



IN REPLY REFER TO:
CMS-AP00-01162

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

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Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

March 18, 2015

The Honorable Jill N. Tokuda, Chair
Committee on Ways and Means
State Senate
Hawaii State Capitol
415 South Beretania Street, Room 207
Honolulu, Hawaii 96813

and

The Honorable Sylvia Luke
Committee on Finance
State House of Representatives
Hawaii State Capitol
415 South Beretania Street, Room 306
Honolulu, Hawaii 96813

Dear Chair Tokuda and Chair Luke:

On March 17, 2015, the Honolulu Authority for Rapid Transportation (HART) provided the members of the Senate Ways and Means and House Finance Committees with responses to questions relating to the Honolulu Rail Transit Project (HRTTP). As indicated in the March 17, 2015 letter, the following information would be transmitted under separate cover:

1. **Provide examples of other large transportation projects that were cancelled by local jurisdictions.**

Response : A breach of the Full Funding Grant Agreement (FFGA) or cancelling this project would certainly jeopardize future discretionary grant monies for Hawaii, particularly so for Federal Transit Administration (FTA) Section 5309 funds. Section 19 of the FFGA discussed remedies in the event of failure by the Grantee to complete the project. It specifically notes that "a default of this Agreement will be a factor considered before a decision is made with respect to the approval of future Grants..."In addition, Section 19 clearly states that the Federal Government can demand that federal funds provided be returned in the event of default. There are two notable recent events involving large transportation projects that highlight this action:

New Jersey Governor Chris Christie cancelled the New Jersey Transit Access to the Region's Core project in 2010 due to his concerns over the potential for significant cost overrun. In that case, the Grantee paid back all New Starts funds expended (\$51 million) as well as some of the American Recovery and Reinvestment Act of 2009 funds.

The Columbia River Crossing project was cancelled in 2014 due to failure by the Washington Legislature to appropriate their share of the project funds. The Washington Legislature failed to take action to commit to their portion of the project budget for two reasons: 1) due to concerns for potential cost overrun and 2) over debate about the potential for a previously free interstate bridge becoming a toll bridge. This was a river crossing project between Oregon and Washington, and included a transit component. However, the potential for it to become a toll bridge, which is not a commodity that is common in that part of the country, was a significant part of the debate. There were also varying analyses of how much revenue the tolls would yield, which raised concerns that additional costs would fall on the Washington and Oregon taxpayers, who would be the ultimate guarantors of the bonds to be issued for the project. At the time of the cancellation, FTA had not issued New Starts funds, but Oregon and Washington reached a settlement to repay Federal Highway Administration funds.

In recent discussions, the FTA has stated that if the Honolulu Rail Transit Project, for any reason, did not move forward, all Federal monies will need to be repaid.

2. Provide minutes of the HART Board that shows when the HART Board was notified of the projected project deficit.

Response: Attached are agendas and highlighted pages of minutes and relevant attachments of the HART Board of Directors, its Finance Committee, and Project Oversight Committee for the 2014 calendar year.

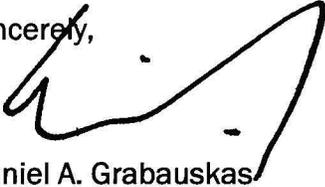
In addition, at the end of each fiscal year quarter, HART generates a balanced scorecard to assess its overall performance on key aspects of project implementation. Attached are HART's balanced scorecards from December 2014 through December 2015.

All of these documents provide examples of notification to members of the HART Board and the public of the projected project deficit.

The Honorable Jill N. Tokuda, Chair
The Honorable Sylvia Luke, Chair
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Thank you for the opportunity to provide you with this informaton. If you should have any further questions, please do not hesitate to contact our office.

Sincerely,



Daniel A. Grabauskas
Executive Director and CEO

Attachments

cc: HART Board of Directors
Mr. Roy K. Amemiya, Jr., Managing Director
Senate President Donna Mercado Kim
Senator Les Ihara, Jr., Majority Policy Leader
Senator Gilbert Kahele, Majority Caucus Leader
Senator Clarence K. Nishihara
and Members of the Senate Transportation Committee
Senator Will Espero
and Members of the Senate Public Safety, Intergovernmental and Military Affairs Committee
Speaker Joseph M. Souki
Representative Calvin K.Y. Say, Speaker Emeritus
Representative John M. Mizuno, Vice Speaker
Representative Scott K. Saiki, Majority Leader
Representative Henry J.C. Aquino
and Members of the House Transportation Committee



HONOLULU AUTHORITY for RAPID TRANSPORTATION

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Glenn M. Okimoto, Ph.D.
Carrie K.S. Okinaga, Esq.

Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
(meeting room entrance on Richards Street)
Thursday, January 16, 2014 8:30 am

Agenda

- I. Call to Order by Chair
- II. Public Testimony on All Agenda Items
- III. Approval of Minutes of the December 19, 2013 Board of Directors Meeting
- IV. Contractors' Disadvantaged Business Enterprise Efforts
- V. Update on HART/Ansaldo/Department of Transportation Services/Oahu Transit Services Working Group
- VI. Presentation on Fiscal Year 2015 Capital Budget – Planning and Right of Way
- VII. Fare Study Workshop Presentation
- VIII. Discussion of November and December 2013 Monthly Progress Reports
- IX. Construction Update
- X. Traffic Update
- XI. Litigation Update
- XII. Executive Director and CEO's Report
- XIII. Executive Session
Pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4), the Board may enter into Executive Session to consult with its attorneys on questions and issues on a matter pertaining to the Board's powers, duties, privileges, immunities and liabilities.
- XIV. Adjournment

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulutransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

MINUTES

**Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
Thursday, January 16, 2014 8:30 am**

PRESENT:	Carrie Okinaga Ivan Lui-Kwan Damien Kim	Robert "Bobby" Bunda Donald G. Horner William "Buzz" Hong
ALSO IN ATTENDANCE: (Sign-in Sheet and Staff)	Dan Grabauskas Gary Takeuchi Lisa Hirahara Diane Arakaki Joyce Oliveira Barbra Armentrout Robert Yu Doug Chun Mike Ridenour Tom Smyth	Jeff Mack Jay McRae Trevor Findley Allison Andrade Mark Garrity Cindy Matsushita Andrea Tantoco Jeanne Mariani-Belding Paul Migliorato Russell Honma
EXCUSED:	Glenn Okimoto George Atta	Keslie Hui Michael Formby

I. Call to Order by Chair

HART Board Chair Ivan Lui-Kwan called the meeting to order at 8:35 a.m.

II. Public Testimony on All Agenda Items

Mr. Lui-Kwan called for public testimony. None was offered.

III. Approval of Minutes of the December 19, 2013 Board of Directors Meeting

Mr. Lui-Kwan called for the approval of the minutes of the December 19, 2013 Board of Directors meeting. There being no objections, the minutes were passed unanimously as circulated.

IV. Contractors' Disadvantaged Business Enterprise Efforts

HART Executive Director and CEO Daniel Grabauskas said that HART's contractors have contracted with Disadvantaged Business Enterprises (DBEs). He remarked that there was an interest in creating local jobs on the rail project. Mr. Grabauskas welcomed Kiewit Infrastructure West Co. Senior Vice President Lance Wilhelm and Ansaldo Honolulu Joint Venture Project Manager Enrico Fontana to speak about their organizations' efforts in encouraging DBE participation.

Mr. Wilhelm stated that Kiewit holds three contracts, for the West Oahu Farrington Highway (WOFH) section guideway, for the Kamehameha Highway Guideway (KHG) section, and for the Maintenance and Storage Facility (MSF) in a joint venture with Albert C. Kobayashi Inc.

Mr. Wilhelm said that many opportunities to engage in subcontracting occur early in the bidding process, as significant subcontractors are secured before the bid is entered. For the WOFH and KHG contracts, for which Kiewit self-performs 70-80% of the work, subcontracting opportunities are less. Kiewit only self-performs 30% of the work on the MSF, however, and the remainder is contracted out. Mr. Wilhelm said that approximately \$11.5 million of Kiewit's subcontracts are dedicated to DBE subcontractors. He noted that some local subcontractors are not DBEs. He noted that larger subcontractor opportunities exist in the MSF.

Mr. Wilhelm said that since September 2013, Kiewit's ranks have grown from 196 to 300 workers. The peak will be in the spring of 2014, when an additional 65 people will be hired.

Board member Damien Kim asked if these numbers included subcontractors, and Mr. Wilhelm said they did not. Approximately 65 people work for the subcontractors. Mr. Lui-Kwan asked about the peak period. Mr. Wilhelm responded that in the April to May 2014 time period, approximately 400 Kiewit employees will work on the guideway. He said that there would be an ebb and flow to employment, but that the peak would continue to early 2016.

Board member Carrie Okinaga asked how Kiewit's DBE numbers compare to the overall project goal of 13% DBE participation. Mr. Wilhelm said that the program goals were established after some contracts went out for bid; therefore those contracts do not contain any DBE goals. Some contracts have different goals; for instance, the KHG and MSF contracts contain a 3% goal. Mr. Grabauskas added that some contracts were let before the creation of HART. However, HART is asking contractors to keep the 13% DBE participation goal in mind now. Mr. Grabauskas said that the design-build-operate-maintain contract held by the Ansaldo Breda/STS joint venture would provide career potential-type employment.

Mr. Fontana introduced Ansaldo's DBE Officer Mike Ridenour. He said that regarding the design-build portion of the contract, Ansaldo Breda/STS is in compliance with the FTA's strict requirements for DBE participation. Ansaldo Breda was familiar with DBE

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requirements from its past work in San Francisco and Los Angeles, and its current work in Honolulu and Miami. It reports regularly to the FTA regarding its DBE activities. Ansaldo Breda also passes on the DBE requirements to its vendors of doors, windows, and air conditioning systems. It has also contracted with a DBE organization for the final assembly of the train cars.

Mr. Fontana said that the design-build portion of the contract is being executed by Ansaldo Honolulu JV (AHJV). DBE obligations are included in AHJV's contracts with its subcontractors, and AHJV reports monthly to HART on DBE participation. So far, \$105,000 worth of work has been accomplished by Hawaii-based DBE firms. Mr. Fontana said that Ansaldo has also participated in job fairs and distributed flyers and posted job and subcontracting opportunities on its website in order to encourage DBE participation. He expects that the operations and maintenance portion of the contract (which represents two-thirds of the core systems contract) to be staffed locally for its 300 positions. He said that the contract is for ten years.

Ms. Okinaga thanked staff for the transparency of the DBE information in the monthly progress report.

V. Update on HART/Ansaldo/Department of Transportation Services/Oahu Transit Services Working Group

Mark Garrity, Department of Transportation Services (DTS) Deputy Director, gave a PowerPoint presentation to update the Board on the HART/Ansaldo/DTS/Oahu Transit Services (OTS) Working Group. A copy of the presentation is attached hereto as Attachment A. He reminded the Board that the group was intended to be a forum to present ideas and explore synergies between the organizations, with an eye toward creating a multi-modal system.

Mr. Garrity reported that meetings of the full working group, as well as sub-committees had occurred. The working group's activities include a multi-modal fare collection system study, collaboration on computer data needs, station design and TOD coordination, bus-rail service integration planning, station access planning, and rail station walking audits. OTS is also examining each bus route for connectivity with rail stations and cost. The walking audits included City stakeholders such as the Departments of Design and Construction, Parks and Recreation, Facilities Maintenance, Planning and Permitting, DTS, and HART.

Mr. Grabauskas complimented Mr. Garrity and the other City departments for their work together.

Mr. Lui-Kwan invited public testimony from registered speaker Barbara Armentrout, who testified about the need for public input from neighborhood boards and area residents surrounding the stations. Mr. Lui-Kwan acknowledged the need for vital community voices. Mr. Horner added that the working group should also reach out to Waikiki employers, hospitals, and schools. Mr. Grabauskas asked about inviting members of the public to participate in the working group. Mr. Garrity responded that

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the meetings are not closed, but opined that neighborhood board participation might be more effective.

Board member Robert "Bobby" Bunda stressed the importance of involving the community. Mr. Lui-Kwan suggested the Olelo community programming as a potential opportunity to do so.

Mr. Horner asked whether transporting Waikiki employees was being explored. Mr. Garrity said that various options were being looked into, with connection points at Ala Moana and Kakaako being examined. He said that bus lines in the area were already being adjusted for greater efficiency during construction. Mr. Horner asked about transporting West Oahu residents to work and school, and Mr. Garrity replied that other efforts were underway, such as working with the Waikiki Improvement Association on the Waikiki Circulator Study.

VI. Presentation on Fiscal Year 2015 Capital Budget – Planning and Right of Way

HART Director of Planning Elizabeth Scanlon and HART Deputy Director of Right of Way Morris Atta presented the first in a series of fiscal year 2015 capital budget presentations, which is attached hereto as Attachment B.

Ms. Scanlon reported that the planning division has a total budget of \$791,700. \$200,000 is being requested for the *kako'o*, for managing between the Programmatic Agreement consulting parties and HART, in the third year of a ten-year agreement. The contract is held by Pacific Legacy. The FY15 budget also contains \$591,700 for the second year of a multi-year agreement for the Hawaii Department of Transportation (HDOT) Safety Oversight Program, which is required by the FTA. Ms. Okinaga asked how many positions the appropriation funds, and HART Safety and Security Manager Henry Miranda replied that four people support the contract.

Mr. Atta reported that the Right of Way (ROW) division was requesting a budget of \$138,577,400 for FY15. Land acquisition was \$126,700,000, relocation was \$11,500,000, and the real estate consultant was \$377,400. Mr. Atta reminded the Board that HART's acquisition efforts were stalled in the City Center section by an injunction in the federal lawsuit. With partial lifting of the injunction in late 2013, acquisitions along Dillingham Boulevard began. He reported that the ROW division was also initiating notices for relocation at other properties. Lastly, the ROW division was working with HART design teams to finalize partial acquisitions.

Ms. Scanlon reminded the Board that the monthly progress reports contain ROW status updates. She said that there were presently no plans for additional eminent domain matters.

Mr. Grabauskas clarified that although HART is enjoined from acquiring property in the City Center section, the court had allowed HART to acquire additional property in an area that would not be impacted by the Beretania Street tunnel alternative. He stated that

if there was no resolution on the remaining litigation by late spring or early summer of 2014, he would report to the Board on scheduling issues.

Mr. Hong asked if the acquisition amounts represented the costs for the entire corridor. Mr. Atta replied that it was the amount anticipated to be acquired during the fiscal year. Mr. Hong asked about the effect of real estate appreciation, and Mr. Grabauskas replied that future acquisition would likely be affected by recent rises in real estate prices. Mr. Atta said that the projections take appreciation into account, in consultation with the valuation experts hired for that purpose, and based on industry guidelines. Mr. Horner said that HART is well within budget for real estate acquisitions. Ms. Scanlon said that although contingencies are built into the budget, time is of the essence. Mr. Grabauskas said that staff continues to work with designers to see which properties we minimally need to take to execute the project.

Mr. Lui-Kwan thanked Ms. Scanlon and Mr. Atta for their presentation.

VII. Fare Study Workshop Presentation

DTS Deputy Director Garrity introduced Trevor Findley of CH2MHill and OTS President and General Manager Roger Morton, who would give a PowerPoint presentation on the fare study workshop. The presentation is attached hereto as Attachment C.

