization**

Recommendation: HART to approve the issuance of a Contract Change order

 Project Manager	 Date	 Deputy Director	 Date	 Director of Engineering and Construction	 Date
 Chief Financial Officer	 Date	 Chief Executive Officer	 Date		



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

CONTRACT CHANGE ORDER

Contract: Kamehameha Hwy Guideway DB

Contract Change Order No.: 00004

Contractor: Kiewit Infrastructure West Co.

Contract No.: CT-HRT-11H0195

Commencement Date: 7/12/11

Contract Time (Days): 1269

Original Completion: 1/1/2015

This Contract Change Order establishes a Provisional Sum to pay the Design-Builder for actual monies expended during the first six (6) months of the anticipated twelve (12) month period of Partial Suspension issued August 24, 2012 in accordance with the Contract, including but not limited to, section 7.1(a) through (d).

The Contractor shall submit a separate Invoice monthly, based on actuals, to be reviewed by the Contract Resident Engineer and HART Project Manager, verifying that all costs are reimbursable. After both parties have agreed to the invoice, the Contractor shall submit their payment request in accordance with HART's current process.

This Contract Change Order is a Maximum Limit that will be invoiced monthly based on the actuals for that month. The actuals may vary from the set estimated costs per month. The Contractor shall advise HART when they anticipate reaching 75% of the total amount of the Contract Change Order. All other costs associated with the Design and Procurement Schedule of Milestone activities of the Project under this contract shall be reimbursed in accordance with the current process.

NOTE: The current Contract Time (Days) and the Substantial Completion Date shown on this Contract Change Order are subject to further negotiation, and modification of the Contract for the time delay, if any, will be as mutually agreed to under a separate Change Order.

This change order does not include any Contractor Markup for Profit, Escalation and General Excise Tax on Subcontractors. Therefore, the Contractor expressly reserves its rights to submit and negotiate for a Change Order for the aforementioned items.

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

Table with 7 columns: Milestone Title, Milestone Code, Activity ID, Unit Value, Qty, Units, SM Value (\$). Row 1: 6 month Provisional Sum to cover the AIS Suspension, 00.00.00.00.02, \$4,200,000.00, 1, LS, \$4,200,000.00

Summary table with 2 columns: Description, Value. Rows include: The Original Contract Sum (\$372,150,000.00), Net Change by Previously Authorized Requests and Changes (\$0.00), The Contract Sum Prior to This Contract Change Order (\$372,150,000.00), The Contract Sum Will be Increased (\$4,200,000.00), The New Contract Sum Including This Contract Change Order (\$376,350,000.00), The Contract Time Will Not Be Changed, The Date of Substantial Completion as of this Contract Change Order (1/1/15)

Computed and Checked:

1. [Signature] 12/3/12
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. \_\_\_\_\_
Executive Director/CEO, HART

HART Execution Date

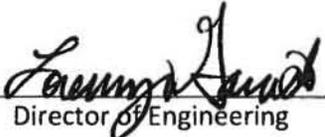
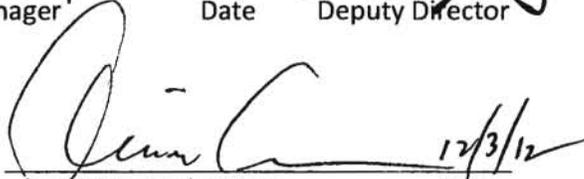
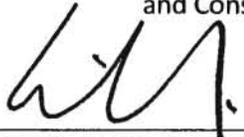
**Provisional Sum - AIS Temporary Suspension**  
**HART MSF CONTRACT #10H0449**  
**HART Contract Change Order Authorization**  
**HART BOARD OF DIRECTORS: JOINT COMMITTEE**

