



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

## MINUTES

**Joint Meeting of  
Finance Committee and  
Project Oversight Committee  
Ali'i Place, Suite 150  
1099 Alakea Street, Honolulu, Hawaii  
November 13, 2014 8:30 a.m.**

**PRESENT:**

William "Buzz" Hong  
Donald G. Horner  
Carrie Okinaga  
Robert "Bobby" Bunda

Ivan Lui-Kwan  
Michael Formby  
George Atta

**ALSO IN ATTENDANCE:  
(Sign-In Sheet and Staff)**

Daniel Grabauskas  
Gary Takeuchi  
Lisa Hirahara  
Lorenzo Garrido  
John Moore  
Justin Garrod  
Joyce Oliveira  
Andrea Tantoco

Paul Migliorato  
Aaron Landry  
Valerie Sadural  
Barbra Armentrout  
Russell Honma  
Tom Smyth  
Brandon Elefante  
Cindy Matsushita

**EXCUSED:**

Keslie Hui  
Damien Kim

Ross Higashi

**I. Call to Order by Chair**

Project Oversight Committee Vice Chair William "Buzz" Hong called the joint meeting of the Finance and Project Oversight Committee to order at 8:36 a.m.

**II. Public Testimony on all Agenda Items**

Mr. Hong called for public testimony. There was none.

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III. Approval of the October 23, 2014 Minutes of the Joint Meeting of the Finance Committee and Project Oversight Committee

Mr. Hong called for the approval of the October 23, 2014 minutes of the joint meeting of the Finance and Project Oversight Committee. As there were no objections or changes, the minutes were approved unanimously.

IV. Supreme Court Construction Delay Claim Reconciliation

HART Director of Design and Construction Lorenzo Garrido and Deputy Director of Project Management John Moore made a PowerPoint presentation on the Supreme Court Construction Delay Claim Reconciliation, a copy of which is attached hereto as Attachment A.

Mr. Garrido reminded the joint committee that during the 13-month construction suspension related to the Archaeological Inventory Survey (AIS), the contractor had an obligation to mitigate the impacts of the delay. HART staff had sought approval from the joint committee for a provisional sum change order to reimburse the contractor for actual costs including overhead but not profit during the suspension period. The provisional sum, which allowed the work to proceed, represented the tentatively agreed-upon amount, as the full extent of the work and cost was unknown. Mr. Garrido detailed a chart of the approved AIS provisional sum change orders, which totaled \$36.2 million – less than the initial forecast. Reconciliation would be made after the final invoices were provided by the contractor. Once approved, the provisional sums were managed by HART staff, reported monthly to the Board, and ultimately the subject of an independent cost audit.

Mr. Garrido reported that the funds remaining from the approved provisional sum change orders is \$6.3 million, which will be returned to the contract allocated contingency for each associated contract. Mr. Garrido acknowledged Mr. Moore, Kiewit and Kiewit/Kobayashi Joint Venture for their efforts in making the final reconciliation.

Mr. Hong commended Mr. Garrido and Mr. Moore.

Committee member Carrie Okinaga asked whether the reported numbers were only related to the West Oahu/Farrington Highway (WOFH), Maintenance and Storage Facility (MSF), and Kamehameha Highway Guideway (KHG) contracts. She also asked whether the AIS delay costs were now finalized. Mr. Garrido responded that there had been notice to proceed (NTP) delays prior to construction suspension and provisional sum costs for the actual costs associated with the 13 month AIS suspension period. Escalation for the MSF had been approved by the Board in October, and escalation for the WOFH and KHG sections would be before the joint committee later that day for approval. He noted that there would also be further change orders for escalation.

HART Executive Director and CEO Daniel Grabauskas said that staff's initial estimate for delay costs was \$7 million per month for 12 months, which turned out to be 13 months. However, Mr. Garrido and Kiewit worked to identify critical elements and staff for the suspension period, and brought the estimate down to approximately \$36.2 million. Mr. Grabauskas said that the actual costs are under the estimate by \$6.3 million.

Mr. Horner observed that the provisional sum amounts were part of the bigger picture of delay costs, and asked for more clarification when the escalation change orders were presented.

