



IN REPLY REFER TO:
HRT3/12-460257R

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

April 19, 2012

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Honolulu City Council
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Honolulu, Hawaii 96813

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Dear Councilmember Gabbard:

In response to your letter dated March 28, 2012, we provide the following:

1. The first question deals with the \$15 million cost for the delay in the Kiewit contract. I would like a written explanation as to the cause of the delay and how the \$15 million dollar figure was derived. In your explanation of the \$15 million figure, please be specific and provide copies of all supporting documents. For example if costs were increased because the bid time lapsed, then please provide copies of the specific original bid section and the letter from the subcontractor explaining why the cost went up.

Response: The West Oahu/Farrington Highway (WOFH) contract was awarded on November 5, 2009, and was executed on November 17, 2009 by the City and County of Honolulu. Four separate and distinct notices to proceed (NTP) are identified in the Agreement with an anticipated timeline that all applicable NTPs would be issued within one hundred twenty (120) calendar days following contract execution by the Contractor and by the City. A copy of the Agreement, Special Provisions (Chapters 1-7), and a copy of the General Conditions of Design-Build Contracts are attached (Attachments A, B and C).

Because of numerous delays related to issuance of the Record of Decision, approval to perform preliminary engineering, and approval to perform final design, we were unable to issue the NTPs within the anticipated timeline in the contract. The reasons for the delay range from litigation related to the Environmental Impact Statement (EIS), lengthy decision process by the Federal Transit Administration, inaction on the EIS, and because the time to complete the work needed for these approvals took longer than originally anticipated.

The ultimate amount of the change was a negotiated compromise. However, the basis of the change includes the following:

- Equipment cost – change, idle and inflationary
- Mobilized staff labor cost
- Field facilities cost

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The contractor provided written notices of delays pursuant to the terms of the contract. Copies of the contractor notices are attached (Attachments D, E, and F). Change order number 0006 reflects the \$15M increase to the Kiewit contract which was the subject of your inquiry. A copy of the change order is attached (Attachment G). Attachment G is a redacted version of the change order that was previously provided in response to request for access to government records and contains the following parts:

- Records of Negotiations
- HART Change Control Board #11 Record of Decision
- HART Request for Change

The material redacted from the Change Order is considered confidential either because of the nature of the material or because it reveals information related to on-going negotiations.

If you should have any questions, please do not hesitate to contact me.

Sincerely,



Daniel A. Grabauskas
Executive Director and CEO

cc: All City Councilmembers
HART Board Members

Attachments