<b>Scope:</b>	<p>HART issued a Partial Suspension on August 24, 2012 for all new ground disturbing activity along the alignment. HART provided guidance to the Design-Builder that the suspension duration should be twelve (12) months for planning purposes. The Design-Builder provided a draft Rough Order of Magnitude (ROM) Estimate, based on a twelve (12) month suspension period.</p> <p>In accordance with the contract, the Contractor may be reimbursed for actual money expended towards the project during the period of suspension. It is anticipated that the Contractor will submit monthly invoices reflecting the actual money as referenced above. The Provisional Sum, and associated milestones, would allow the Contractor to be reimbursed.</p>
<b>Justification:</b>	<p>Due to the State Supreme Court decision to stop all ground disturbing activities and HART's CEO request to mitigate impacts.</p> <p>In accordance with Special Provisions 7.1(c) "Reimbursement to Contractor. In the event that the Contractor is ordered by the Officer in Charge in writing as provided herein to suspend all or part of the work under the contract in accordance with subsections (a)(3), (a)(4), or (a)(5), the contractor may be reimbursed for actual money expended towards the project during the period of suspension. No allowances will be made for anticipated profits. [HAR 3- 125-7]"</p>
<b>Original Scope and Budget</b>	Not anticipated by the Contract Budget.
<b>Cost of Change:</b>	\$4,100,000
<b>Funding Source</b>	Cost reduction measures including contract repackaging and staff reduction; and allocated contingency
<b>Encumbered Funds</b>	Encumbered funds to be determined by Chief Executive Officer and Chief Financial Officer.
<b>Contingency Remaining:</b>	
<b>Cost Goal per Provisional Sum Analysis:</b>	
<b>Schedule Impacts:</b>	Not known at this time due to the Suspension of Work. Any Schedule impacts will be reflected in the overall schedule impact to the Contract.
<b>Impacts to Other Contracts:</b>	None
<b>Attachments:</b>	Draft Contract Change Order

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**Provisional Sum - AIS Temporary Suspension**  
**HART MSF CONTRACT #10H0449**  
**HART Contract Change Order Authorization**

	<u>12/04/12</u>		<u>12/4/12</u>		<u>12/4/12</u>
Project Manager	Date	Deputy Director	Date	Director of Engineering and Construction	Date
	<u>12/3/12</u>		<u>12/4/12</u>		
Chief Financial Officer	Date	Chief Executive Officer	Date		



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

CONTRACT CHANGE ORDER

Contract: Maintenance & Storage Facility DB

Contract Change Order No.: 00005

Contractor: Kiewit Kobayashi a Joint Venture

Contract No.: CT-HRT-10H0449

Commencement Date: 7/25/11

Contract Time (Days): 1244

Original Completion: 12/20/2014

This Contract Change Order establishes a Provisional Sum to pay the Design-Builder for actual monies expended during the first six (6) months of the anticipated twelve (12) month period of Partial Suspension issued August 24, 2012 in accordance with the Contract, including but not limited to, section 7.1(a) through (d).

The Contractor shall submit a separate Invoice monthly, based on actuals, to be reviewed by the Contract Resident Engineer and HART Project Manager, verifying that all costs are reimbursable. After both parties have agreed to the invoice, the Contractor shall submit their payment request in accordance with HART's current process.

This Contract Change Order is a Maximum Limit that will be invoiced monthly based on the actuals for that month. The actuals may vary from the set estimated costs per month. The Contractor shall advise HART when they anticipate reaching 75% of the total amount of the Contract Change Order. All other costs associated with the Design and Procurement Schedule of Milestone activities of the Project under this contract shall be reimbursed in accordance with the current process.

NOTE: The current Contract Time (Days) and the Substantial Completion Date shown on this Contract Change Order are subject to further negotiation, and modification of the Contract for the time delay, if any, will be as mutually agreed to under a separate Change Order.

This change order does not include any Contractor Markup for Profit, Escalation and General Excise Tax on Subcontractors. Therefore, the Contractor expressly reserves its rights to submit and negotiate for a Change Order for the aforementioned items.