Mr. Bunda asked for clarification on the core systems contract contingency as well as the unallocated contingency. Mr. Garrido said that at the beginning of November, the overall contingency balance was \$531.77 million, with the unallocated comprising \$56.11 million. Mr. Grabauskas clarified that if the change orders and credit were approved, Mr. Garrido would then provide updated numbers.

Mr. Hong commended Mr. Garrido and Mr. Moore for their work in the AIS delay cost reconciliation.

V. Change Order Review

A. West Oahu/Farrington Highway Escalation Due to Schedule Impacts

Mr. Garrido said that the two change orders for WOFH and KHG were similar in nature, and dealt with escalation and NTP impacts. The PowerPoint presentation and supporting documentation are attached hereto as Attachment B. He defined escalation as the increase in the cost of goods and services over a defined period of time. For the WOFH and KHG sections, AIS and NTP delays resulted in construction occurring later than originally planned. The delays included the 13-month AIS delay, and the prior 20-month NTP delay, which was not settled earlier because HART and the contractor did not come to an agreement on future escalation costs. Accordingly, it was agreed that escalation would be evaluated on the basis of actual cost escalation, including the increases for craft and staff labor, fuel, oil and grease, small tools and supplies, and ready-mix concrete.

Mr. Garrido said that there was a forecast for the total of 33 months of \$22.5 million, in contrast to the contractor's forecast of \$39.1 million. The parties agreed on a reasonable amount for the provisional sum against which actual costs could be drawn down. The initial \$15 million provisional sum for WOFH contemplates 21 months through June 30, 2015, with funds drawn from unallocated contingency.

He clarified the applicable time frame for the change order. The NTP delay period was from March 2010 to February 2012. The applicable AIS period ran from August 2012 to September 2013. Mr. Garrido said that the increase in costs for the total of 33 months was being contemplated. Mr. Grabauskas added that if the contract had been performed

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as planned, the work on WOFH would have been completed in October 2013. Because of the 33 month delay, the cost of wages and goods has increased.

Mr. Lui-Kwan asked about the allocation of the \$15 million between the NTP and AIS delays. Mr. Garrido responded that the costs would be prorated for the 13 month AIS delay.

Mr. Hong asked about HART's estimation methodology. Mr. Moore said that the actual costs for individual line items were evaluated individually. For instance, certified payroll at the time of the master agreement was compared to the current agreement to determine the escalation for labor.

Mr. Formby asked why the provisional sum was needed if actual costs were being paid. Mr. Garrido said that a provisional sum would allow staff to track and report progress to the Board. Mr. Grabauskas added that the same process was used for the AIS delay, where an estimated six month sum was approved by the joint committee. Staff then reported to the Board monthly. Mr. Formby questioned the need for a provisional sum based on actual costs, but said that in the end the numbers would be the same.

Ms. Okinaga asked whether the HART forecast of \$22.5 million represented the full 33 months, and Mr. Garrido confirmed it did. He said that as the contingency for WOFH was insufficient, staff was recommending that the full \$15 million be drawn against unallocated contingency. The starting balance for unallocated contingency was \$56.11 million; if the joint committee approved the change order, the balance would then be \$41.11 million. The overall project contingency balance of \$531.77 million would be reduced to \$516.77 million after the action.

Mr. Horner requested clarification on the change order costs. Mr. Grabauskas said that the \$15 million would come out of the unallocated contingency. Mr. Horner asked how much had been spent on the AIS delay. Mr. Grabauskas said that the 13 month AIS and 20 months of NTP delays were anticipated to result in \$15 million in escalation. Mr. Garrido said that \$29.9 million AIS actual costs, plus forecasting 13 months of escalation costs, which include the previous MSF escalation change, would bring the total AIS related delay costs to \$58.97 million. The monthly cost would be \$4.54 million per, in contrast with the initial cost estimate of \$7 million per month.

Mr. Horner asked whether the project was already under some delay prior to the AIS delay. Mr. Garrido agreed, and said that the NTP delay was the result. Mr. Horner asked whether the delta between the two delays was fairly linear, and Mr. Garrido said it was. Mr. Moore pointed out that cost escalation factors became greater over time, as the economy picked up. Mr. Horner asked if these changes would conclude the delay changes. Mr. Garrido said that staff makes great efforts to settle as a lump sum whenever possible. However, as it was unable to settle with the contractor on rebar escalation, that matter was still being negotiated.