Mr. Findley said that he would present the overall project goals, then speak specifically on the current task. He reviewed the goal of providing the next generation multimodal fare collection system. Mr. Findley shared a high level project schedule, and said the project was currently in the phase to identify the concept of operations, and establishing a procurement alternatives analysis.

Mr. Morton gave an overview of the existing OTS system. OTS currently has 519 vehicles, with a current FY14 budget of \$222.9 million and 1,845 employees. He outlined the stratification of service by type, broken down into individual boardings and total miles driven.

Mr. Morton reported that OTS' fare policy is set by the City Council, with a fare box recovery ratio of 27-33% of operating costs. The ratio is analyzed annually by the Department of Budget and Fiscal Services (BFS). Fare changes occur fairly infrequently. He outlined the different classes of riders, as well as the fare structure, which he reported was slightly higher than the national average. The cost of a monthly pass, however, is lower than average in the country, in keeping with the policy of low fares for regular riders. Bus pass distribution outlets include City and retail outlets, which do not receive commissions. Overall, 20% of passengers pay cash, and 40% of revenue comes from cash. The Bus has a high percentage of senior ridership, as well as a college program. The four-day visitor pass yields the highest fare return.

Mr. Morton outlined the fixed route fare structure, which is a flat fare with various types of discounted fares and special fare programs, including college and employer programs.

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The paratransit fare of \$2 is mandated by the Americans with Disabilities Act (ADA), and very expensive to run. There are approximately 6,000 active HandiVan users.

Mr. Morton gave an overview of the fare system, from sales of passes to methods of payment acceptance on different vehicles, to the processing of cash. Fare processing costs OTS \$2.6 million annually, or 4.7% of its annual fare revenue.

Mr. Morton summarized by saying that OTS ridership has remained consistent over the past 19 years, with revenue increases due to fare increases. A significant portion of revenue is generated by special pass programs. Although senior and disabled passes generate a significant portion of ridership, they yield very low revenue. System strengths include low cost of collection and simple fare policy. Areas of improvement include the vulnerabilities of paper fare media and the risk of fraud.

Mr. Lui-Kwan thanked Mr. Morton and Mr. Findley, and invited registered testifier Barbara Armentrout to speak. Ms. Armentrout urged the Board to take into consideration special fares for visitors, and again emphasized the importance of public input.

Ms. Okinaga asked about the suburban vs. urban distinction, and Mr. Morton replied that it is an internal classification system. Ms. Okinaga asked about the cost of paratransit ridership versus fixed route, and Mr. Morton said that paratransit has a very low, single-digit recovery ratio. Ms. Okinaga asked about the effect of rail on paratransit operations, and Mr. Morton said that rail will be an option for paratransit riders. Mr. Grabauskas added that all rail stations will be ADA compliant.

Mr. Hong commended the members of the working group, and commemorated the 40th anniversary of OTS, which started in January 1974.

Mr. Horner asked about the 10% visitor ridership. Mr. Morton said that statistic was a result of onboard surveys. Mr. Horner asked whether there will be fewer buses and HandiVans after rail is in operation, and Mr. Morton said that OTS is looking at various alternatives for operations in 2017. Mr. Horner stated that the impact of rail on bus service should be to actually expand bus service without increasing costs. Mr. Garrity agreed, and said that the buses currently on the rail corridor will be rerouted to traditionally less-served areas. The net benefit is that more people will be using transit, resulting in less pollution and congestion.

Mr. Horner asked about section 5307 monies, and Mr. Morton said that the additional revenue and passenger miles will increase the allocation of section 5307 funds.

Board member Robert "Bobby" Bunda said asked if the HandiVan fare policy was also set by City Council, and Mr. Morton said that there is no policy for HandiVan.

Mr. Bunda asked Mr. Grabauskas if the OTS farebox recovery ratio is applicable to rail. Mr. Grabauskas responded that the Charter authorized the HART Board to set fares, while the City Council sets TheBus and HandiVan fares. The goal is a seamless one-pass system for riders, so the discussion should be taken up together. He said that the OTS

ratio is generous, in his experience. Mr. Bunda asked if OTS had ever been outside of the 27-33% ratio, and Mr. Morton said it had not.

Mr. Horner asked how much of the personnel cost, which comprises 71% of OTS's operating budget, is attributable to operators. Mr. Morton said approximately 50%. Mr. Horner pointed out that rail will not have operators, resulting in lower operating costs.

Mr. Grabauskas said that it will be a challenge if the City Council maintains the farebox recovery ratio with combination bus/rail passes. Mr. Bunda asked about the authority for fares, and Mr. Grabauskas said that the HART Board sets rail fares, but the City Council has the authority over any operating subsidy. Mr. Lui-Kwan said that the matter of bus vs. rail cost will be a partnership. Deputy Corporation Counsel Gary Takeuchi agreed that since the Council sets TheBus fares and HART sets rail fares, the two bodies must cooperate because of the desire to integrate. Also, both systems will need to be subsidized.

Ms. Okinaga asked when the working group would report to the City Council. Mr. Garrity replied that it had already updated the Council Transportation Committee, and would do so again. The OTS Board of Directors would also receive reports. Mr. Garrity said that the group would compile a final report, but is expected to require a longer timeframe than initially set forth in the resolution establishing the group. All efforts of the working group are geared towards the deadline of 2017 for coordination of services.

Ms. Okinaga asked about the decisional timeline, and encouraged interim delivery points such that Council and the stakeholders would know when opportunity for input would arise. Mr. Grabauskas stated that he anticipates working with the City Council on the subsidy level in 2016. Ms. Okinaga asked Mr. Garrity whether changes to bus operations would have occurred even without rail, and he agreed they would have. Mr. Grabauskas pointed out that rail is the equivalent of 40 buses, and Mr. Horner said that it will be cheaper to operate.

Mr. Lui-Kwan thanked the working group for their critical efforts, and Mr. Horner as former Finance Committee chair for partnering with the City Council regarding the budget.

VIII. Discussion of November and December 2013 Monthly Progress Reports

HART Project Controls Manager David Sagherian presented highlights of the November and December 2013 Monthly Progress Reports, which are attached hereto as Attachments D and E. Among the highlights were the approximately 900 people working on the rail project, the implementation of four-car system decision in December, and ongoing efforts by contractors in column construction, and the Maintenance and Storage Facility.

Mr. Bunda acknowledged Mr. Sagherian's efforts. He asked about the savings realized from contract repackaging detailed on page 10 of the report. Mr. Sagherian replied that the repackaging efforts were made to reduce costs and realize efficiencies of scale. Savings were approximately \$25 million in repackaging the station contracts alone, and

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approximately \$3 million for the utilities contract. Mr. Grabauskas stated that staff would provide Mr. Bunda with a summary sheet of savings related to contract repackaging.

Mr. Bunda asked about known contingency changes. Mr. Sagherian replied that at the time of the Full Funding Grant Agreement (FFGA) application, \$70 million in funds allocated to known issues were set aside from the rest of the contingency, and were drawn down against as the issues were resolved. Mr. Grabauskas explained that the known contingency fund is separate from the overall contingency budget, which is reflected on page 22 as currently \$610 million. He said this was done for reasons of transparency. The \$32.5 million detailed on page 24 will be drawn down from the known contingency and will not impact the overall contingency fund; once the known issues are resolved, there will be only the contingency budget to look to.

Mr. Hong asked about the repackaging savings and the impacts to small contractors. Mr. Grabauskas said that staff would provide that information, as well as information on efforts by HART and its larger contractors to work with small contractors.

Mr. Horner said that the report should reflect revenue projections versus actual cash received, as there is a deficit of approximately \$24 million, as reflected on page 12. Mr. Grabauskas pointed out that HART had not received the General Excise Tax surcharge revenue report for the last quarter of 2013. He said that staff would work on reflecting these figures in the report.

IX. Construction Update:

HART Director of Design and Construction Lorenzo Garrido, West Oahu/Farrington Highway Project Manager Karley Halsted, Kamehameha Highway Guideway Project Manager Matt Scanlon, and MSF Project Manager Akira Fujita gave a PowerPoint presentation on construction status, a copy of which is attached hereto as Attachment F.

Ms. Halsted reported that at the precast yard in Campbell Industrial Park, the yard is being readied, and the batch plant is in operations. Demolition is complete in the future location of the West Loch station, and utility relocation is ongoing. A total of 53 shafts and 43 columns have been completed. Mr. Grabauskas pointed out that this represents ten percent of the 422 total columns along the alignment.

Mr. Scanlon reported that the foundation test shaft program was ongoing along the KHG median, with utility relocations coming up within the following couple of months.

Mr. Fujita reported that mass grading at the MSF site was 95% complete. The remainder of the grading will be complete when final design is done in approximately one and a half months. He pointed out the wall adjacent to Leeward Community College, as well as trailers that had been installed. Construction of the Operation and Servicing Building foundation would begin in February.

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Ms. Okinaga asked about the safety and security on the project, and Mr. Garrido said that HART is working with Kiewit on their goal of zero incidents. Mr. Horner asked about ownership of the precast yard, and Ms. Halsted replied that it is controlled by Kiewit, who is responsible for their own safety and workforce matters. Mr. Grabauskas said that HART is working on securing an alternative precast yard site for the second half of the alignment.

X. Traffic Update

HART Information Specialist Scott Ishikawa and Kiewit's Public Involvement Manager Allison Andrade gave a traffic update. Mr. Ishikawa reported that HART has received minimal hotline complaints regarding the Old Farrington Highway closure, which began at the start of the holiday season. This was due in part to HART's proactive measures of providing advance notice to motorists via regular briefings with television and radio traffic management personnel.

Ms. Andrade reported on an evening lane closure at the H-1/H-2 freeway interchange near the Banana Patch, and a lane closure on Kamehameha Highway for test shaft work. She also said that HART and Kiewit were working with the Hawaii Department of Transportation (HDOT) to coordinate with their ongoing roadwork.

Mr. Ishikawa also reported on soil testing work along Dillingham Boulevard, which would be occurring at night whenever possible. In the Kakaako area, however, soil testing must be performed during the day because of noise levels for area residents.

Board member Damien Kim thanked Mr. Ishikawa and Ms. Andrade, and complimented them on the traffic flow on Kamehameha Highway. He asked about traffic once the columns are built. Ms. Andrade said that utility relocation work will require evening lane closures prior to that. Mr. Ishikawa added that HART and Kiewit are constantly adjusting their work schedules in coordination with HDOT.

Mr. Grabauskas complimented Mr. Ishikawa and Ms. Andrade, and Mr. Lui-Kwan remarked at the low number of complaints.

XI. Litigation Update

Deputy Corporation Counsel Gary Takeuchi reported that the final judgment had been filed with the court that week in the *Kaleikini* case.

In the *Honolulutraffic.com* case, the Ninth Circuit Court of Appeals has yet to render its decision. In the U.S. District Court, a hearing is scheduled for February 6, 2014 in Honolulu regarding the Beretania Street Tunnel alternative.

Mr. Lui-Kwan asked about when Judge Tashima would issue his decision. Mr. Takeuchi replied that while he didn't know, the judge had taken a bit of time to issue previous decisions.

XII. Executive Director and CEO's Report

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Mr. Grabauskas introduced general engineering consultants (GEC) Jay McRae and Jeff Mack of CH2M Hill. Mr. McRae reported that he heads CH2M Hill's North American transit rail division, and has previously worked with Sound Transit and LA Metro. At CH2M Hill, he leads a handpicked team of transit experts, and local expertise including Bowers and Kubota and RM Towill.

Mr. Mack reported that he heads CH2M Hill's transportation construction group, and like Mr. McRae, recently moved to Hawaii to work on the Honolulu rail project.

Mr. Horner asked about the scope of their work, and Mr. McRae said that CH2M Hill will support HART in guiding cost estimates and scheduling, provide interface coordination support, environmental compliance and planning, and design review. Mr. Horner asked if CH2M Hill would be performing finance tasks, and Mr. Grabauskas said that HART is exploring the separate procurement of that function.

Mr. Grabauskas reported that two construction engineering and inspection (CE&I) contracts had been awarded recently for the east and west portions of the alignment, for construction support. The east contract in the amount of \$63 million had been awarded to URS, and the west contract for \$54.2 million had been awarded to PGH Wong. Mr. Horner asked about the budget relative to those contracts, and Mr. Grabauskas stated that the GEC and CE&I contracts came in under budget.

Mr. Grabauskas also reported that he learned that morning that the 2014 Congressional omnibus appropriations bill contains the full \$250 million in New Starts appropriations for the Honolulu rail project.

Mr. Grabauskas also said that he had recently been to Washington, D.C. and met with FTA Administrator Peter Rogoff, and FTA Deputy Administrator Therese McMillan. Mr. Rogoff would be taking the position as Undersecretary of Policy at the U.S. Department of Transportation, with Ms. McMillan likely serving as the acting FTA Administrator.

Mr. Grabauskas also reported that he had made a presentation to the Transportation Research Board on driverless rail operation at the largest gathering of transportation executives in the world, with 12,000 attendees.

In public outreach, Mr. Grabauskas reported upcoming community meetings: a noise variance meeting would be held on January 22, and community station design meetings for the West Oahu station group would be held on January 28 and the Kamehameha station group on January 29. There would be additional 20-30 additional trenches for archaeological work in the City Center section, as required by the State Historic Preservation Division.

Lastly, Mr. Grabauskas reported his attendance at a legislative hearing the previous day with the HART Board Chair on bills introduced by the county mayors that request the option for counties to increase the General Excise Tax surcharge up to 1% with no sunset

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January 16, 2014

date. The State would retain 2% of surcharge revenues to administer it. The Hawaii State Association of Counties voted to support the bills, and the county mayors are also unified in their request. Mr. Grabauskas said that any testimony would be discussed with the Board, but that a resolution had previously been passed that HART would support such bills. Mr. Bunda stated that it would be appropriate for him to participate in such testimony.

XIII. Executive Session

There was no need for executive session.

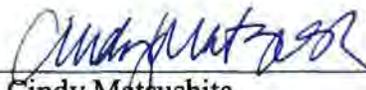
Mr. Lui-Kwan allowed registered testifier Russell Honma to provide testimony urging HART to work with Hawaii's congressional delegation.

Barbra Armentrout provided testimony encouraging Mr. Grabauskas to attend legislative hearings, which move quickly due to the short session.

XIV. Adjournment

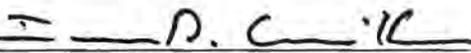
There being no further business before the Board of Directors, Mr. Lui-Kwan adjourned the meeting at 11:54 a.m.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Ivan Lui-Kwan, Esq.
Board Chair

MAR 13 2014

Date

Honolulu Authority for Rapid Transportation

FY 2015 Capital Budget Planning & Right-of-Way

FY 2015 CIP – Planning

\$791,700

- **Programmatic Agreement**
 - Kako`o Independent Manager: 3rd year of multi-year agreement = \$200,00
- **Consultants**
 - HDOT State Safety Oversight Program (required by FTA) 2nd year of multi-year agreement = \$591,700

FY 2015 CIP – Right-of-Way

\$138,577,400

- **Land Acquisition - \$126.7 million**
 - Acquire 6 full acquisitions
 - Acquire 60 partial acquisitions parcels
 - Acquire 23 easements
- **Relocation - \$11.5 million**
 - Relocation of 46 businesses and 1 residence
- **Real Estate Consultant - \$377,400**

Mahalo!