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

Table with 7 columns: Milestone Title, Milestone Code, Activity ID, Unit Value, Qty, Units, SM Value (\$). Row 1: 6 month AIS Suspension, 00.00.00.00.90.02, \$4,100,000.00, 1, LS, \$4,100,000.00

Summary table with 2 columns: Description, Value. Rows include: The Original Contract Sum (\$195,258,000.00), Net Change by Previously Authorized Requests and Changes (\$15,497,737.00), The Contract Sum Prior to This Contract Change Order (\$210,755,737.00), The Contract Sum Will be Increased (\$4,100,000.00), The New Contract Sum Including This Contract Change Order (\$214,855,737.00), The Contract Time Will Not Be Changed, The Date of Substantial Completion as of this Contract Change Order (12/20/14)

Computed and Checked:

Certify Availability of Funds:

1. \_\_\_\_\_
Contract Manager

4. \_\_\_\_\_
Fiscal Officer (BFS)

Approved:

Approved as to form and legality:

2. \_\_\_\_\_
Contractor

5. \_\_\_\_\_
Deputy Corporation Counsel

Approved:

Approved:

3. \_\_\_\_\_
Officer In Charge, HART

6. \_\_\_\_\_
Executive Director/CEO, HART

HART Execution Date

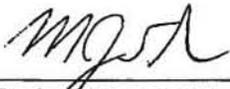
**Provisional Sum - AIS Temporary Suspension**  
**HART KHG CONTRACT #11H0195**  
**HART Contract Change Order Authorization**  
**HART BOARD OF DIRECTORS: JOINT COMMITTEE**

<b>Scope:</b>	<p>HART issued a Partial Suspension on August 24, 2012 for all "ground disturbing activity along the KHG contract alignment". The Design-Builder suspended "construction activity" effective August 24, 2012. HART provided guidance to the Design-Builder that the suspension duration should be twelve (12) months for planning purposes. The Design-Builder provided a draft Rough Order of Magnitude (ROM) Estimate, based on a twelve (12) month suspension period, on October 12, 2012.</p> <p>In accordance with the contract, the Contractor may be reimbursed for actual money expended towards the project during the period of suspension. It is anticipated that the Contractor will submit monthly invoices reflecting the actual money as referenced above. The Provisional Sum, and associated milestones, would allow the Contractor to be reimbursed.</p>
<b>Justification:</b>	<p>Due to the State Supreme Court decision to stop all ground disturbing activities and HART's CEO request to mitigate impacts.</p> <p>In accordance with Special Provisions 7.1(c) "Reimbursement to Contractor. In the event that the Contractor is ordered by the Officer in Charge in writing as provided herein to suspend all or part of the work under the contract in accordance with subsections (a)(3), (a)(4), or (a)(5), the contractor may be reimbursed for actual money expended towards the project during the period of suspension. No allowances will be made for anticipated profits. [HAR 3- 125-7]"</p>
<b>Original Scope and Budget</b>	Not anticipated by the Contract Budget.
<b>Cost of Change:</b>	\$4,200,000
<b>Funding Source</b>	Cost reduction measures including contract repackaging and staff reduction; and allocated contingency
<b>Encumbered Funds</b>	Encumbered funds to be determined by Chief Executive Officer and Chief Financial Officer.
<b>Contingency Remaining:</b>	
<b>Cost Goal per Provisional Sum Analysis:</b>	
<b>Schedule Impacts:</b>	Not known at this time due to the Suspension of Work. Any Schedule impacts will be reflected in the overall schedule impact to the Contract.
<b>Impacts to Other Contracts:</b>	None
<b>Attachments:</b>	Draft Contract Change Order

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**Provisional Sum - AIS Temporary Suspension  
HART KHG CONTRACT #11H0195  
HART Contract Change Order Authorization**

 Project Manager	<u>12/3/12</u> Date	 Deputy Director	<u>12/4/12</u> Date	 Director of Engineering and Construction	<u>12/4/12</u> Date
 Chief Financial Officer	<u>12/3/12</u> Date	 Chief Executive Officer	<u>12/4/12</u> Date		



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

**CONTRACT CHANGE ORDER**

**Contract:** West Oahu/Farrington Hwy Guideway

**Contract Change Order No.:** 00025

**Contractor:** Kiewit Infrastructure West Co.

**Contract No.:** CT-HRT-10H0137

**Commencement Date:** 11/17/09

**Contract Time (Days):** 1434

**Original Completion:** 10/21/2013

This Contract Change Order establishes a Provisional Sum to pay the Design-Builder for actual monies expended during the first six (6) months of the anticipated twelve (12) month period of Partial Suspension issued August 24, 2012 in accordance with the Contract, including but not limited to, section 7.1(a) through (d).