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Mr. Lui-Kwan said that a provisional sum indicates that the delay costs had not been fully resolved. Mr. Garrido agreed, but said that the \$15 million was a reasonable forecast. Mr. Grabauskas said that staff would report back monthly on actual costs, should the committee approve the change. Staff would then likely return to the joint committee in about May to ask for another \$7 million to complete the 33 month delay costs.

Mr. Horner asked whether the committee had already approved steel escalation. Mr. Garrido said that steel had been removed from the MSF. He also said that the prior change had been for steel on the WOFH contract for cost impacts prior to the suspension. The outstanding escalation component was related to the steel supplier's cost forecasting methodology. Mr. Horner asked about any items of note with regard to escalation. Mr. Moore said steel prices had been flat since 2012, but that the cost of ready mix concrete had been increasing.

Mr. Horner moved to approve the change order. Mr. Lui-Kwan seconded the motion. All being in favor, the motion carried unanimously.

Mr. Hong asked whether someone in the audience had a question. Barbra Armentrout pointed out that slide four in the AIS presentation contained a math error. Mr. Garrido acknowledged the typographical error in the total, which should read \$25.9 million. Ms. Armentrout asked the definition of consumables, and Mr. Moore explained that the term describes items that go into construction, but are not a permanent part of it, such as lumber.

B. Kamehameha Highway Guideway Escalation Due to Schedule Impacts

Mr. Garrido said that the next change order for KHG was solely for the AIS delay, as there were no prior NTP delays. He said that the cost was forecast as \$7 million and would come from the contract allocated contingency. The provisional sum would be for six of 13 months, from January 2015 through June 2015. The contingency balance for KHG was \$16.5 million to start, and the balance remaining would be \$9.5 million if the change order was approved.

Mr. Hong called for questions, and there were none. Mr. Lui-Kwan moved for approval of the change order, and Mr. Bunda seconded the motion. All being in favor, the motion carried unanimously.

VI. Core Systems Contract Credit

Mr. Garrido and HART Deputy Director of Systems Justin Garrod presented the core systems contract credit, a copy of which is attached hereto as Attachment C. Mr. Garrido said that it was a credit to the core systems contract for the deletion of ticket vending machines (TVMs) from the core systems contract, which originally included an open automated fare collection system. However, the current evaluation is for a closed, gated fare system, and the removal of TVMs

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from the contract. The \$10.35 million credit, which is 1.8% of the base contract value, would be transferred to unallocated contingency.

Mr. Garrido explained that the beginning unallocated contingency balance was \$41.1 million, including the WOFH change order brought before the joint committee that day. After the credit, the balance would be \$51.46 million.

Ms. Okinaga asked whether there was a line item in the original contract for TVMs. Mr. Garrod said that the line item was \$10.8 million, so management and engineering work was not credited. However, he said that the figure of \$10.3 million was considered fair and reasonable.

Mr. Horner asked whether Ansaldo agreed, and Mr. Garrod said they did. Mr. Horner noted that was encouraging.

Mr. Horner noted that staff would report to the Board on capital costs for the fare system at a later date. He asked what Ansaldo's role would be. Mr. Garrod replied that staff would not be seeking any additional costs for Ansaldo for the fare system. HART would provide the network to communicate with TVMs, supervisory control and data acquisition system. Mr. Horner noted that these systems were not in the budget. Mr. Garrido pointed out, however, that station design and planning accounted for the future option of a closed fare gate system.

Mr. Grabauskas said that staff was requesting a vote on the credit item, as it was in excess of \$1 million. Mr. Lui-Kwan moved to approve the credit, and Mr. Bunda seconded the motion. All being in favor, the motion carried unanimously.

Mr. Horner asked what the total forecasted cost for project delays. Mr. Grabauskas responded that as of that day's actions, AIS and NTP delays totaled \$165,271,851, not including the costs of actual litigation and rebar escalation. Mr. Horner asked whether litigation costs had been capitalized, and Mr. Grabauskas said they were paid from the operating budget. He said that the final costs could be \$185 to 190 million. Mr. Horner said that as one of the risks identified by the Federal Transit Administration, he appreciates HART managing these extraordinary costs as best as it could. Mr. Grabauskas acknowledged the hard work of Mr. Garrido and his team in doing so. Mr. Horner also acknowledged Deputy Corporation Counsel Gary Takeuchi and his team for their work. Mr. Hong and Mr. Lui-Kwan concurred.