November 2013

*Cost, Schedule, Risk data date 10/25
Other Activities 11/30*



MONTHLY PROGRESS REPORT

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

1.6 Financial Status Overview

1.6.1 Project Budget

The total incurred cost (actual expenditures plus approved requests for payment) as of October 25 was \$789M, or 18.4% of the FFGA Current Project Budget (excluding contingencies and finance charges) of \$4.296B.

The total committed amount as of October 25 was \$2.411B, or 56.1% of the FFGA Current Project Budget (including awarded design contract allowances of \$5.9M, but excluding uncommitted contingencies and finance charges).

The total amount Authorized for Expenditure (AFE) by way of Notices to Proceed (NTPs) was \$1.57B, or 36.6% of the FFGA Current Project Budget (excluding uncommitted contingencies and finance charges). During this reporting period, HART issued multiple Notices to Proceed per the Figure 5 table below. In addition to the NTPs, two Change Orders and a Contract Amendment were executed during the month of October as detailed in the table below. For the period, there is a total AFE increase of \$44.7M as the result of the issued NTPs, executed Contract Changes, and Contract Amendment.

Figure 5. Total Authorized for Expenditure (AFE) Increase

Notices to Proceed			
	<u>Contract</u>	<u>Scope</u>	<u>Amount (\$)</u>
FD-550	Dillingham and Kaka'ako Station Group	NTP 1B	4,593,942
FD-240	Farrington Highway Stations Group	NTP 1.2	1,756,031
FD-430	Airport Sect. Guideway/Utilities FD	NTP 3A	5,892,216
FD-440	Airport Station Group FD	NTP 3	2,623,356
MM-915	HDOT Consultant	NTP 4	200,000
MM-935	Real Estate Consultant	Multiple Task Orders	11,429
MM-940	Kako'o Consultant	Task Order No. 08	35,026
MM-946	On-Call Hazmat Contractor	NTP 2	600,019
UTIL	Utilities by Utility Companies	Multiple NTPs	1,320,000
Change Orders/Cost Adjustment			
DB-120	West O'ahu Farrington Hwy DB	CO 00037	(24,815)
DBOM-920	Core Systems DBOM	CO 00005	27,124,854
FD-530	City Center Guideway/Utilities FD	CA 00001	532,800
Net AFE Increase			44,664,858

To date, 25 of the 42 planned design, construction and consultant support contracts have been awarded.

During the October 2013 cost period, there was a \$22.1M drawdown to Project Contingency and a resulting balance of \$615M. Cost contingency details, along with a discussion of contingency management and the proposed Cost Contingency Drawdown Chart are presented in Section 2.4.

1.6.2 Project Funding

There were no New Starts drawdowns received in October.

County General Excise Tax (GET) surcharge for the quarter ended September 30, 2013 was \$63,791,075, which was the highest amount received to date. See Section 2.2 for project funding details.

2 PROJECT BUDGET AND SCHEDULE

2.1 Project Budget

The FFGA Baseline Project Budget is \$5.122B, which includes approximately \$644M in allocated and unallocated contingencies and \$173M in finance charges. Reported budget amounts relate to the FTA New Starts project and exclude \$42M in FTA-ineligible financing costs that will be incurred beyond FFGA completion.

The total committed amount as of October 25 was \$2.411B (including awarded design contract allowances of \$5.9M, but excluding uncommitted contingencies and finance charges), or 56.1% of the FFGA Current Project Budget (excluding uncommitted contingencies and finance charges).

In October 2013, the Project incurred \$26.3M in costs (actual expenditures plus approved requests for payment as of the cost data date of October 25). This brought the total incurred cost to date to \$789M, or 18.4% of the Project Budget (excluding contingencies and finance charges). The FFGA Financial Plan (*Honolulu Rail Transit Project Final Financial Plan for Full Funding Grant Agreement*, June 2012, Tables 2-4 and A-1) projected cumulative capital expenditures of \$1.5B through first quarter FY2014.

The total amount Authorized for Expenditure (AFE) by way of Notices to Proceed (NTPs) is \$1.6B, or 36.6% of the FFGA Project Budget (excluding uncommitted contingencies and finance charges).

To date, 25 of the 42 planned design, construction and consultant support contracts have been awarded. A re-packaging of the contracts has decreased the total number of planned design, construction and consultant support contracts from 49 per the baselined Contract Packaging Plan to 43. Additionally, by way of exercising a contract option for the HDOT Design Coordination Consultant, another contract was eliminated, reducing the number of contracts to 42. The Contract Packaging Plan will be updated to reflect the re-packaging.

2.2 Project Revenue and Costs

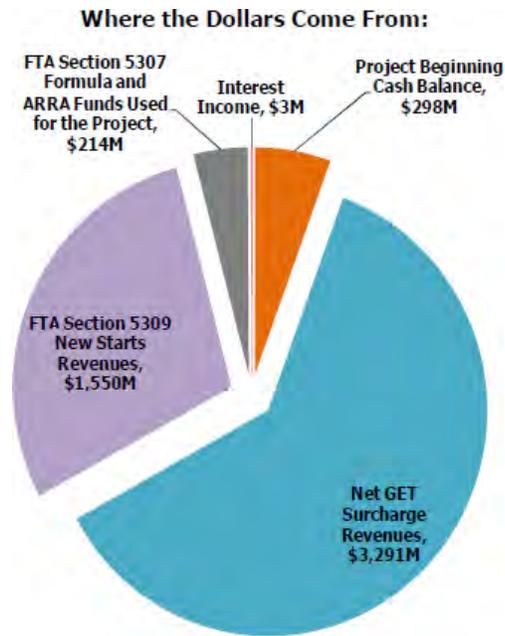
Total cash received to date since the start of Preliminary Engineering is \$1,249M.

The FFGA Financial Plan (Table A-1 *Capital Plan Cash Flows*) projects Net GET Surcharge Revenue of \$898M for FYs 2010-2014. As of the October 25 cost data date, approximately \$765M has been received since the Project's entry into FTA's Preliminary Engineering phase of project development. See Figure 7 on the next page for Project funding and Figure 8 for planned versus received funding.

Project revenue is presented against costs incurred as of the October 25 cost data date in Figure 9 on page 12. Cash Balance for the period is \$463.6M as detailed on Figure 10 also on page 12.

Project costs are detailed in Figure 11, Figure 12 and Figure 13 on pages 13 through 19. Cost reports are run from the HART Contract Management System (CMS). Figure 11 presents costs for each contract by HART CPP contract number. Figure 12 on page 16 and Figure 13 on pages 17 through 19 present summarized and detailed project costs by FTA Standard Cost Categories (SCC).

Figure 7. Project Funding Sources (YOE \$M)



Source: FFGA Financial Plan, p. 2-1

Figure 8. Planned vs. Received Project Funding

Funding Source	Pre-FFGA Project ¹	FFGA Project Period		Total Project
	2007 - 2009 Actuals Received	Planned ² (\$YOE M)	2009 - Present Actuals Received	2007 - Present Actuals Received
	[A]		[B]	[C] = A + B
Beginning Project Cash Balance ³	0	298	298	298
Interest Income on Cash Balance	7	3	2	9
FTA Section 5309 New Starts Revenue	0	1,550	180	180
FTA Section 5307 Formula Funds	0	210	0	0
ARRA Funds	0	4	4	4
Net General Excise Tax (GET) Surcharge revenues FY2010-FY2023	378	3,291	765	1,143
Total	385	5,356	1,249	1,634

¹ GET and Interest Income received during Pre-Preliminary Engineering (pre-PE) phase prior to entry into PE

² FFGA Financial Plan, Table A-1 Capital Plan Cash Flows .

³ Beginning Project Cash Balance at Entry into Preliminary Engineering (PE) on October 16, 2009 (the FFGA Project start date) = GET, investment and miscellaneous income minus pre-PE expenditures.

December 2013

*Cost, Schedule, Risk data date 11/29
Other Activities 12/31*



MONTHLY PROGRESS REPORT

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

1.6 Financial Status Overview

1.6.1 Project Budget

The total incurred cost (actual expenditures plus approved requests for payment) as of November 29 was \$812M, or 18.9% of the FFGA Current Project Budget (excluding contingencies and finance charges) of \$4.306B.

The total committed amount as of November 29 was \$2.457B, or 57.1% of the FFGA Current Project Budget (including awarded design contract allowances of \$5.9M, but excluding uncommitted contingencies and finance charges).

The total amount Authorized for Expenditure (AFE) by way of Notices to Proceed (NTPs) was \$1.64B, or 38.1% of the FFGA Current Project Budget (excluding uncommitted contingencies and finance charges). During this reporting period, HART issued multiple Notices to Proceed per the Figure 5 table below. In addition to the NTPs, four Change Orders and two Contract Amendments were executed during the month of November as detailed in the table below. For the period, there is a total AFE increase of \$65.9M as the result of the issued NTPs, executed Contract Changes, and Contract Amendments.

Figure 5. Total Authorized for Expenditure (AFE) Increase

Notices to Proceed			
	<u>Contract</u>	<u>Scope</u>	<u>Amount (\$)</u>
MM-935	Real Estate Consultant	Multiple Task Orders	92,095
MM-946	On-Call Hazmat Contractor	Task Order No. 03	499,997
OM	Project-wide Operating Maintenance	FY2012/FY2013	81,000
UTIL	Utilities by Utility Companies	Multiple NTPs	56,437,592
Change Orders/Cost Adjustment			
DB-120	West O'ahu Farrington Hwy DB	CO 00038	1,600,000
DB-120	West O'ahu Farrington Hwy DB	CO 00039	2,850,000
DB-200	MSF	CO 00014	214,846
DB-200	MSF	CO 00015	3,873,000
FD-140	WOSG	CA 00003	23,928
FD-430	Airport Sect Guideway	CA 00005	248,958
Net AFE Increase			65,921,416

To date, 26 of the 42 planned design, construction and consultant support contracts have been awarded.

During the November 2013 cost period, there was a \$5.0M drawdown to Project Contingency and a resulting balance of \$610M. Cost contingency details, along with a discussion of contingency management and the proposed Cost Contingency Drawdown Chart are presented in Section 2.4.

1.6.2 Project Funding

There were no New Starts drawdowns received in November.

No County General Excise Tax (GET) surcharge revenue was received in November.

1.6.3 Full Funding Grant Agreement (FFGA) Status

FTA approved the application for \$236,277,358 in FY 2013 New Starts allocation on September 24 and the grant award was executed on October 4. Although the \$236.3M is less than the \$250M FY 2013

2 PROJECT BUDGET AND SCHEDULE

2.1 Project Budget

The FFGA Baseline Project Budget is \$5.122B, which includes approximately \$644M in allocated and unallocated contingencies and \$173M in finance charges. Reported budget amounts relate to the FTA New Starts project and exclude \$42M in FTA-ineligible financing costs that will be incurred beyond FFGA completion.

The total committed amount as of November 29 was \$2.457B (including awarded design contract allowances of \$5.9M, but excluding uncommitted contingencies and finance charges), or 57.1% of the FFGA Current Project Budget (excluding uncommitted contingencies and finance charges).

In November 2013, the Project incurred \$23.6M in costs (actual expenditures plus approved requests for payment as of the cost data date of November 29). This brought the total incurred cost to date to \$812M, or 18.9% of the Project Budget (excluding contingencies and finance charges). The FFGA Financial Plan (*Honolulu Rail Transit Project Final Financial Plan for Full Funding Grant Agreement*, June 2012, Tables 2-4 and A-1) projected cumulative capital expenditures of \$1.5B through first quarter FY2014.

The total amount Authorized for Expenditure (AFE) by way of Notices to Proceed (NTPs) is \$1.64B, or 38.1% of the FFGA Project Budget (excluding uncommitted contingencies and finance charges).

To date, 26 of the 42 planned design, construction and consultant support contracts have been awarded. A re-packaging of the contracts has decreased the total number of planned design, construction and consultant support contracts from 49 per the baselined Contract Packaging Plan to 43. Additionally, by way of exercising a contract option for the HDOT Design Coordination Consultant, another contract was eliminated, reducing the number of contracts to 42. The Contract Packaging Plan will be updated to reflect the re-packaging.

2.2 Project Revenue and Costs

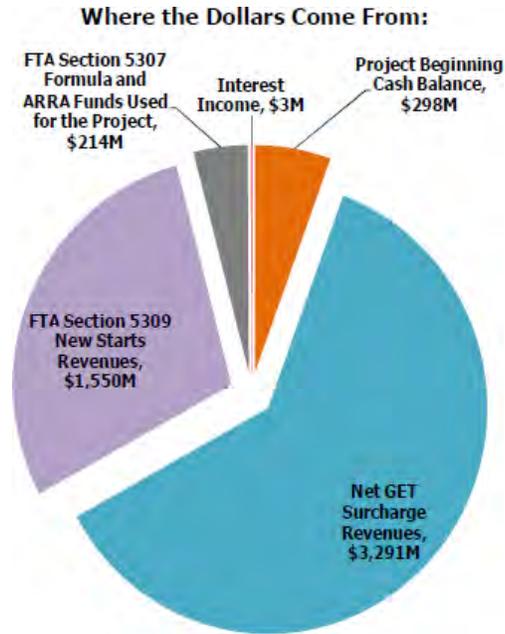
Total cash received to date since the start of Preliminary Engineering is \$1,249M.

The FFGA Financial Plan (Table A-1 *Capital Plan Cash Flows*) projects Net GET Surcharge Revenue of \$1.143M for FYs 2010-2014. As of the November 29 cost data date, approximately \$765M has been received since the Project's entry into FTA's Preliminary Engineering phase of project development. See Figure 7 on the next page for Project funding and Figure 8 for planned versus received funding.

Project revenue is presented against costs incurred as of the November 29 cost data date in Figure 9 on page 12. Cash Balance for the period is \$449.7M as detailed on Figure 10 also on page 12.

Project costs are detailed in Figure 11, Figure 12 and Figure 13 on pages 13 through 19. Cost reports are run from the HART Contract Management System (CMS). Figure 11 presents costs for each contract by HART CPP contract number. Figure 12 on page 16 and Figure 13 on pages 17 through 19 present summarized and detailed project costs by FTA Standard Cost Categories (SCC).

Figure 7. Project Funding Sources (YOE \$M)



Source: FFGA Financial Plan, p. 2-1

Figure 8. Planned vs. Received Project Funding

Funding Source	Pre-FFGA Project ¹	FFGA Project Period		Total Project
	<u>2007 - 2009</u> Actuals Received	Planned ² (\$YOE M)	<u>2009 - Present</u> Actuals Received	<u>2007 - Present</u> Actuals Received
	[A]		[B]	[C] = A + B
Beginning Project Cash Balance ³	0	298	298	298
Interest Income on Cash Balance	7	3	2	9
FTA Section 5309 New Starts Revenue	0	1,550	180	180
FTA Section 5307 Formula Funds	0	210	0	0
ARRA Funds	0	4	4	4
Net General Excise Tax (GET) Surcharge revenues FY2010-FY2023	378	3,291	765	1,143
Total	385	5,356	1,249	1,634

¹ GET and Interest Income received during Pre-Preliminary Engineering (pre-PE) phase prior to entry into PE

² FFGA Financial Plan, Table A-1 *Capital Plan Cash Flows*.