The Contractor shall submit a separate Invoice monthly, based on actuals, to be reviewed by the Contract Resident Engineer and HART Project Manager, verifying that all costs are reimbursable. After both parties have agreed to the invoice, the Contractor shall submit their payment request in accordance with HART's current process.

This Contract Change Order is a Maximum Limit that will be invoiced monthly based on the actuals for that month. The actuals may vary from the set estimated costs per month. The Contractor shall advise HART when they anticipate reaching 75% of the total amount of the Contract Change Order. All other costs associated with the Design and Procurement Schedule of Milestone activities of the Project under this contract shall be reimbursed in accordance with the current process.

NOTE: The current Contract Time (Days) and the Substantial Completion Date shown on this Contract Change Order are subject to further negotiation, and modification of the Contract for the time delay, if any, will be as mutually agreed to under a separate Change Order.

This change order does not include any Contractor Markup for Profit, Escalation and General Excise Tax on Subcontractors. Therefore, the Contractor expressly reserves its rights to submit and negotiate for a Change Order for the aforementioned items.

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

Milestone Title	Milestone Code	Activity ID	Unit Value	Qty	Units	SM Value (\$)
Provisional Sum for Suspension of Construction Activities	00.00.00.00.90.02		\$17,600,000.00	1	LS	\$17,600,000.00

<b>The Original Contract Sum</b>						<b>\$482,924,000.00</b>
<b>Net Change by Previously Authorized Requests and Changes</b>						<b>\$34,527,291.00</b>
<b>The Contract Sum Prior to This Contract Change Order</b>						<b>\$517,451,291.00</b>
<b>The Contract Sum Will be Increased</b>						<b>\$17,600,000.00</b>
<b>The New Contract Sum Including This Contract Change Order</b>						<b>\$535,051,291.00</b>
<b>The Contract Time Will Not Be Changed</b>						
<b>The Date of Substantial Completion as of this Contract Change Order</b>						<b>10/21/13</b>

**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. \_\_\_\_\_

**Executive Director/CEO, HART**

**HART Execution Date**

## ATTACHMENT B

## **FULL FUNDING GRANT AGREEMENT (FFGA) SUMMARY**

### The FFGA Document and Attachments:

- The FFGA is a contract between the FTA and the City and County of Honolulu as the Grantee. The purposes of the FFGA are to:
  - Provide Federal funding (\$255M first increment) and future Federal New Starts (Section 5309) funds;
  - Describes the scope of the Project;
  - Establish the Maximum Federal New Starts Financial Commitment (\$1.55 B);
  - Establish the Grantee's financial commitment (including the Local Share (\$3.4 B per FFGA Section 10) and obligation to pay all costs necessary to complete the Project), commitment to achieve revenue operation by January 31, 2020 (FFGA Section 5), and to finance future maintenance and operational costs of the Project.

### FFGA Appropriations

- The President's Budget is submitted annually to Congress by the first Monday in February. It sets forth the Administration recommendations for the Federal budget for the upcoming fiscal year.
- The President's Budget for FY 2013 included \$250M for the Honolulu Rail Transit Project, which is consistent with the Proposed Schedule of Federal Funds (Based on Year of Appropriation) in FFGA Attachment 6. It is expected that the President's future budgets will follow the proposed schedule in Attachment 6.
- Congressional appropriations process happens annually and is ongoing until enacted.
- It is possible that Congress could appropriate an amount that varies (+/-) from the Proposed Schedule of Federal Funds in the FFGA. However, the federal government has not in the 30-year history of the program defaulted on its commitment to fund projects. The Proposed Schedule of Federal Funds in the FFGA (Attachment 6) shows Section 5309 New Starts funds from 2012 and Prior through 2017. The increment annual is \$250M until the final increment when it is \$230M.
- Generally, within the New Starts program the FTA funds FFGA projects first in order to meet funding obligations.
- Incremental awards for annual appropriations will be processed through the FTA's electronic grants award and management system.

### FFGA Drawdown of Funds

- The federal funding for the Project will be reimbursement for eligible costs
- The annual funds appropriated for the FFGA need to be obligated within two years of the appropriations date. However, these funds do not necessarily have to be drawn down in any specific time frame once they are awarded.