Mr. Lui-Kwan asked for clarification on the components of the delay costs. He recalled that the actual delay costs were lower than initial estimates of \$7 million per month. Mr. Grabauskas responded that the direct cost was approximately \$30 million for WOFH direct delay costs, plus escalation. Mr. Garrido added that the escalation forecasting for 13 months was about \$29 million for a total of about \$59 million.

Mr. Lui-Kwan said that NTP and other factors also contributed to the \$190 million cost. He asked about other contributors to delay costs. Mr. Grabauskas said that delays related to traditional cultural properties in the amount of \$1.6 million, the MSF, and WOFH comprise the

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three components of the total delay costs. The estimate that day was \$165 million, but the final cost was expected to be approximately \$190 million.

VII. Executive Session

There was no need for executive session.

VIII. Adjournment

With no further business before the joint committee, Mr. Hong adjourned the meeting at 9:41 am.

Respectfully Submitted,

  
Cindy Matsushita  
Board Administrator

Approved:

  
Damien Kim  
Chair, Project Oversight Committee

  
Keslie Hui  
Chair, Finance Committee

JAN 29 2015

Date

## ATTACHMENT A

# HART

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## AIS Delay Provisional Sum Change Orders Reconciliation November 13, 2014

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# **AIS Delay Provisional Sum Change Orders Methodology and Assumptions**

- **Construction suspension 13 months**
- **Contractor obligation to mitigate impact**
- **Reimburse Contractor for actual costs including overhead but not profit during the suspension period**
- **Future escalation costs will be a separate change order**

# **AIS Delay Provisional Sum Change Orders Methodology and Assumptions**

- **Provisional Sum is an amount of money tentatively agreed upon between HART and the Contractor to be performed, in cases in which the full extent of the work and/or cost is not yet known.**
- **Determining a provisional sum allows work to proceed, with the expectation that payment will be awarded for the actually incurred and reimbursable costs.**

# AIS Delay Provisional Sum Change Orders Prior Approvals

<b>Contract</b>	<b>Dec 2012</b>	<b>Apr 2013</b>	<b>Total</b>
<b>WOFH</b>	<b>\$17,600,000</b>	<b>\$5,800,000</b>	<b>\$23,400,000</b>
<b>KHG</b>	<b>\$4,200,000</b>	<b>\$1,500,000</b>	<b>\$5,700,000</b>
<b>MSF</b>	<b>\$4,100,000</b>	<b>\$3,000,000</b>	<b>\$7,100,000</b>
<b>Approved Total</b>	<b>\$26,900,000</b>	<b>\$10,300,000</b>	<b>\$36,200,000</b>

# **AIS Delay Provisional Sum Change Orders Management and Reporting**

- **Certified Contractor Invoices**
- **Monthly Invoice Review**
- **Monthly reporting to HART Board**
- **Final Invoice Reconciliation**



# AIS Provisional Sum Change Orders Reconciliation

<b>Contract</b>	<b>Approved</b>	<b>KIWC Invoiced</b>	<b>HART Paid</b>	<b>HART Reconciled</b>	<b>HART Final Payment</b>
<b>WOFH</b>	<b>\$23.4M</b>	<b>\$21.4M</b>	<b>\$17.8M</b>	<b>\$19.3M</b>	<b>\$1.5M</b>
<b>KHG</b>	<b>\$5.7M</b>	<b>\$4.5M</b>	<b>\$4.2M</b>	<b>\$4.3M</b>	<b>\$0.1M</b>
<b>MSF</b>	<b>\$7.1M</b>	<b>\$7.1M</b>	<b>\$6.3M</b>	<b>\$6.3M</b>	<b>\$0M</b>
<b>Total</b>	<b>\$36.2M</b>	<b>\$33.0M</b>	<b>\$28.3M</b>	<b>\$29.9M</b>	<b>\$1.6M</b>

# AIS Provisional Sum Change Orders Summary

<b>Contract</b>	<b>Approved Change Orders</b>	<b>Actual Costs</b>	<b>Funds Remaining</b>
<b>WOFH</b>	<b>\$23.4M</b>	<b>\$19.3M</b>	<b>\$4.1M</b>
<b>KHG</b>	<b>\$5.7M</b>	<b>\$4.3M</b>	<b>\$1.4M</b>
<b>MSF</b>	<b>\$7.1M</b>	<b>\$6.3M</b>	<b>\$0.8M</b>
<b>Total</b>	<b>\$36.2M</b>	<b>\$29.9M</b>	<b>\$6.3M</b>