³ Beginning Project Cash Balance at Entry into Preliminary Engineering (PE) on October 16, 2009 (the FFGA Project start date) = GET, investment and miscellaneous income minus pre-PE expenditures.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
VICE CHAIR

George I. Atta
Robert Bunda
Michael D. Formby
William "Buzz" Hong
Keslie W.K. Hui
Damien T.K. Kim
Glenn M. Okimoto, Ph.D.
Carrie K.S. Okinaga, Esq.

Board of Directors Meeting
Kapolei Hale, Conference Room A
1000 Uluohia Street, Kapolei, Hawaii
Thursday, February 13, 2014 10:00 am

Agenda

- I. Call to Order by Chair
- II. Public Testimony on All Agenda Items
- III. Approval of Minutes of the January 16, 2014 Board of Directors Meeting
- IV. Committee Reports
 - A. Report on the February 13, 2014 Transit Oriented Development Committee
 - B. Report on the February 13, 2014 joint meeting of the Finance and Project Oversight Committees
- V. Fare Study Workshop Presentation
- VI. Construction and Traffic Update
- VII. Legislative Update
- VIII. Litigation Update
- IX. Executive Session

To consult with the Board of Directors' attorneys on questions and issues pertaining to its powers, duties, privileges, immunities and liabilities pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4) regarding the *Honolulutraffic.com et al. v. Federal Transit Administration et al.*, CV No. 11-0307 AWT, U.S. District Court of Hawaii.
- X. Executive Director and CEO's Report
- XI. Adjournment

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulustransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

MINUTES

**Board of Directors Meeting
Kapolei Hale, Conference Room A
1000 Uluohia Street, Kapolei, Hawaii
February 13, 2014, 10:00 A.M.**

PRESENT:

George Atta
Keslie Hui
Robert "Bobby" Bunda
Donald Horner
Michael Formby

William "Buzz" Hong
Carrie Okinaga
Ivan Lui-Kwan
Damien Kim

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

Joyce Oliveira
Scott Ishikawa
Elizabeth Scanlon
Lorenzo Garrido
Bruce Nagao
Morris Atta
Allison Andrade
Ryan Tam

Cindy Matsushita
Andrea Tantoco
Russell Honma
Rose Pou
Barbra Armentrout
Trevor Findley
Brennon Morioka
Gary Takeuchi

EXCUSED:

Glenn Okimoto

I. Call to Order by Chair

The Honolulu Authority for Rapid Transportation (HART) Board of Directors Chair Ivan Lui-Kwan called the meeting to order at 10:50 a.m.

II. Public Testimony on All Agenda Items

Mr. Lui-Kwan called for public testimony, and there was none.

III. Approval of Minutes of the January 16, 2014 Board of Directors Meeting

Mr. Lui-Kwan suggested deferring the approval of the January 16, 2014, HART Board of Directors (Board) meeting minutes based on a request from legal counsel for additional opportunity to review the draft minutes. There being no objections, action on the minutes was deferred.

Board of Directors Meeting Minutes
February 13, 2014

Elizabeth Scanlon, HART Director of Planning, Utilities, Permits, and Right of Way, introduced HART planner Bruce Nagao who was retiring from the City and County of Honolulu after almost 40 years of service. Ms. Scanlon and Mr. Lui-Kwan wished Mr. Nagao the best and thanked him for all his years of service.

Mr. Lui-Kwan asked for flexibility in the ordering of the agenda for the board meeting. He requested that item number 10 on the agenda, the Executive Director and CEO's Report, be moved earlier as an event was planned at 11:30 a.m. Mr. Lui-Kwan clarified the meeting would not be adjourned, but the meeting will be moved immediately outside the meeting room to the Kapolei Hale courtyard for the planned event. There were no objections.

IV. Committee Reports

A. Report on the February 13, 2014 Joint Meeting of the Finance and Project Oversight Committees

Damien Kim, Chair of the Project Oversight Committee, reported on the February 13, 2014, joint meeting of the Finance and Project Oversight Committees. He indicated that the committees would stand on the meeting that was just held unless there were any questions, as the members of the board currently present were also in attendance at the joint meeting.

HART Board member Robert "Bobby" Bunda asked HART Executive Director Daniel Grabauskas about the insurance coverage change orders. Mr. Grabauskas stated that HART staff would report the actual sums back to the full board once the numbers are received.

B. Report on the February 13, 2014 Transit Oriented Development Committee

Mr. Lui-Kwan requested to amend the agenda to remove the report on the February 13, 2014 Transit Oriented Development (TOD) Committee, as the Committee meeting was canceled. He stated the TOD Committee has worked hard to meet with different parties, and expressed his appreciation for the Committee's and TOD Committee Chair William "Buzz" Hong's work.

V. Fare Study Workshop Presentation

Mr. Grabauskas stated the Fare Study Workshop Presentation is a continuation of efforts to provide information on fare policy development to the board. Six different reports will be presented to the board at its monthly meetings and reports will also be made to the fare policy Permitted Interaction Group (PIG). He introduced J. Roger Morton, President and General Manager of Oahu Transit Services, and Trevor Findley, Senior Solutions Architect of Electronic Payment Systems for CH2MHill, to present module 2 of the Fare Study Workshop Presentation.

Mr. Morton stated the presentation would include information about existing fare media and the current system in use. He reviewed current fare types and media. He also reported on revenue breakdown by fare type, and said that the purpose of a fare system is to generate a fair amount of revenue from each rider class.

Board of Directors Meeting Minutes
February 13, 2014

Mr. Morton presented farebox recovery ratios for multimodal transportation systems across the United States. He explained that well-utilized rail systems typically have a higher recovery rate than buses. The recovery rate for TheBus is 30.6%.

Mr. Morton then discussed the distribution of passes and fare instruments. He detailed the various specialty fares, such as Senior, Disability, TheHandi-Van and U-Pass fares.

Mr. Morton reported there are issues with the facilitation of paper transfers as this is hard to administer as well as prone to fraud. These issues will be addressed as the City moves towards the use of electronic fares.

Mr. Findley presented an overview and brief history of the fare collection industry. Fare collection has included accepting tokens and cash into a fare box, which is still being done today. Magnetic stripe tickets were introduced in the 1980s; smart card systems were introduced in the 2000s and are used in cities such as Los Angeles, San Francisco, Washington D.C., Atlanta, Chicago, and Boston.

Mr. Findley reported on different fare media, and their respective advantages and disadvantages. Currently, "next-generation" smart card systems, which are characterized by additional system and fare media flexibility, have been implemented by many transit authorities. Additional advantages of such systems include minimizing dwell times, recording data electronically, reducing fraud, and improving convenience for customers. Mr. Findley stated that Honolulu is well positioned to take advantage of the next-generation smart card systems.

Mr. Findley discussed the types of media that can be accepted by a next-generation payment system. Based on the data presented, it is likely that an agency-issued card will make up a majority of the payments being accepted for the near future. Mr. Findley recommended designing a fare system that focuses on a closed loop and agency-issued cards, but has the flexibility to accept technologies such as contactless cards in the future.

Mr. Horner requested more detailed information regarding recovery ratios, noting that the Bay Area Rapid Transit, which has a 65% recovery ratio, was not included in the chart previously presented by Mr. Morton. Mr. Morton stated he only presented the recovery ratios for multi-modal agencies, and excluded commuter rail because it is unique. The information he provided showed light rail and heavy rail. Mr. Morton stated the key determinant is the utilization factor in the systems' particular cities.

Mr. Horner stated several systems outside of the United States have very high recovery ratios, part of which is the driverless nature of systems. He asked if the transit systems included in the presentation utilized driver trains, and Mr. Morton confirmed this. Mr. Horner stated the cost structure for systems with and without drivers cannot be compared directly. He stated the decision to base fares on distance, zone, or charge a flat rate all have different metrics, and will impact revenues. He requested a comparison to the system that HART is designing and asked what can be expected for the recovery ratio of a driverless system. Mr. Horner pointed out that many transit systems have debt, while the Honolulu rail project will have none.

Mr. Horner suggested that a survey of local banks may be helpful to determine if payment cards with chips are being issued. Mr. Findley stated this can be researched. Mr. Formby asked Mr. Findley if during the payments conference he attended, third party card issuers had provided reasons for the

Board of Directors Meeting Minutes
February 13, 2014

reluctance to issue contactless payment cards. Mr. Findley stated the United States is adopting the European security standard for processing credit cards, Europay, MasterCard and Visa (EMV). The EMV standard supports two types of payment: contact based payment, where credit cards with a chip are inserted into a terminal and a Personal Identification Number is entered, and contactless payment.

Mr. Grabauskas asked about the status of mobile payments. Mr. Findley said that there are a variety of mobile payment forms. He suggested designing a system that could support all, as it is unclear which technology will emerge as the predominant one.

Mr. Horner asked about the type of cards issued in a closed loop system. Mr. Findley recommended a contactless chipcard with account-based architecture. However, there is a challenge, he said, in getting the cards into the hands of the customers.

Barbra Armentrout offered testimony regarding the importance of allowing the public to comment on fare policy.

X. Executive Director and CEO's Report

Mr. Lui-Kwan proposed that the agenda item X, Executive Director and CEO's Report, be taken out of order. There being no objections, Mr. Grabauskas proceeded with his report. He invited members and the public into the courtyard, where a full-sized model of the HART train was unveiled. Mr. Grabauskas said that the model would be on display in Kapolei Hale through April. He thanked Mayor Kirk Caldwell, the Mayor's Office of Culture and the Arts, HART Public Information Officer Jeanne Mariani-Belding, and Ansaldo Honolulu JV Project Manager Enrico Fontana for their work in bringing the model over and putting it in place.

Mr. Grabauskas also reported that data recovery work had been continuing in the City Center section, where an archaeological find had been made. He said that staff continued to focus on traffic mitigation and safety.

VI. Construction and Traffic Update

HART Director of Design and Construction Lorenzo Garrido introduced Maintenance and Storage Facility (MSF) Project Manager Akira Fujita, who gave an update on the completion of the mass grading, drainage and sewer system work at the MSF. The following week, work was expected to begin on the foundation of the Operations and Service Building.

Karley Halsted, HART West Oahu/Farrington Highway Project Manager, reported that eight guideway segments had been cast at the precast yard. The following week, work would be done on the intersection outside the yard. Utility relocation was ongoing near Waipahu High School, and work on the foundation of the underpass above the Leeward Community College Station was underway.

HART Kamehameha Highway Guideway Project Manager Matt Scanlon reported that work was being done on four active test shafts. Utility relocations also continued along Kamehameha Highway.

Board of Directors Meeting Minutes
February 13, 2014

HART Information Specialist Scott Ishikawa and Kiewit Communications Director Allison Andrade provided project traffic information update for work along Farrington Highway, the H-1/H-2 Freeway merge, and Kamehameha Highway.

Mr. Grabauskas thanked the Star Advertiser and Civil Beat for partnering with HART on communicating traffic information to the public.

Mr. Formby requested a presentation on how the guideway precast segments are assembled, and Mr. Garrido confirmed that a presentation would be made. Mr. Formby asked about traffic outreach to neighborhood boards and legislators, and Mr. Ishikawa confirmed that HART staff had been communicating with them.

Ms. Okinaga asked how many traffic complaints had been received, and Mr. Ishikawa said only four calls had been received.

VII. Legislative Update

HART Director of Government Relations Joyce Oliveira asked Mr. Formby for clarification regarding his question on HART's traffic outreach to legislators. Mr. Formby said that Senator Kidani had received inaccurate traffic information.

Ms. Oliveira updated the Board on legislative measures being monitored by HART, which include 12 measures on the General Excise Tax (GET) surcharge. The first lateral deadline for bills referred to two committees would be on February 14, 2014. So far, nine GET measures had not been referred.

VIII. Litigation Update

Deputy Corporation Counsel Gary Takeuchi provided a brief update as to the status of litigation. A hearing was held by the U.S. District Court on February 6, 2014, regarding compliance with the court's prior order regarding additional study of the Beretania Street Tunnel alternative. The parties were awaiting a ruling by the U.S. District Court, as well as the Ninth Circuit Court of Appeals. Mr. Lui-Kwan indicated that he had attended the February 6 hearing and the legal team representing the City had done an outstanding job.

Mr. Lui-Kwan asked if there was any reason for executive session, and there was none.

IX. Adjournment

There being no further business before the board, the meeting was adjourned at 12:54 p.m.

Respectfully Submitted,


Cindy Matsushita
Board Administrator

Approved:

Board of Directors Meeting Minutes
February 13, 2014



Ivan Lui-Kwan
Chair, HART Board of Directors

MAR 13 2014

Date

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Board of Directors Meeting Legislative Update February 13, 2014

H O N O L U L U R A I L T R A N S I T P R O J E C T

WWW.HONOLULUTRANSIT.ORG

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

General Excise Tax (GET) Surcharge

- 12 various House and Senate bills
 - increase the maximum rate of the surcharge from 0.5% to 1%
 - change the State's automatic deduction from 10% to 0.5%, 2%, 2.5%, 5%, or an unspecified amount
 - make permanent the counties' authority to establish a surcharge on state tax
- February 14, 2014: First Lateral (Bills) deadline
- No hearings to date

Transit-Oriented Development

- **SB2436 RELATING TO COMMUNITY PLANNING:**
Established a TOD Advisory Committee (15 members) to make recommendations about sustainable development projects close to transit.
- **SB2437 RELATING TO TRANSIT:** Requires all state agencies within one-half mile of proposed rail stations to enter into MOU with each other and convene working groups that include representatives of HART
- Both measures reported out of the first committees and passed 2nd reading (February 12, 2014)
- Measures referred to Ways and Means Committee

City Council

- **BILL 71(2013)**: Proposes a LUO Amendment for **Transit-Oriented Development** near future rail stations
- Creates a new Interim Planned Development Permit process
 - DPP would be able to review TOD projects before the implementation of neighborhood TOD plans, zoning maps and LUO amendments
 - DPP would have the flexibility to review TOD projects that comply with TOD plans already reviewed by the public
 - Requires City Council approval

General Legislation

- Procurement
- Programmatic Agreement
- Native Hawaiian Burial Sites
- Phased Review of Historic Preservation

Mahalo!





HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
VICE CHAIR

George I. Atta
Robert Bunda
Michael D. Formby
William "Buzz" Hong
Keslie W.K. Hui
Damien T.K. Kim
Glenn M. Okimoto, Ph.D.
Carrie K.S. Okinaga, Esq.

Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
(meeting room entrance on Richards Street)
Thursday, March 13, 2014 9:30 am

Agenda

- I. Call to Order by Chair
- II. Public Testimony on All Agenda Items
- III. Approval of Minutes
 - A. January 16, 2014 Board of Directors Meeting
 - B. February 13, 2014 Board of Directors Meeting
- IV. Litigation Update
- V. Balanced Scorecard Quarterly Update
- VI. Discussion of the February Monthly Progress Report
- VII. Presentation on Fiscal Year 2015 Capital Budget – Construction, Design, Utility, and Construction, Engineering & Inspection
- VIII. Presentation on Guideway Construction
- IX. Construction and Traffic Update
- X. Executive Director and CEO's Report
- XI. Executive Session

Pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4), the Board may enter into Executive Session to consult with its attorneys on questions and issues on a matter pertaining to the Board's powers, duties, privileges, immunities and liabilities.
- XII. Adjournment

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulutransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

MINUTES

**Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
Thursday, March 13, 2014 9:30 am**

PRESENT:	Ivan Lui-Kwan George Atta Keslie Hui	Robert "Bobby" Bunda Donald G. Horner William "Buzz" Hong Michael Formby
ALSO IN ATTENDANCE: (Sign-in Sheet and Staff)	Dan Grabauskas Gary Takeuchi Joyce Oliveira Barbra Armentrout Russell Honma Mitch Cabrerias Tom Smyth Shannon Wood Dennis Arakaki	Vincent Shigekuni Keanu Young Allison Gammel Lori Hiraoka Tyler Dos Santos-Tam Cindy Matsushita Andrea Tantoco Scott Ishikawa
EXCUSED:	Glenn Okimoto Carrie Okinaga	Damien Kim

I. Call to Order by Chair

Mr. Lui-Kwan called the meeting to order at 9:41 a.m.

II. Public Testimony on All Agenda Items

Mr. Lui-Kwan called for public testimony. There was none.

II. Approval of Minutes

A. January 16, 2014 Board of Directors Meeting

Mr. Lui-Kwan called for the approval of the minutes of the January 16, 2014 Board of Directors meeting. There being no objections, the minutes were unanimously approved.

B. February 13, 2014 Board of Directors Meeting

Mr. Lui-Kwan called for the approval of the minutes of the February 13, 2014 Board of Directors meeting. There being no objections, the minutes were unanimously approved.

III. Litigation Update

Deputy Corporation Counsel Gary Takeuchi reported on the recent positive ruling by the Ninth Circuit Court of Appeals in the federal case. He also reported that in the United States District Court, Judge Tashima lifted the partial injunction against the acquisition of real estate and construction, and granted summary judgment to the City and County of Honolulu and Federal defendants.

In the state case, Mr. Takeuchi reported that final judgment had been formally entered.

Accordingly, the rail project was no longer facing any pending litigation.

IV. Balanced Scorecard Quarterly Update

HART Executive Director and CEO Dan Grabauskas said that staff would present changes to the format of the Balanced Scorecard, as requested by the Board. Project Controls Manager David Sagherian reported that the data date of the Balanced Scorecard is December 27, 2013. The recent changes were made in the interest of keeping the scorecard simple and transparent. He said that it was intended that the scorecard would be used as a reporting tool, for day-to-day management, and for forecasting.

Board member Michael Formby asked about the "Other Agreements" category on page three, which was marked by a red status. Mr. Grabauskas said that some final long term agreements are needed, and the red was intended to keep the pressure on.

Board member Don Horner questioned the accuracy of the scorecard's report that HART is behind on receiving General Excise Tax monies. HART Chief Financial Officer Diane Arakaki explained that the figures in the scorecard were through December, and did not include receipts from the State Department of Taxation in January 2014. Mr. Horner requested that information on Section 5307 funds be included in the scorecard.

Board member Keshie Hui requested that a line item be included for the updated Financial Plan. Mr. Horner agreed, and requested a discussion.

Board member Robert "Bobby" Bunda asked about the \$27 million indicated on page two for the platform screen gates and yard layout. Ms. Arakaki indicated that the total contingency was \$138 million, and was not the same as the \$27 million reflected in that line item.

Mr. Hui suggested that the project progress section should include a recovery plan for right of way acquisitions, as it affects the budget. Mr. Grabauskas confirmed that staff had been developing a recovery plan.

Mr. Horner requested a presentation on the Airport Station. Mr. Grabauskas reported positive progress on the station, and noted that the Governor had been giving airport revitalization his attention.

Mr. Formby noted that for two fiscal years, HART's utilization of section 5307 funds had been deferred, which Mr. Grabauskas confirmed.

Mr. Lui-Kwan noted that the GET revenues were below projections by \$25 million – a relatively small amount. He noted that the section 5309 funds are expressed as budgeted amounts, but suggested also showing appropriated amounts. Mr. Grabauskas agreed that the federal government had shown a very strong commitment by appropriating \$250 million in the previous two fiscal years. Mr. Lui-Kwan said that the Honolulu rail project was appropriated 10% of the total section 5309 funds appropriated for the entire nation.

V. Discussion of the February Monthly Progress Report

Mr. Grabauskas said that the February Monthly Progress Report had previously been distributed to members, and is attached as Attachment B. He solicited comments and questions. There were none.

VI. Presentation on Fiscal Year 2015 Capital Budget – Construction, Design, Utility, and Construction, Engineering & Inspection

HART Director of Construction and Design Lorenzo Garrido and Deputy Director of Design In-Tae Lee presented the fiscal year 2015 capital budget for construction, design, utility, and construction, engineering & inspection (CE&I). The presentation is attached hereto as Attachment C.

Mr. Garrido said that the \$1.5 billion budgeted for construction in FY15 represents 70% of the HART budget. He and Mr. Lee provided a breakdown of various construction contracts that comprise the FY15 budget, including guideway construction, utilities, park and rides, and stations.

Mr. Horner asked about park and rides. Mr. Garrido said there were four planned park and rides. The UH West Oahu park and ride would have 900 parking stalls. The East Kapolei park and ride will have at least 1,000 parking stalls. Mr. Grabauskas added that parking is currently planned to be free, but that decision is under review based on public comments that riders would be willing to pay for parking provided that there is security. Mr. Garrido said that the Pearl Highlands park and ride would contain 1,600 parking spots. The park and ride is budgeted at \$18 million for design, and currently in procurement. Mr. Grabauskas said that the Aloha Stadium park and ride would have 1,000 parking spots. Due to space and cost, no other park and rides were planned east of the stadium.

Mr. Horner asked when park and ride bids were due. Mr. Garrido said that the bid process was in two parts: the design-build procurements are due around December. The second part would be due in May.

Mr. Garrido then highlighted the general engineering consultant (GEC) contract in the amount of \$8.9 million and the construction engineering and inspection (CE&I) costs of

\$26.1 million. He said that staff would be introducing the new GEC and CE&I contractors to the Board at a later date.

Mr. Garrido said that the last construction contracts to be let would be for the eight stations in Dillingham and Kaka'ako.

VII. Presentation on Guideway Construction

Mr. Grabauskas said that HART Project Manager for the West Oahu/Farrington Highway section Karley Halsted and Kiewit Infrastructure West Vice President Lance Wilhelm would be explaining how the guideway would be constructed

Mr. Wilhelm introduced the post tension construction method, which is a standard method of guideway construction. Ms. Halsted reviewed the anatomy of the columns and guideway. She said that the guideway segments would be hauled from the precast yard to the site, picked up by a crane, and placed on the truss on hydraulic jacks. Approximately 2-1/2 spans between columns would be completed per week at the construction peak, comprised of 12 to 14 segments.

Ms. Halsted played a video showing how the segments were joined together using tendons and epoxy. Mr. Wilhelm said that the H-3 freeway was constructed similarly using tensile strength.

Mr. Hong asked if there was a camber, or arc, to the guideway, and Mr. Wilhelm said that there was.

Mr. Bunda asked about the sound insulative properties of the guideway. Mr. Garrido said that the guideway would have barriers on each side.

Mr. Formby asked what the void inside each segment would hold. Mr. Garrido said that the cables would be in the void, which could also accommodate fiber for fiber optics.

Mr. Wilhelm said that there would be five to eight tendons per span, or about 9.2 million lineal feet of tendon in the first ten miles. Each segment weighs approximately 100,000 pounds apiece.

Mr. Horner asked about the crane sitting on the guideway during construction. Mr. Wilhelm said that the crane is lighter than the trains would be, and would be in service during the erection of the guideway.

Mr. Horner asked if traffic would be allowed to travel under the guideway during construction. Mr. Wilhelm said that traffic would be allowed to continue as much as possible, but that during active construction the area would be closed to traffic.

Mr. Hong asked about the maximum span between columns. Mr. Wilhelm said that the maximum span is approximately 125 feet. Mr. Hong asked about the noise level during construction. Mr. Garrido replied that the Environmental Impact Statement specifies certain noise limits. Mr. Grabauskas said that it would be relatively quiet, as the precast segments would be produced somewhere else.

IX. Executive Director and CEO's Report

Mr. Grabauskas said that following the two recent decisions in the federal lawsuit, he commended the HART legal team for their work. He recognized Corporation Counsel Donna Leong, Deputy Corporation Counsels Gary Takeuchi, Lisa Hirahara, and Reid Yamashiro, as well as Lindsay McAneeley from Carlsmith Ball. Mr. Lui-Kwan also thanked them for their work.

Mr. Grabauskas reported that the rail project employed 1,042 people in direct jobs, and was looking forward to reaching the 4,000 job mark during the peak of construction.

He reported that data recovery trenchwork required by the State Historic Preservation Division (SHPD) was continuing. A single find of *'iwi kupuna* was made in the Chinatown area, and HART was working with the Oahu Island Burial Council and SHPD on the treatment of the find.

Mr. Grabauskas also reported that a community meeting would take place on March 27, 2014 to update the residents of Kaka'ako on the project.

He reported that the previous day, the Honolulu City Council held a hearing on FY15 general obligation bond legislation, which passed first reading.

Mr. Grabauskas also reported that HART had recently given a project update to the House of Representatives Transportation Committee Chair Ryan Yamane and Speaker of the House Joe Souki.

The previous month, HART had attended two dozen public involvement events, including an event on the Waianae coast involving school children, and the recent unveiling of the train model at Kapolei Hale, which had drawn approximately 3,000 visitors so far.

Mr. Grabauskas also reminded members that as HART staff was in the process of updating its Business Plan, consultant Ron Tober would be contacting them shortly.

Mr. Horner asked about any interface between the HART fare policy group and the Department of Education (DOE) bus task force. Mr. Formby said that the Department of Transportation Services contractor would be speaking with the DOE.

Mr. Lui-Kwan thanked HART Finance Committee Chair Keslie Hui for meeting with Councilmember Ann Kobayashi regarding the upcoming budget hearing.

VIII. Construction and Traffic Update

Mr. Garrido introduced the HART project managers who would be giving the construction update. A copy of the presentation is attached hereto as Attachment D. Maintenance and Storage Facility project manager Akira Fujita reported on the 250,000 yards of material that was moved as part of the mass grading effort.

Ms. Halsted reported that column construction continued, with 95 shafts and 60 columns complete. Utility relocation and other work along Kalaeloa Boulevard was almost complete,

HART Board of Directors Meeting
March 13, 2014

with work on the underpass in progress. At the precast yard, work was continuing on getting all casting beds set up for operation.

Kamehameha Highway Guideway project manager Matt Scanlon reported that work on test shafts continued, as did utility relocations.

HART Information Specialist Scott Ishikawa and Kiewit's Allison Andrade reported on traffic detours and closures due to construction on the Kunia overpass, and Fort Weaver Road.

Ms. Andrade reported that the balanced cantilever operation would require a lane closure on Kamehameha Highway. Utility relocations along Kamehameha Highway would also result in lane closures. Work was also being done along Dillingham Boulevard and in Kaka'ako. Kiewit and HART had been doing outreach to the various communities in which these closures and detours would occur to inform residents and motorists.

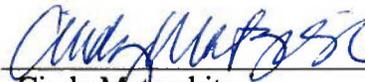
IX. Executive Session

There was no need for executive session.

X. Adjournment

Mr. Lui-Kwan adjourned the meeting at 11:24 a.m.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Ivan Lui-Kwan, Esq.
Board Chair

MAY 15 2014

Date

HONOLULU RAIL TRANSIT PROJECT

February 2014

Cost, Schedule, Risk data date 1/31
Other Activities 2/28



MONTHLY PROGRESS REPORT

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

www.HonoluluTransit.org

PROJECT PROGRESS**Overall Progress:**

Project Progress Through January 31, 2014			
	Actual	Early Plan	Late Plan
Overall Project Progress	21.8%	28.5%	23.9%
Overall Construction Progress	9.8%	16.4%	12.4%
Overall Design Progress	63.0%	75.8%	63.5%
Overall Utilities Progress	5.5%	15.3%	10.5%

- There have been no project scope changes; the project scope continues to reflect the Final Environmental Impact Statement (FEIS), Record of Decision (ROD) and Full Funding Grant Agreement (FFGA).
- The Contract Packaging Plan (CPP) is being modified with certain facility design and construction work re-packaging

Schedule:

- HART is implementing measures to maintain the March 30, 2019 full revenue service date (RSD), 10 months ahead of the January 31, 2020 FFGA RSD.
- HART continues to work with contractors to refresh the Master Project Schedule (MPS) as a result of the approximately 1-year construction delay.

FINANCIALS**Incurred Cost:**

- \$849M = Total Incurred Cost (actual expenditures plus approved requests for payment)
- \$28M = January 2014 incurred amount in costs (actual expenditures plus approved requests for payment)

Committed Amount:

- \$2.645B = Total Committed Amount (including awarded design contract allowances of \$5.9M, but excluding uncommitted contingencies and finance charges)

Authorized for Expenditure (AFE):

- \$1.68B = Total Amount AFE by way of Notices to Proceed (NTPs)
- \$41.3M = January 2014 total AFE increase as the result of issued NTPs and Change Orders

Project Contingency:

- \$608.3M = Current Project Contingency Balance
- \$1.4M = January 2014 drawdown to Project Contingency
- \$32.5M = Current Known Changes Balance
- There were no drawdowns from Known Changes Contingency from last period

Funding:

- \$1,326M = Total Cash Received Since Preliminary Engineering (PE)
- FFGA:
 - \$34M = the FTA's drawdown received in January 2014
- General Excise Tax (GET) Surcharge:
 - \$808.5M = amount received as of Q3, FY 2014, since the Project's entry into FTA's Preliminary Engineering phase of project development
 - \$1,187M = amount received since 2007
 - \$43.5M = the county's GET surcharge revenue received in January 2014

2.3 Project Contingency (data as of January 31, 2014)

- \$608.3M = Current Project Contingency Balance
 - \$1.4M = January 2014 drawdown to Project Contingency
- The \$1.4M contingency drawdown resulted from the following contract amendments and budget transfers processed during the January 2014 reporting period:
 - \$2.3M contingency drawdown from executed contract amendment No. 06 for AIS Suspension for the Airport Sections Guideway Utilities FD (FD-430);
 - \$0.4M contingency drawdown from contract amendment No. 02 for soil resistance test and Max Sag calculation for City Center Guideway FD (FD-530);
 - \$0.2M credit to Project contingency as a result of CE&I East (MM-595) Contract Award and base cost budget surplus;
 - \$1.1M credit to Project contingency as a result of CE&I West (MM-290) Contract Award and base cost budget surplus.
- As of this reporting period, none of the executed change orders reduced the Baseline Budget Contingency amount below the buffer zone.
- \$32.5M = Current Known Changes Balance (down from the original amount of \$73.9M)
 - There were no drawdowns from Known Changes Contingency from last period.