**ATTACHMENT 6**

**City and County of Honolulu  
Honolulu Rail Transit Project  
Honolulu, Hawaii**

Section 20008 of the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (Pub. L. 112-141: July 6, 2012) (“MAP-21”) authorizes FTA to award Federal major capital investment (New Starts) funds for final design and construction of the Honolulu Rail Transit Project (the Project). In accordance with Federal transit law at 49 U.S.C. Chapter 53 and FTA Circular 5200.1A, Full Funding Grant Agreements Guidance (December 5, 2002), by the execution of this Agreement the Government is limiting its commitment to provide New Starts funding for the Project to those funds that have been or may be appropriated during the term of MAP-21 and subsequent authorizations. The Government and the Grantee recognize, however, that the period of time necessary to complete the Project will extend beyond MAP-21, as evidenced by Attachment 4 of this Agreement (Baseline Schedule).

Moreover, the Government has previously awarded American Recovery and Reinvestment Act (ARRA) funds for the Project.

Currently, the Government and the Grantee anticipate that the New Starts funds and Section 5307 funds will be provided for the Project as follows:

Proposed Schedule of Federal Funds  
(Based on Year of Appropriation)

Fiscal Year	Federal			Local (1)	Total
	ARRA Funds	Section 5309 New Starts Funds	Section 5307 Formula Funds		
2012 and Prior	\$4,000,000	\$319,990,000	-	\$616,751,367	\$940,741,367
2013	-	\$250,000,000	\$32,941,432	\$538,610,806	\$821,552,238
2014	-	\$250,000,000	\$33,733,543	\$540,118,678	\$823,852,221
2015	-	\$250,000,000	\$34,543,557	\$541,660,631	\$826,204,188
2016	-	\$250,000,000	\$35,373,020	\$543,239,607	\$828,612,627
2017	-	\$230,010,000	\$36,221,856	\$506,802,251	\$773,034,107
2018	-	-	\$37,090,493	\$70,605,921	\$107,696,414
Total	\$4,000,000	\$1,550,000,000	\$209,903,901	\$3,357,789,262	\$5,121,693,163

(1) Source of local funding is: local General Excise and Use Tax Surcharge revenues dedicated to the Project.

## ATTACHMENT C

## **OPERATIONS AND MAINTENANCE OVERSIGHT AND STAFFING PROCESS**

	HART		ANSALDO
<b>1.</b>	<b>Review Organizational Needs</b>	<b>1.</b>	<b>Review Staffing Plan</b>
	a. Determine what is needed for oversight.		a. Look at roles of proposed staff.
	b. Create a job justification.		b. Define their responsibilities.
	c. Draft a job description.		c. Determine their need.
	d. Determine when positions need to be brought on.		d. Review proposed start dates.
	e. Work with HR to accomplish that in a timely manner.		e. Budget compliance.
<b>2.</b>	<b>Determine HART Operations and Maintenance Responsibilities</b>	<b>2.</b>	<b>Review Contract Responsibilities</b>
	a. Develop Fare Policies.		a. Further define what Ansaldo's contractual obligations are related to maintenance.
	b. Determine fare equipment needs and integration with DTS/OTS.		b. Review maintenance schedules.
	c. Develop guideway structural inspection schedule and determine who will complete that process.		c. Review equipment needed to accomplish vehicle and guideway maintenance.
	d. Service policies.		d. Review capital asset plan.
			e. Cost control.
<b>3.</b>	<b>Oversee Pre-Revenue/Startup Operation</b>		
	a. Review development of procedures, plans, manuals, and rule book.	<b>3.</b>	<b>Participate in Design Review Process</b>
	b. Approve Operations and Maintenance Plan.		a. Review Definitive Design.
	c. Approve Rail Fleet Maintenance Plan.		b. Review Interim Design.
	d. Review/Approve Startup Plan.		c. Review Final Design.
	e. Participate in Safety Certification Process.		d. Ensure designs meet the design criteria and technical provisions.
	f. Participate in Final Acceptance process.		

This table is a sampling of what is involved in the HART/Ansaldo interface and oversight process related to Operations and Maintenance. The process is ongoing and will be further defined and clarified as we work toward building the HART organization, determining roles and responsibilities, and transitioning into pre-revenue and revenue service.