- **\$6.3M will be returned to Contract Allocated Contingency**

## ATTACHMENT B

# HART

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## Change Order Review November 13, 2014

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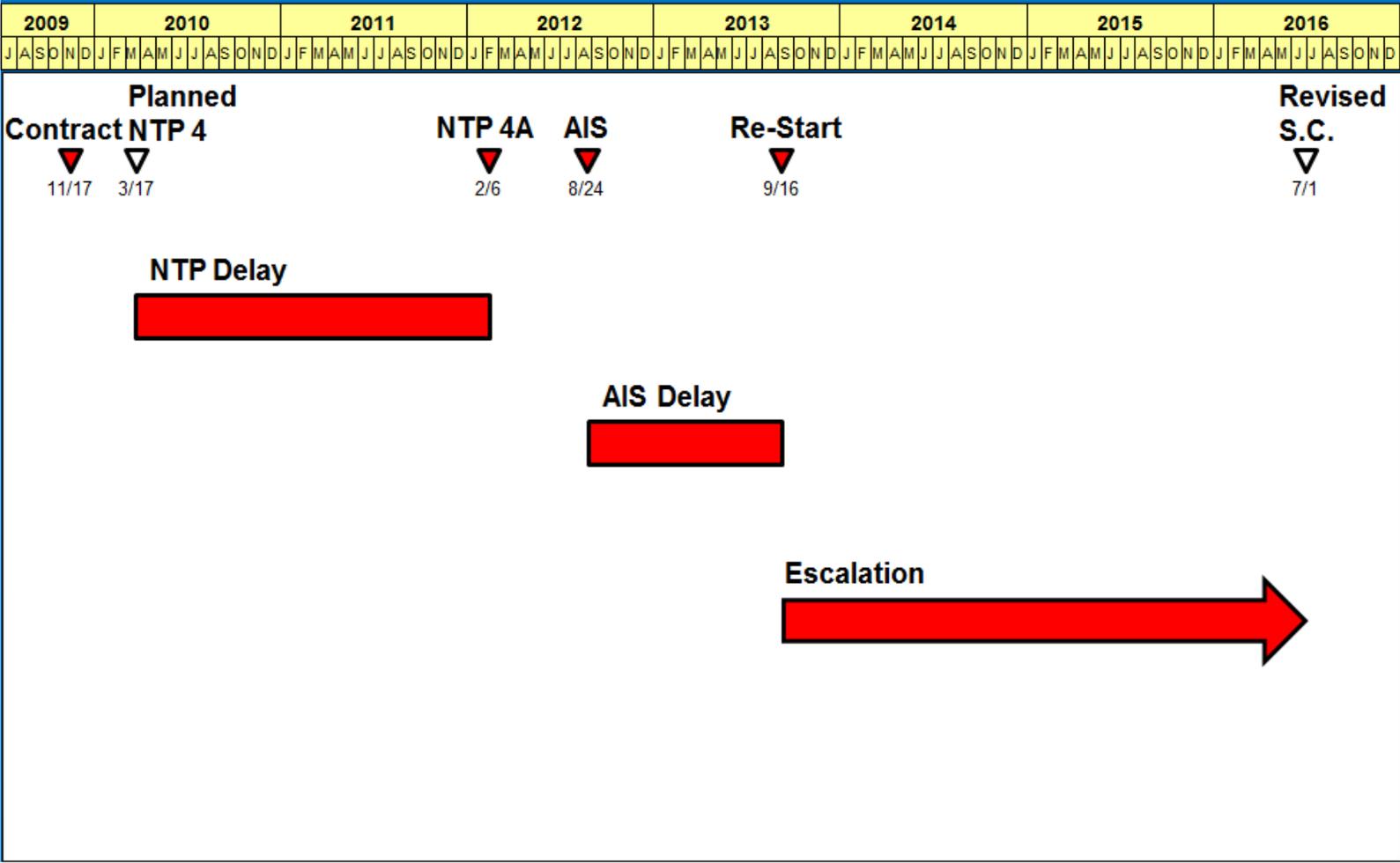
# Cost Escalation