Current Contingency Balance = \$608.3M
(previous monthly report = \$609.7M)

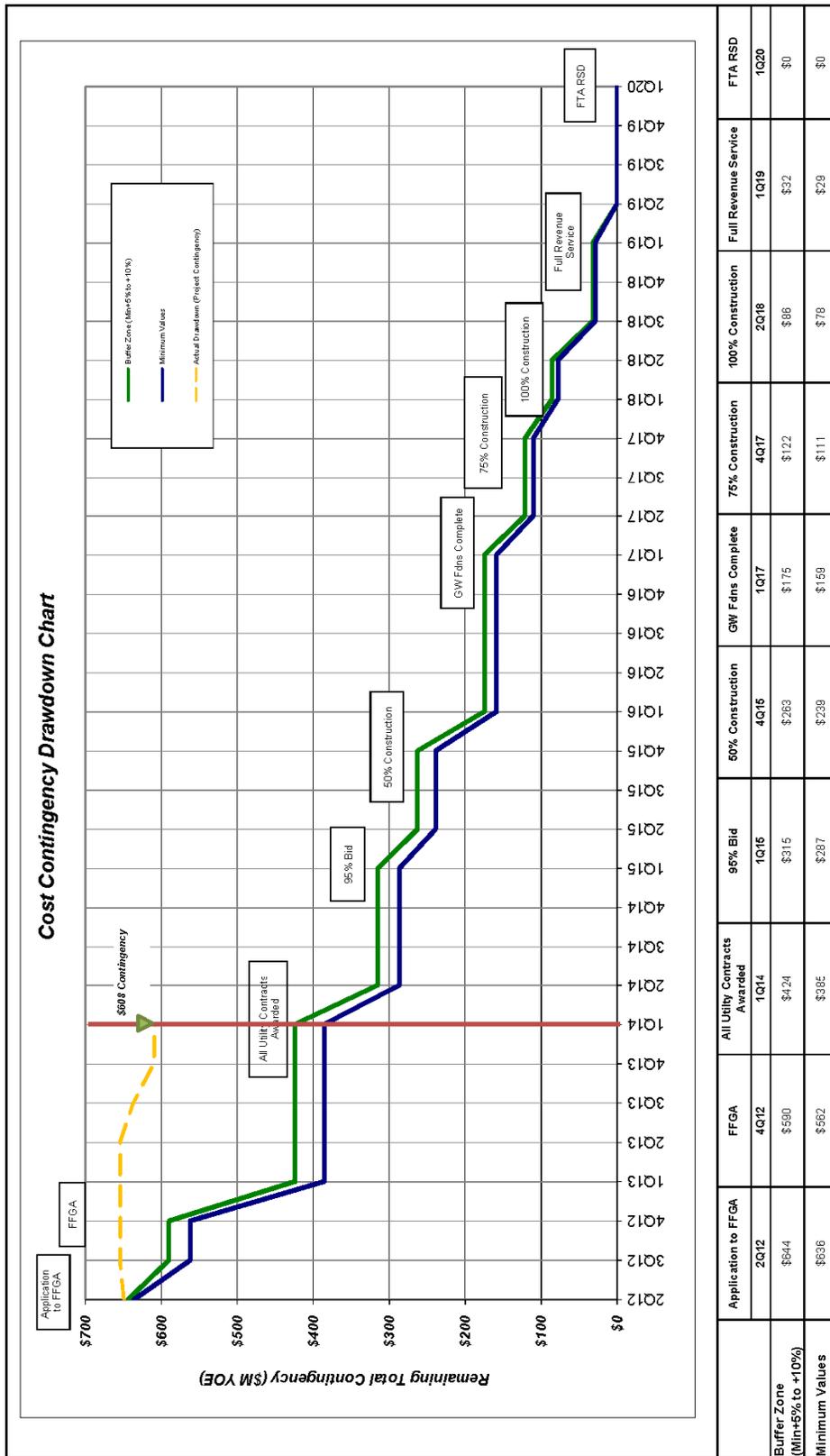
Figure 6. Project Contingency Budget

Project Contingency Budget		
Contingency	SCC Code	Budget (\$M)
Unallocated Contingency	90.01	\$101.9
Allocated Contingency	90.02	\$540.1
Allowances	90.03	\$1.6
Baseline FFGA Project Contingency Budget	90.01 - 90.03	\$643.6
Contingency Transfers to date	90.02 & 90.03	(\$35.3)
Current FFGA Project Contingency	90.01 - 90.03	\$608.3

Figure 7. FFGA Project Contingency Current Budget

FFGA Project Contingency Current Budget			
Report Month	Period Beginning: Current Budget Contingency (\$M)	Contingency Drawdown (\$M)	Period Ending: Current Budget Contingency (\$M)
	[a]	[b]	[c] = a + b
August '13 Monthly Progress Report	\$654.3	(\$5.3)	\$649.0
September '13 Monthly Progress Report	\$649.0	(\$5.8)	\$643.2
October '13 Monthly Progress Report	\$643.2	(\$6.1)	\$637.1
November '13 Monthly Progress Report	\$637.1	(\$22.1)	\$615.0
December '13 Monthly Progress Report	\$615.0	(\$5.0)	\$610.0
January '14 Monthly Progress Report	\$610.0	(\$0.3)	\$609.7
February '14 Monthly Progress Report	\$609.7	(\$1.4)	\$608.3

Figure 8. Draft Cost Contingency Drawdown Chart



Note: Cost contingency details and contingency management are discussed in further detail in Appendix C.

2.4 Project Funding (data as of January 31, 2014)

Figure 9. Planned vs. Received Project Funding

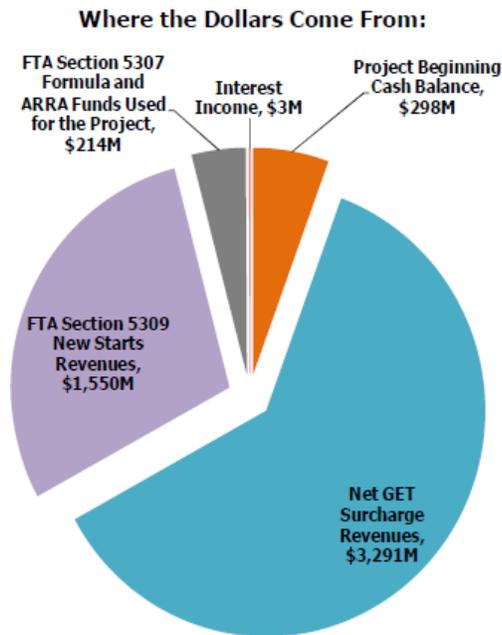
Planned vs Received Project Funding				
Funding Source	Pre-FFGA Project ¹	FFGA Project Period		Total Project
	2007 - 2009 Actuals Received	Planned ² (\$YOE M)	2009 - Present Actuals Received	2007 - Present Actuals Received
	[A]		[B]	[C] = A + B
Beginning Project Cash Balance ³	0	298	298	298
Interest Income on Cash Balance	7	3	2	9
FTA Section 5309 New Starts Revenue	0	1,550	214	214
FTA Section 5307 Formula Funds	0	210	0	0
ARRA Funds	0	4	4	4
Net General Excise Tax (GET) Surcharge revenues FY2010-FY2023	378	3,291	808	1,186
Total	385	5,356	1,326	1,711

¹ GET and Interest Income received during Pre-Preliminary Engineering (pre-PE) phase prior to entry into PE

² FFGA Financial Plan, Table A-1 *Capital Plan Cash Flows*.

³ Beginning Project Cash Balance at Entry into Preliminary Engineering (PE) on October 16, 2009 (the FFGA Project start date) = GET, investment and miscellaneous income minus pre-PE expenditures.

Figure 10. Project Funding Sources (YOE \$M)



Source: FFGA Financial Plan, p. 2-1

- Full Funding Grant Agreement (FFGA)
 - \$34M = New Starts drawdowns received in January.
 - FTA approved the application for \$236,277,358 in FY 2013 New Starts allocation on September 24 and the grant award was executed on October 4.
 - Although the \$236.3M is less than the \$250M FY 2013 increment identified in the FFGA, it will not negatively impact the Project’s cash flow. The \$14M shortfall (\$250M minus \$236M) will be recovered in a future year’s allocation.

Total Cash Received Since PE = \$1,326M
(previous monthly report = \$1,249M)

GET Received Since PE = \$808.5M
(previous monthly report = \$765M)

GET Received Since 2007 = \$1,186.9M
(previous monthly report = \$1,143M)

Figure 11. New Starts Drawdown by Federal Fiscal Year

New Starts Drawdown by Federal Fiscal Year			
Federal Fiscal Year Allocation	Obligation Amounts	Drawdown Amounts	Available Balance
2008	\$15,190,000	\$15,190,000	\$0
2009	\$19,800,000	\$19,800,000	\$0
2010	\$30,000,000	\$30,000,000	\$0
2011	\$55,000,000	\$55,000,000	\$0
2012	\$200,000,000	\$93,554,022	\$106,445,978
2013	\$236,277,358	\$0	\$236,277,358
	\$556,267,358	\$213,544,022	\$342,723,336

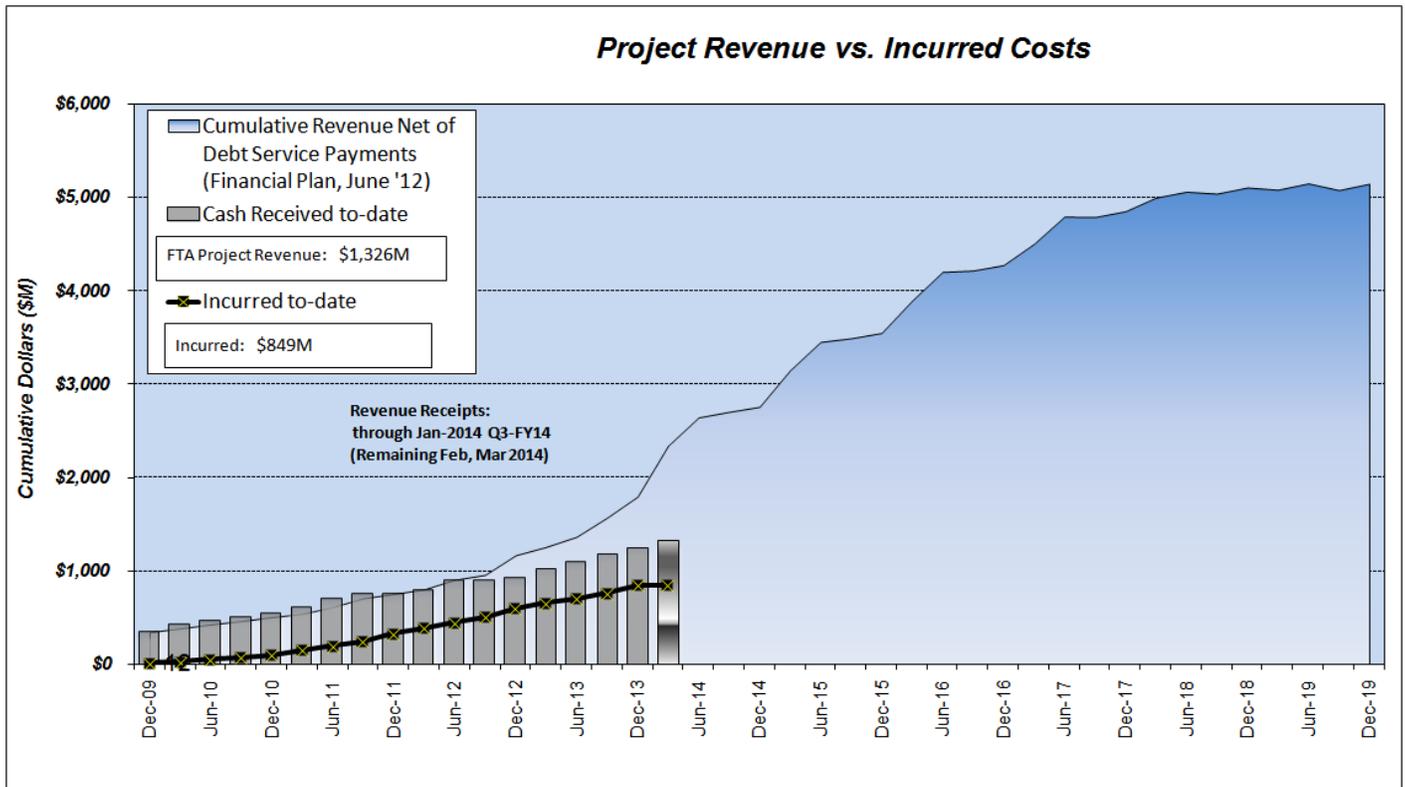
- General Excise Tax (GET) surcharge
 - \$808.5M = amount received as of Q3, FY 2014, since the Project’s entry into FTA’s Preliminary Engineering phase of project development.
 - \$898M = Projected Net GET Surcharge Revenue for FYs 2010-2014, as stated in FFGA Financial Plan (Table A-1 *Capital Plan Cash Flows*)
 - \$43.5M = GET surcharge received in January.

2.5 Project Revenue and Costs

(data as of January 31, 2014)

Ending Cash Balance 01/31/14 = \$469M
(previous monthly report = \$433M)

Figure 12. Project Revenue versus Incurred Costs



Planned Funding levels as per the June 2012 FFGA Finance Plan
 Data date for Revenue & Incurred Cost = January 31, 2014

Figure 13. Cash Balance Summary

JANUARY 2014 CASH BALANCE SUMMARY	
Beginning Cash Balance 01/01/2014	433,021,295
Expenditures:	
Operating Expenditures	(1,605,561)
Capital Expenditures	(40,310,252)
Expenditures Total:	(41,915,813)
Receipts:	
GET Surcharge	43,491,266
FTA Drawdown	34,011,286
Interest	18,942
Other (rental, refunds, copy fees, etc.)	39,971
Receipts Total:	77,561,465
Ending Cash Balance 1/31/14	468,666,947

Note: Project Cost Reports can be found in Appendix D.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
VICE CHAIR

George I. Atta
Robert Bunda
Michael D. Formby
William "Buzz" Hong
Keslie W.K. Hui
Damien T.K. Kim
Glenn M. Okimoto, Ph.D.
Carrie K.S. Okinaga, Esq.

Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
(meeting room entrance on Richards Street)
Thursday, April 24, 2014 10:00 am

Agenda

- I. Call to Order by Chair
- II. Public Testimony on All Agenda Items
- III. Approval of Minutes of the March 20, 2014 Board of Directors Meeting
- IV. Discussion of the March Monthly Progress Report
- V. Presentation on Safety and Security
- VI. Construction and Traffic Update
- VII. Executive Director and CEO's Report
- VIII. Executive Director and CEO's Performance and Bonus Evaluation and Upcoming Performance Objectives
- IX. Executive Session
Pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4), the Board may enter into Executive Session to consult with its attorneys on questions and issues on a matter pertaining to the Board's powers, duties, privileges, immunities and liabilities.
- X. Adjournment

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulustransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

MINUTES

**Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
Thursday, April 24, 2014 10:00 am**

PRESENT:

Ivan Lui-Kwan
Donald G. Horner
William "Buzz" Hong
Michael Formby

Keslie Hui
Damien Kim
Carrie Okinaga
Robert "Bobby" Bunda

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

Dan Grabauskas
Kirk Caldwell
Gary Takeuchi
Joyce Oliveira
Diane Arakaki
Henry Miranda
Roland Bueno
Shawn Raney
Claude Phillips

Barbra Armentrout
Karley Halsted
Lorenzo Garrido
Cheryl Kaneshiro
Cindy Matsushita
Andrea Tantoco
Allison Andrade
Scott Ishikawa

EXCUSED:

Glenn Okimoto

George Atta

I. Call to Order by Chair

Board Chair Ivan Lui-Kwan called the meeting to order at 10:00 a.m.