- **Escalation is the increase in the cost of goods and services over a defined period of time. This includes the cost of labor and materials due to market forces.**
- **In the case of the WOFH and KHG contracts, the original time period in which the construction was anticipated to be accomplished was extended due to AIS and NTP delays. This has resulted in increased costs of construction in a later period of time than originally anticipated.**

# West Oahu/Farrington Highway Escalation Due to Schedule Impacts

- **\$15,000,000**
  - **Provisional Sum for Escalation costs due to Delays**
    - Based on 13 months of AIS Delay and 20 months of NTP Delays
    - Wage rate increases for craft and staff labor; fuel, oil, and grease including repair parts; small tools and supplies including consumables; and Ready-Mix Concrete
    - Provisional Sum forecast for 21 of 33 months through June 30, 2015
    - Funded through Unallocated Contingency
  - **HART Forecast \$22.5 million**
    - Contractor Cost Proposal \$39.1 million

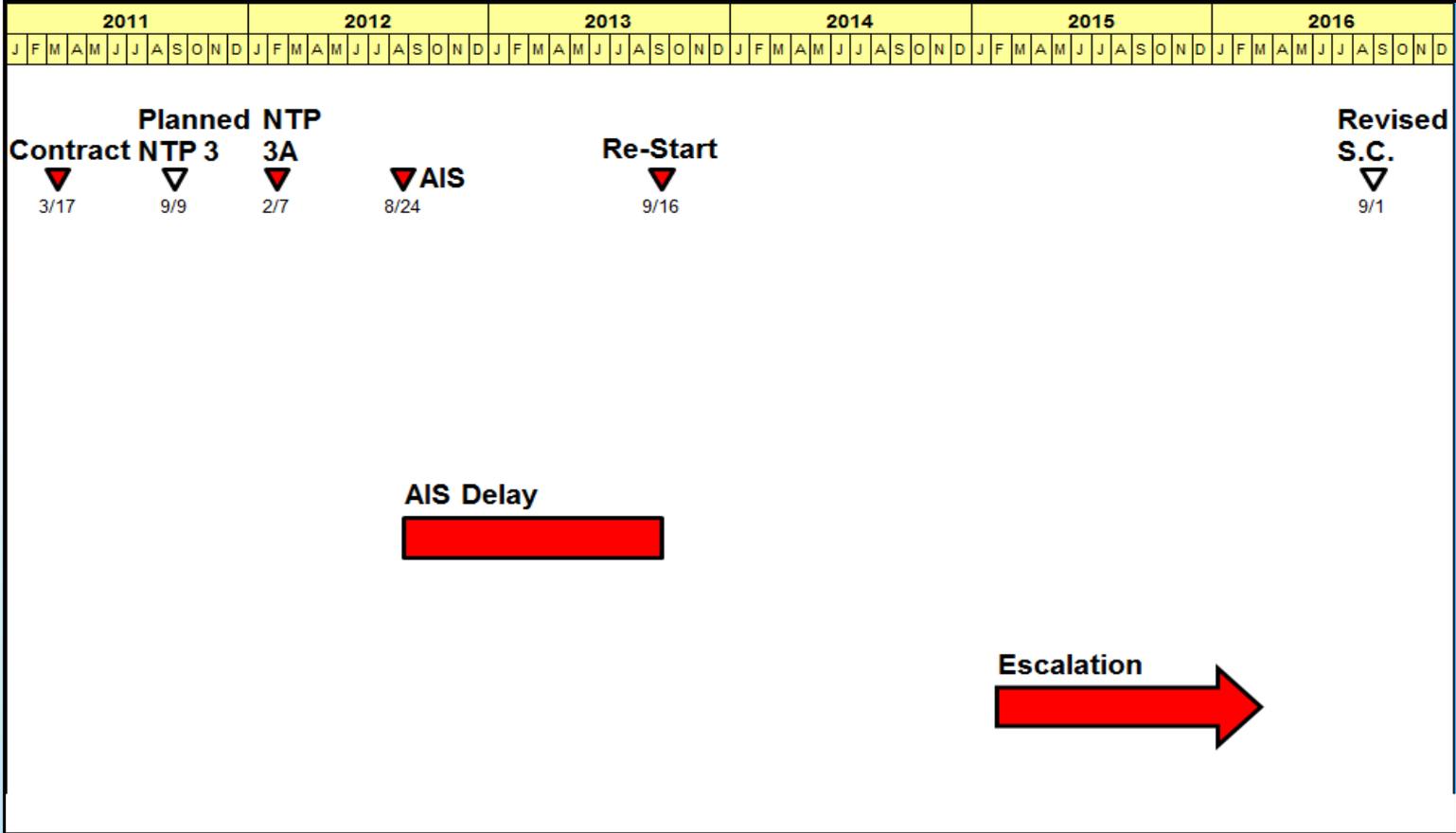
# WOFH Delay Overview



# **Kamehameha Highway Guideway Escalation Due to Schedule Impacts**

- **\$3,500,000**
  - **Provisional Sum for Escalation costs due to AIS Delay**
    - **Based on 13 Months of Delay**
    - **Wage rate increases for craft and staff labor; fuel, oil, and grease including repair parts; and small tools and supplies including consumables**
    - **Provisional Sum forecast for 6 of 13 months from January 2, 2015 through June 30, 2015**
    - **Funded through Contract Allocated Contingency**
  - **HART Forecast \$7.0 million**
    - **Contractor Cost Proposal \$15.5 million**

# KHG Delay Overview

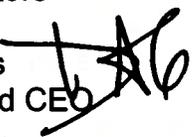




HONOLULU AUTHORITY for RAPID TRANSPORTATION

November 13, 2014

**TO:** HART Board of Directors

**THROUGH:** Daniel A. Grabauskas   
Executive Director and CEO

**FROM:** Lorenzo Garrido   
Officer-in-Charge

John M. Moore   
Deputy Director of Project Management

**SUBJECT:** Escalation due to Schedule Impacts  
West Oahu Farrington Highway Guideway  
Contract No.: CT-HRT-10H0137

Daniel A. Grabauskas  
EXECUTIVE DIRECTOR AND CEO

**FINANCE  
COMMITTEE MEMBERS**

Keslie W.K. Hui  
CHAIR

Donald G. Horner  
VICE CHAIR

George I. Atta  
Robert Bunda  
Michael D. Formby  
Ford N. Fuchigami  
Ivan M. Lui-Kwan, Esq.  
Carrie K.S. Okinaga, Esq.

**PROJECT OVERSIGHT  
COMMITTEE MEMBERS**

Damien T.K. Kim  
CHAIR

William "Buzz" Hong  
VICE CHAIR

Michael D. Formby  
Donald G. Horner  
Ivan M. Lui-Kwan, Esq.  
Carrie K.S. Okinaga, Esq.

**Overview**

This Contract Change Order will establish a provisional sum for actual costs incurred due to price escalation for certain matters, including, but not limited to, wage rate increases for craft and staff labor; fuel, oil, and gas; small tools and supplies, resulting from the Archeological Inventory Survey (AIS) delay and the Notice To Proceed (NTP) delays which affected the project schedule. The provisional sum is an amount of money tentatively agreed upon between HART and the Contractor to be performed, in cases in which the full extent of the work and/or cost is not yet known. Determining a provisional sum allows work to proceed, with the expectation that payment will be awarded for the actually incurred and reimbursable escalation costs.

**Recommendation**

HART Board of Directors to approve a Provisional Sum Change Order in the amount of \$ 15,000,000.00

HART Board of Directors

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### **Justification**

The project schedule incurred a 13-month delay resulting from the court imposed requirement that HART complete the full AIS prior to resuming construction. Additionally, the project schedule incurred a 20-month extension due to the NTP delays. The Contractor, Kiewit Infrastructure West Co. (Kiewit) submitted a request seeking compensation for the cost escalation resulting from these delays. This Contract Change Order provides funds to compensate Kiewit for actual cost incurred as a result of price escalation, related to the AIS delay and the NTP delays to the Contract.