II. Public Testimony on All Agenda Items

Mr. Lui-Kwan called for public testimony.

Barbra Armentrout provided testimony in support of HART Executive Director and CEO Daniel Grabauskas.

Mayor Kirk Caldwell also testified in support of Mr. Grabauskas, complimenting him on his knowledge and experience. Mayor Caldwell also commended the HART Board of Directors for their efforts, noting the significance of the next couple of years to the rail project.

Mr. Lui-Kwan thanked the Mayor for his commitment to the project's success.

III. Approval of Minutes of the March 20, 2014 Board of Directors Meeting

Mr. Lui-Kwan said that the approval of the minutes would be deferred.

IV. Discussion of the March Monthly Progress Report

HART Project Controls Manager David Sagherian presented the March Monthly Progress Report, which was entitled "March 2014 Quarterly Report" due to the fact that its issuance coincided with HART's quarterly meeting with the Federal Transit Administration (FTA). A copy of the report is attached hereto as Attachment A. Board member Carrie Okinaga expressed her appreciation for the improved format of the report.

Board member Donald Horner commented on the need to begin identifying risks. Mr. Sagherian stated that market conditions such as labor costs have been identified as one of the biggest risks, which was already being tracked in the risk register. He noted that the prices of steel and concrete have remained relatively flat, and suggested grouping such risks to better inform the public. Mr. Grabauskas said that staff could make a presentation on risk; such a presentation had recently been given to the FTA.

Mr. Horner also commented on rising real estate prices. Mr. Grabauskas said that staff would make a presentation to the Board on the status of real estate acquisitions, as well as HART's recovery plan after being enjoined from acquiring real estate as a result of the federal lawsuit.

V. Presentation on Safety and Security

HART Chief Safety and Security Officer Henry Miranda, System Safety Engineers Roland Bueno and Claude Phillips, and Safety Specialist Shawn Raney made a PowerPoint presentation on Safety and Security, a copy of which is attached hereto as Attachment B.

Mr. Phillips gave a brief overview of the FTA requirements for the Safety and Security Management Plan. He highlighted the inclusion of passenger screen gates into the station design as an example of how HART identifies and remedies hazards during the design process. Mr. Raney explained the process of FTA-required safety certification, which ensures and documents the safety and security readiness of a project for public use. Mr. Bueno spoke about Crime Prevention Through Environmental Design, which addresses crime deterrent design techniques.

Mr. Miranda detailed the project's closed-circuit television (CCTV) system, which will comprise more than 1,300 cameras systemwide, and more than nine cameras per train car. He also explained the principles behind intrusion detection and access control systems. Additionally, HART is working on a law enforcement Memorandum of Understanding (MOU) to partner with law enforcement for security on the rail project. Additional security measures include blue light phones at stations, parking lots, and on trains, as well as inspections.

Board member Michael Formby asked if HART participates in the Joint Traffic Management Center steering committee, and Mr. Miranda responded that it did, and that such participation was included in HART's Safety and Security Plan.

Ms. Okinaga asked about the cost of the security MOU. Mr. Miranda replied that there would be no cost to the project, similar to calling 911. Ms. Okinaga asked about the CCTV camera feed, and Mr. Grabauskas said that the feed is not made public, but can be shared by HART with other officials. Mr. Formby said that DTS has policies regarding security footage for passengers' privacy interests, and Mr. Grabauskas commented on the importance of signage to address such concerns.

Board member William "Buzz" Hong asked about possible ordinances governing behavior on rail, and Mr. Miranda said that HART was working with the Honolulu Police Department and their legislative liaison on the matter. Mr. Hong noted the need for enforced versus voluntary compliance techniques, and inquired about response times. Mr. Miranda said that HART staff is working with area commanders on responses to incidents, and that the agency is working with the Honolulu Police and Fire Departments. Mr. Hong asked who would be monitoring the CCTV system. Mr. Miranda replied that the process was still being developed.

Mr. Horner asked about the division of labor between Ansaldo and HART staff. Mr. Grabauskas replied that HART has a contract with Ansaldo for operations and maintenance. Mr. Miranda said that HART staff would sign off on safety procedures developed by Ansaldo; Ansaldo will perform the work, and HART will provide oversight and ensure compliance. Mr. Grabauskas pointed out that there would also be State safety oversight in place to ensure safety. Mr. Horner said that federal inspectors would also work to that end, and Mr. Miranda said that State safety oversight incorporates both State and federal procedures.

Mr. Hong asked about the role of federal inspectors. Mr. Miranda said that HART would be highly regulated by federal inspectors, as well as the National Transportation Safety Board. He said that HART would follow more stringent high speed rail standards, as opposed to regular rail standards. Federal agencies defer to the State to provide 24/7 oversight, and HART pays for and reports incidents to the State safety oversight manager.

Mr. Grabauskas complimented Mr. Miranda and his staff for creating a culture of safety that will enable the rail project to be completed safely on time and on budget.

Ms. Okinaga asked if HART safety and security also oversees construction safety, and Mr. Grabauskas confirmed that it did.

Mr. Horner complimented the HART safety and security staff on their efforts at engineering safety.

VI. Construction and Traffic Update

Mr. Garrido, HART West Oahu/Farrington Highway Project Manager Karley Halsted, Kiewit's Allison Andrade, and HART Public Information Specialist Scott Ishikawa provided a construction and traffic update, a copy of which is attached hereto as Attachment C.

Mr. Garrido reported that the footings and stem walls of the Operations and Service Building were being completed at the Maintenance and Storage Facility.

HART Board of Directors Meeting
April 24, 2014

In the West Oahu/Farrington Highway section, Ms. Halsted said that all 13 casting beds were in operation at the Precast Yard, and that workers were fine-tuning the quality process. So far, 158 guideway segments were complete. She also detailed utility relocation work underway into Waipahu. Column work was continuing in Waipahu, as well as in Ho'opili and along the Kaloi Channel. To date, 82 columns and 121 shafts had been completed.

Ms. Halsted reported that in the Kamehameha Highway Guideway section, utility relocation continued, with test shaft 15 excavation underway. She concluded by reporting on work on the bus pad at Acacia Street.

Ms. Andrade reported that Farrington Highway would reopen on April 30, 2014 at 5:00 a.m. Mr. Ishikawa said that lane closures would occur in Waipahu incident to utility relocation work, as well as at the H-1/H-2 merge in preparation for work on the balanced cantilever. Mr. Grabauskas noted that the balanced cantilever would span the H-1/H-2 crossing, with work to begin during the summer of 2014. Ms. Andrade said that staff would make a presentation on the construction of the balanced cantilever.

Mr. Ishikawa reported that HART staff continued to do radio and television outreach on traffic, as well as on the online community newspaper mypearlcity.com.

Mr. Grabauskas also thanked elected officials, who helped to get the word out on traffic to their constituents.

Mr. Ishikawa reported on Pearl City utility relocation work, as well as test shaft work near Pearlridge. Overnight soil testing would be performed on Nimitz Highway and Dillingham Boulevard. He said that HART had been working with the State Department of Transportation, which was performing freeway work.

Referring to page 39 of the Monthly Progress Report, Board member Damien Kim asked about any measures to ensure construction workers' safety on the roadways. Ms. Andrade said that mypearlcity.com would be adding a safety page to its website. In addition, HART was working with Mothers Against Drunk Driving on a safety campaign, and was exploring the possibility of a safety ad campaign. Mr. Kim asked about the kinds of road protection provided, and Ms. Andrade said that depending on the nature of the work, crash trucks or concrete barriers were employed to keep workers safe. Mr. Ishikawa noted that as more night work occurs, HART would stress safety more.

Board member Michael Formby asked if traffic reports were being sent to the neighborhood boards, and Mr. Ishikawa confirmed that they were, particularly to those along the rail alignment. Mr. Formby asked if schools were also informed, and Ms. Andrade said that they were. Mr. Grabauskas added that he would be visiting Waipahu High School with Councilmember Breene Harimoto and Department of Education representatives.

Ms. Okinaga asked about complaints, and Mr. Ishikawa said that traffic complaints are down overall.

Mr. Garrido then introduced several different teams working to support HART on the Honolulu rail project. He introduced project managers Jeff Mack and Jay McRae of CH2MHill, who hold the GEC III contract for design services oversight, cost estimating and

scheduling services. Mr. McRae and Mr. Mack gave brief backgrounds, and said that they had teamed with local firms Bowers & Kubota and RM Towill for support.

Mr. Garrido introduced HART Core Systems Manager Rainer Hombach and project manager Huy Nguyen from Lea and Elliott, who spoke of his firm's expertise in driverless technology. He said that Lea and Elliott had put approximately 45 systems into operation, and employs two local subcontractors. Mr. Horner asked about Mr. Nguyen's experience with Ansaldo. Mr. Nguyen replied that both Ansaldo STS' train control system and AnsaldoBreda's rolling stock were conventional systems, and very similar to the Riyadh rail system currently being built. The control system has been proven and applied previously. Mr. Hombach agreed, and said that the control system is service proven around the world.

Mr. Garrido then introduced Construction Engineering and Inspection (CE&I) consultant Peter Wong of PGH Wong, whose responsibility it is to oversee design build contracts on the west side of the alignment. Mr. Wong gave an overview of his extensive experience in transit projects on the west coast since 1985. Accompanying Mr. Wong was Construction Manager Steve Kyauk, who had been in transit for 17 years.

Mr. Horner asked about Mr. Wong's thoughts of the Honolulu rail project. Mr. Wong said it is ambitious, and stressed the need to stay on top of things. Mr. Grabauskas said that Mr. Wong's firm had been the project management oversight contractor when he was at the Massachusetts Bay Transit Authority.

Mr. Garrido then introduced the CE&I contractors for the east side of the alignment, URS Vice President and Construction Manager Brian Norris and Deputy Contract Manager Mike Boomsma. Mr. Norris said that URS had been in Hawaii for 60 years, and had a strong commitment to local labor. They employed RM Towill, LKG Inc., and Hunter Pacific as subcontractors.

VII. Executive Director and CEO's Report

Mr. Grabauskas reported that the most recent quarterly General Excise Tax receipts were more than \$7 million over the projections in the Full Funding Grant Agreement, and only \$27 million off overall projections, which he cautiously saw as a positive sign.

He reported that he had recently taken a trip to Washington, D.C. with Mayor Caldwell, City Council Chair Ernie Martin and HART Board Chair Ivan Lui-Kwan. He said that everyone they met with in Washington was supportive and excited to meet with the unified Honolulu delegation. Prior to that, he had spoken at the MetroRail conference in London.

Mr. Grabauskas said that the FTA had conducted its quarterly meeting and risk refresh with HART the previous week.

Regarding outreach, Mr. Grabauskas had been participating in the Mayor's town hall meetings.

He reported that the HART budget was moving through the City Council process, and had received strong support.

Mr. Grabauskas then outlined the project contingency, a copy of which is attached hereto as Attachment D. He indicated that all identified pending, probable, potential, and possible changes totaled approximately \$176.1 million. The uncommitted remaining contingency was at \$423.8 million.

Mr. Horner said the information was helpful, and noted that with more than 90% of the entire project to be contracted for by the end of the calendar year, there would not be much in the way of remaining cost risks at that point. Mr. Grabauskas acknowledged that 2014 would be a pivotal year for the project.

Mr. Horner suggested representing the remaining risks in relation to the total project budget. He opined that as the majority of the remaining construction contracts would be let in 2014, those contracts were a greater risk than commodity prices. Mr. Grabauskas acknowledged that 2014 would be a pivotal year for the project, as 90% of all construction contracts would be let by the end of the year.

Mr. Hong commended Mr. Grabauskas, and asked about future delay costs. Mr. Grabauskas said that two remaining significant risks were utility relocations and property acquisitions. He reported that staff continued to negotiate outstanding notice to proceed claims, which were nearing resolution, and were included in "known" changes.

Mr. Formby asked if the contractors have all specifications for HART to be able to quantify risks, and Mr. Grabauskas said not through the end of 2014.

Mr. Hong suggested contract language to protect HART from delays. Mr. Grabauskas said that staff was working on including such language going forward.

Mr. Grabauskas reported on the Industry Day event planned for May 5, 2014 at Honolulu Country Club. So far the event had drawn 150 registered attendees and 24 exhibitors. The event was being held in partnership with the Chamber of Commerce and Move Oahu Forward.

On May 6, 2014, the Ho'opili Station design meeting would be held at Kapolei Middle School.

Thanks to a suggestion by Mr. Hong, a pilot anti-graffiti project involving school children would be held on May 17, 2014. Mr. Hong commended Mr. Grabauskas.

Mr. Lui-Kwan added that people in Washington were impressed that all project-related litigation had been resolved. He thanked Deputy Corporation Counsel Gary Takeuchi and the legal staff. Mr. Lui-Kwan also said that people were impressed with the financing structure of 30% by the FTA and 70% by the local government, and no debt when the project opens.

Mr. Horner asked for an update on Ansaldo's status following the change to four-car trains, and any savings.

HART Board of Directors Meeting
April 24, 2014

VIII. Executive Director and CEO's Performance and Bonus Evaluation and Upcoming Performance Objectives

Mr. Lui-Kwan called for public testimony. There was none.

Ms. Okinaga said that the Human Resources Committee had set forth a process for the Executive Director and CEO's performance evaluation, and that the committee had met twice. She reported that the committee recommended a favorable evaluation and approval of the bonus, as well as amendments to the performance objectives. She thanked Mr. Grabauskas.

Mr. Lui-Kwan called for a motion for executive session. Mr. Formby so moved, and Mr. Kim seconded the motion, which carried unanimously. The Board of Directors entered into executive session at 12:11 p.m.

The Board of Directors reconvened in public session at 12:38 p.m.

Ms. Okinaga moved to recommend a favorable evaluation and the approval of the bonus of \$35,000 and with future finalization of approved objectives for the coming year. Mr. Lui-Kwan added that staff would draft a written executive summary of the evaluation. Mr. Horner seconded the motion, which carried unanimously.

IX. Adjournment

Mr. Lui-Kwan adjourned the meeting at 12:40 p.m.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Ivan Lui-Kwan, Esq.
Board Chair

MAY 15 2014

Date

HONOLULU RAIL TRANSIT PROJECT



MARCH 2014* QUARTERLY REPORT

* Data Dates: Cost, Schedule, Risk 2/28; Other Activities 3/31

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

www.HonoluluTransit.org

PROJECT PROGRESS

Overall Progress:

Project Progress Through February 28, 2014			
	Actual	Early Plan	Late Plan
Overall Project Progress*	22.4%	28.1%	23.4%
Overall Construction Progress*	11.8%	17.1%	13.2%
Overall Design Progress*	67.1%	82.3%	67.4%
Overall Utilities Progress	5.5%	15.3%	10.5%

*Current figures reflect adjustments to components of the budget baselines.

- There have been no project scope changes; the project scope continues to reflect the Final Environmental Impact Statement (FEIS), Record of Decision (ROD) and Full Funding Grant Agreement (FFGA).
- The Contract Packaging Plan (CPP) is being modified with certain facility design and construction work re-packaging.