### **Fiscal Impact**

There is not sufficient contract allocated contingency budget remaining. The cost will be covered as a budget transfer from unallocated contingency to the Contract's contingency. Remaining balance for unallocated contingency is \$41,110,055.00.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

November 13, 2014

**TO:** HART Board of Directors

**THROUGH:** Daniel A. Grabauskas   
Executive Director and CEO

**FROM:** Lorenzo Garrido   
Officer-in-Charge

John M. Moore   
Deputy Director of Project Management

**SUBJECT:** Escalation Due to Schedule Impacts  
Kamehameha Highway Guideway  
Contract No.: CT-HRT-11H00195

Daniel A. Grabauskas  
EXECUTIVE DIRECTOR AND CEO

**FINANCE  
COMMITTEE MEMBERS**

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VICE CHAIR

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Carrie K.S. Okinaga, Esq.

**Overview**

This Contract Change Order will establish a provisional sum for actual costs incurred due to price escalation for certain matters, including, but not limited to, wage rate increases for craft and staff labor; fuel, oil, and gas; small tools and supplies, resulting from the Archeological Inventory Survey (AIS) delay which affected the project schedule. The provisional sum is an amount of money tentatively agreed upon between HART and the Contractor to be performed, in cases in which the full extent of the work and/or cost is not yet known. Determining a provisional sum allows work to proceed, with the expectation that payment will be awarded for the actually incurred and reimbursable escalation costs.

**Recommendation**

HART Board of Directors to approve a Provisional Sum Change Order in the amount of \$ 3,500,000.00.

**Justification**

The project schedule incurred a 13-month delay resulting from the court imposed requirement that HART complete the full AIS prior to resuming construction. The Contractor, Kiewit Infrastructure West Co. (Kiewit) submitted a request seeking compensation for the cost escalation resulting from this delay. This Contract Change Order provides funds to compensate Kiewit for actual cost incurred as a result of price escalation, related to the AIS delay to the Contract.

**Fiscal Impact**

The cost was not part of the awarded Kamehameha Highway Guideway contract. Funds are covered in the contract's contingency. The remaining balance for contract contingency is \$13,017,344.00.

# ATTACHMENT C

# HART

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## Core Systems Contract Credit November 13, 2014

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# Core Systems Contract Credit

- **\$10,350,000 Credit**
  - **Deletion of Ticket Vending Machines**
    - Based on an open (ungated) Automated Fare Collection System
    - Design, procurement, installation, testing, and commissioning of equipment
    - Funds will be transferred to unallocated contingency
  - **Contractor Cost Proposal \$9,952,005 Credit**



# *Mahalo!*



*HONOLULU RAIL TRANSIT*

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Daniel A. Grabauskas  
EXECUTIVE DIRECTOR AND CEO

FINANCE  
COMMITTEE MEMBERS

Keslie W.K. Hui  
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Carrie K.S. Okinaga, Esq.

November 13, 2014

**TO:** HART Board of Directors

**THROUGH:** Daniel A. Grabauskas *DAG*  
Executive Director and CEO

**FROM:** Lorenzo Garrido, Officer-in-Charge *LGG*  
Justin Garrod, Core Systems Deputy Director *JG*

**SUBJECT:** Core Systems Contract Credit  
Core Systems Design Build Operate Maintain  
Contract No.: CT-DTS-1100194

### Overview

The subject request for a contract credit is for the deletion of the design, procurement, installation, testing, and commissioning of Ticket Vending Machines (TVMs) and associated equipment from the Core Systems Contract.

### Recommendation

HART Board of Directors to approve a Core Systems Contract credit in the amount of \$10,350,000.

### Justification

Currently, the Core Systems Design Build Operate Maintain Contract (Contract) includes the provision of TVMs and associated equipment for an open (ungated) Automated Fare Collection (AFC) system. This request for a contract credit includes the deletion of the design, procurement, installation, testing, and commissioning of TVMs and associated equipment from the Contract.

HART intends to implement a closed (gated) AFC system for the Honolulu Rail Transit Project. This system will include TVMs, fare gates, a dedicated communications network, and supporting system infrastructure. HART will procure the supply and maintenance of the AFC system under a separate contract.

HART's plan to proceed with a closed (gated) fare collection system under separate contract requires the removal of the TVM scope of work from the Contract. A credit will result from the deletion of this scope of work from the Contract.

**Fiscal Impact**

A budget transfer of \$10,350,000.00 will be made from the allocated contingency to unallocated contingency for future work at the appropriate time. The remaining balance for contract contingency is \$57,255,959.00. The remaining balance for unallocated contingency is \$41,110,055.00