Schedule:

- HART is implementing measures to maintain the March 30, 2019 full revenue service date (RSD), 10 months ahead of the January 31, 2020 FFGA RSD.
- HART continues to work with contractors to refresh the Master Project Schedule (MPS) as a result of the approximately 1-year construction delay.

FINANCIALS

Incurred Cost:

- \$885M = Total Incurred Cost (actual expenditures plus approved requests for payment)
- \$36M = February 2014 incurred amount in costs (actual expenditures plus approved requests for payment)

Committed Amount:

- \$2.694B = Total Committed Amount (including awarded design contract allowances of \$5.9M, but excluding uncommitted contingencies and finance charges)

Authorized for Expenditure (AFE):

- \$1.916B = Total Amount AFE by way of Notices to Proceed (NTPs)
- \$237M = February 2014 total AFE increase as the result of issued NTPs and Change Orders

Project Contingency:

- \$608.2M = Current Project Contingency Balance
- \$.1M = February 2014 drawdown to Project Contingency
- \$32.5M = Current Known Changes Balance
- There were no drawdowns from Known Changes Contingency from last period

Funding:

- \$1,338M = Total Cash Received Since Preliminary Engineering (PE)
- FFGA:
 - \$12.2M = the FTA’s drawdown received in February 2014
- General Excise Tax (GET) Surcharge:
 - \$808.5M = amount received as of Q3, FY 2014, since the Project’s entry into FTA’s Preliminary Engineering phase of project development
 - \$1,187M = amount received since 2007
 - 0 = the county’s GET surcharge revenue received in February 2014

Project Revenue and Costs:

- \$452M = Cash Balance 2/28/14

2.3 Project Contingency (data as of February 28, 2014)

- \$608.2M = Current Project Contingency Balance
 - \$.1M = February 2014 drawdown to Project Contingency
- The \$.1M contingency drawdown resulted from the following contract amendment processed during the February 2014 reporting period:
 - \$.1M contingency drawdown from executed contract amendment No. 07 for Resist & Sag Geotech Investigation for the Airport Sections Guideway Utilities FD (FD-430);
- As of this reporting period, none of the executed change orders reduced the Baseline Budget Contingency amount below the buffer zone.
- \$32.5M = Current Known Changes Balance (down from the original amount of \$73.9M)
 - There were no drawdowns from Known Changes Contingency from last period.

*Current Contingency Balance = \$608.2M
(previous report = \$608.3M)*

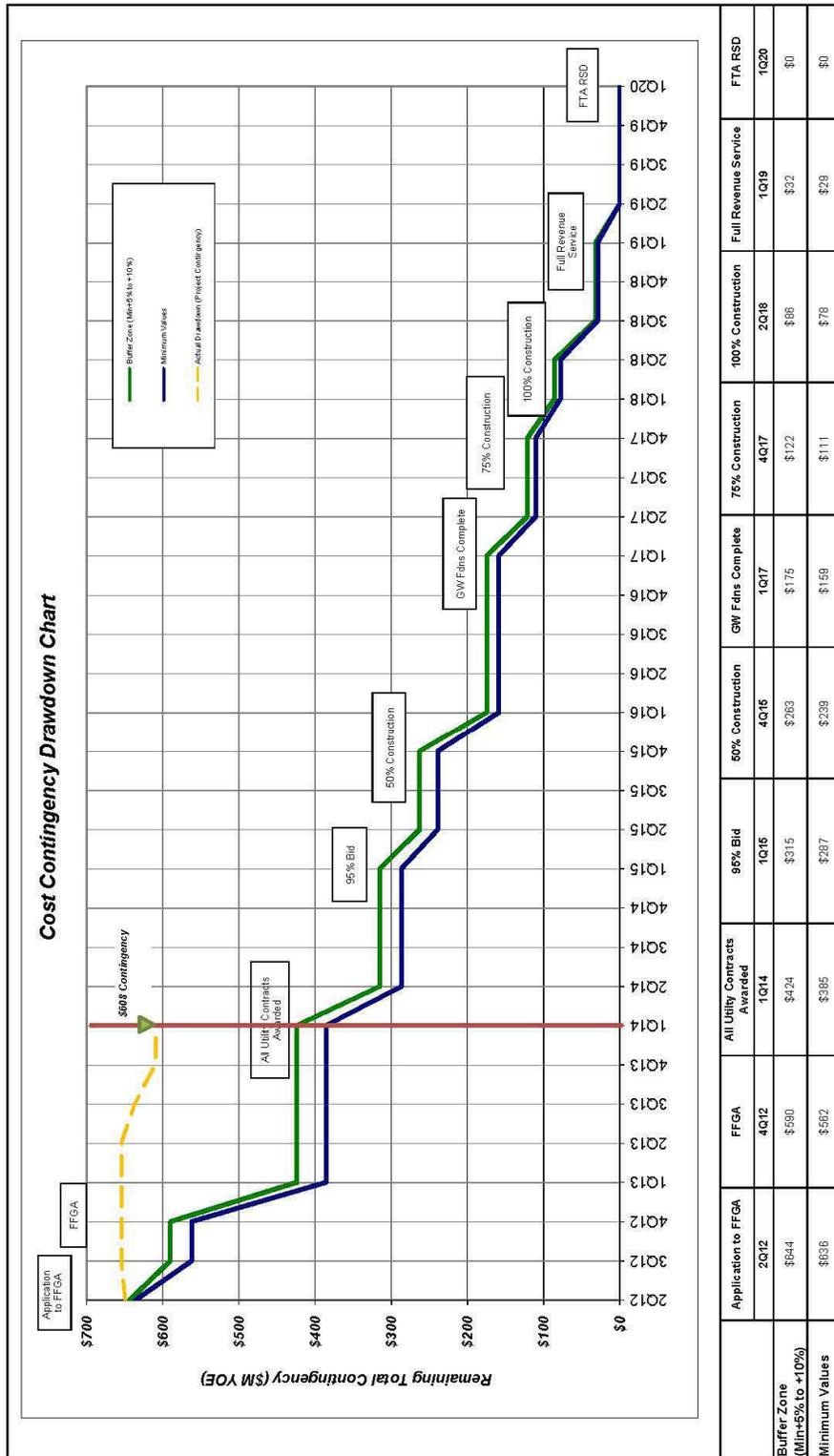
Figure 6. Project Contingency Budget

Project Contingency Budget		
Contingency	SCC Code	Budget (\$M)
Unallocated Contingency	90.01	\$101.9
Allocated Contingency	90.02	\$540.1
Allowances	90.03	\$1.6
Baseline FFGA Project Contingency Budget	90.01 - 90.03	\$643.6
Contingency Transfers to date	90.02 & 90.03	(\$35.4)
Current FFGA Project Contingency	90.01 - 90.03	\$608.2

Figure 7. FFGA Project Contingency Current Budget

FFGA Project Contingency Current Budget			
Report Month	Period Beginning: Current Budget Contingency (\$M)	Contingency Drawdown (\$M)	Period Ending: Current Budget Contingency (\$M)
	[a]	[b]	[c] = a + b
September '13 Progress Report	\$649.0	(\$5.8)	\$643.2
October '13 Progress Report	\$643.2	(\$6.1)	\$637.1
November '13 Progress Report	\$637.1	(\$22.1)	\$615.0
December '13 Progress Report	\$615.0	(\$5.0)	\$610.0
January '14 Progress Report	\$610.0	(\$0.3)	\$609.7
February '14 Progress Report	\$609.7	(\$1.4)	\$608.3
March '14 Progress Report	\$608.3	(\$0.1)	\$608.2

Figure 8. Draft Cost Contingency Drawdown Chart



Note: Cost contingency details and contingency management are discussed in further detail in Appendix C.

2.4 Project Funding (data as of February 28, 2014)

Figure 9. Planned vs. Received Project Funding

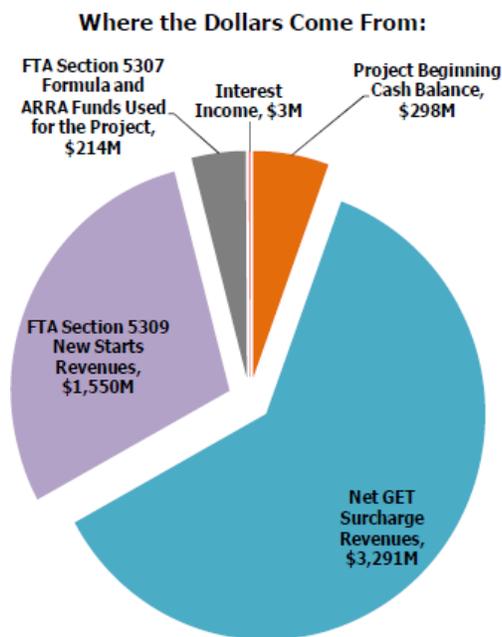
Planned vs Received Project Funding				
Funding Source	Pre-FFGA Project ¹	FFGA Project Period		Total Project
	2007 - 2009 Actuals Received	Planned ² (\$YOE M)	2009 - Present Actuals Received	2007 - Present Actuals Received
	[A]		[B]	[C] = A + B
Beginning Project Cash Balance ³	0	298	298	298
Interest Income on Cash Balance	7	3	2	9
FTA Section 5309 New Starts Revenue	0	1,550	226	226
FTA Section 5307 Formula Funds	0	210	0	0
ARRA Funds	0	4	4	4
Net General Excise Tax (GET) Surcharge Revenues FY2010-FY2023	378	3,291	808	1,186
Total	385	5,356	1,338	1,723

¹ GET and Interest Income received during Pre-Preliminary Engineering (pre-PE) phase prior to entry into PE.

² FFGA Financial Plan, Table A-1 *Capital Plan Cash Flows*.

³ Beginning Project Cash Balance at Entry into Preliminary Engineering (PE) on October 16, 2009 (the FFGA Project start date) = GET, investment and miscellaneous income minus pre-PE expenditures.

Figure 10. Project Funding Sources (YOE \$M)



Source: FFGA Financial Plan, p. 2-1

- Full Funding Grant Agreement (FFGA)
 - \$12M = New Starts drawdowns received in February.

Total Cash Received Since PE = \$1,338M
(previous report = \$1,326M)

GET Received Since PE = \$808.5M
(previous report = \$808.5M)

GET Received Since 2007 = \$1,186.9M
(previous report = \$1,186.9M)

Figure 11. New Starts Drawdown by Federal Fiscal Year

New Starts Drawdown by Federal Fiscal Year			
Federal Fiscal Year Allocation	Obligation Amounts	Drawdown Amounts	Available Balance
2008	\$15,190,000	\$15,190,000	\$0
2009	\$19,800,000	\$19,800,000	\$0
2010	\$30,000,000	\$30,000,000	\$0
2011	\$55,000,000	\$55,000,000	\$0
2012	\$200,000,000	\$105,788,869	\$94,211,131
2013	\$236,277,358	\$0	\$236,277,358
	\$556,267,358	\$225,778,869	\$330,488,489

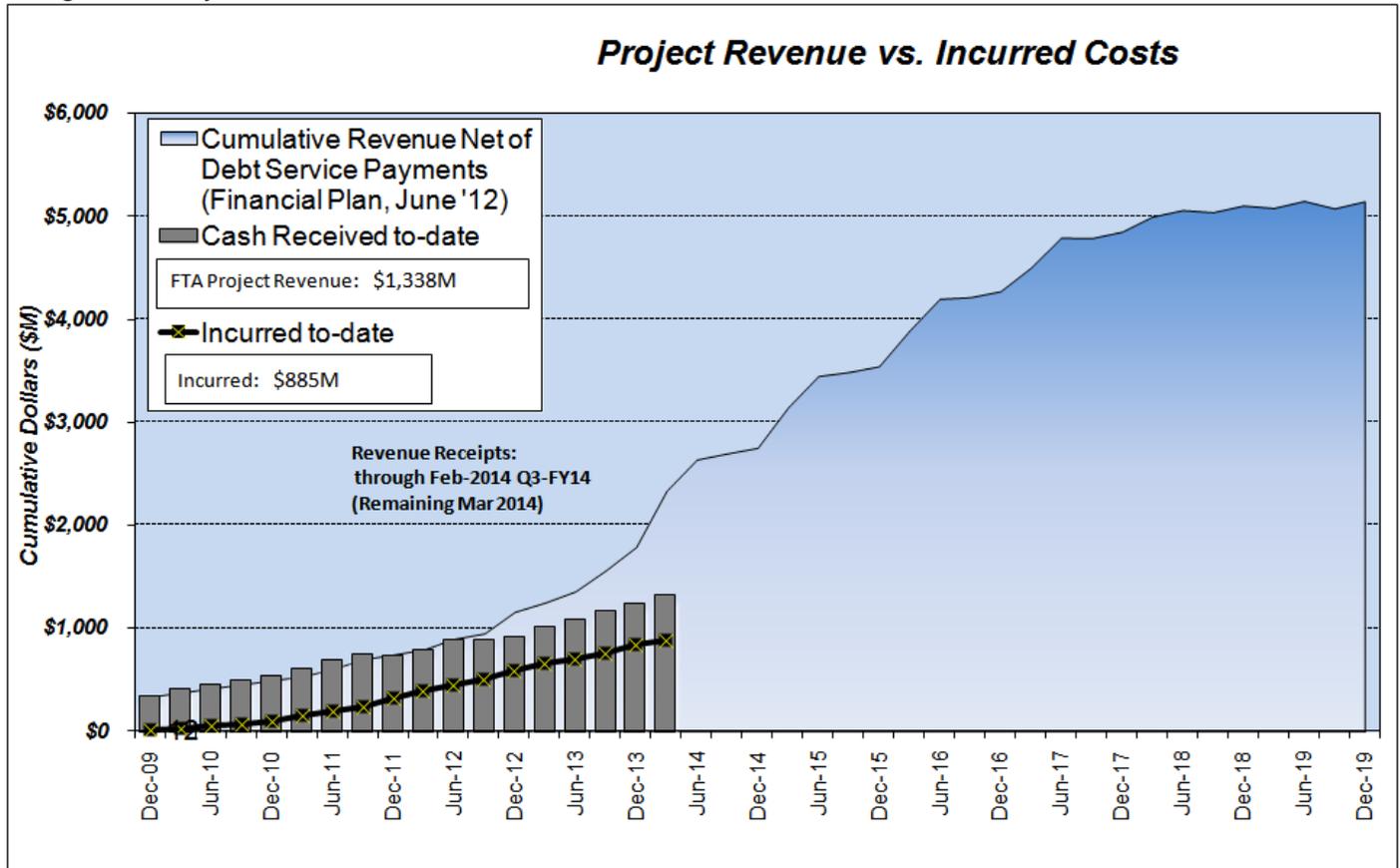
- General Excise Tax (GET) surcharge
 - \$808.5M = amount received as of Q3, FY 2014, since the Project’s entry into FTA’s Preliminary Engineering phase of project development.
 - \$898M = Projected Net GET Surcharge Revenue for FYs 2010-2014, as stated in FFGA Financial Plan (Table A-1 *Capital Plan Cash Flows*)
 - \$0 = GET surcharge received in February 2014.

2.5 Project Revenue and Costs

(data as of February 28, 2014)

Ending Cash Balance 02/28/14 = \$452M
(previous report = \$469M)

Figure 12. Project Revenue versus Incurred Costs



Planned Funding levels as per the June 2012 FFGA Finance Plan
Data date for Revenue & Incurred Cost = February 28, 2014

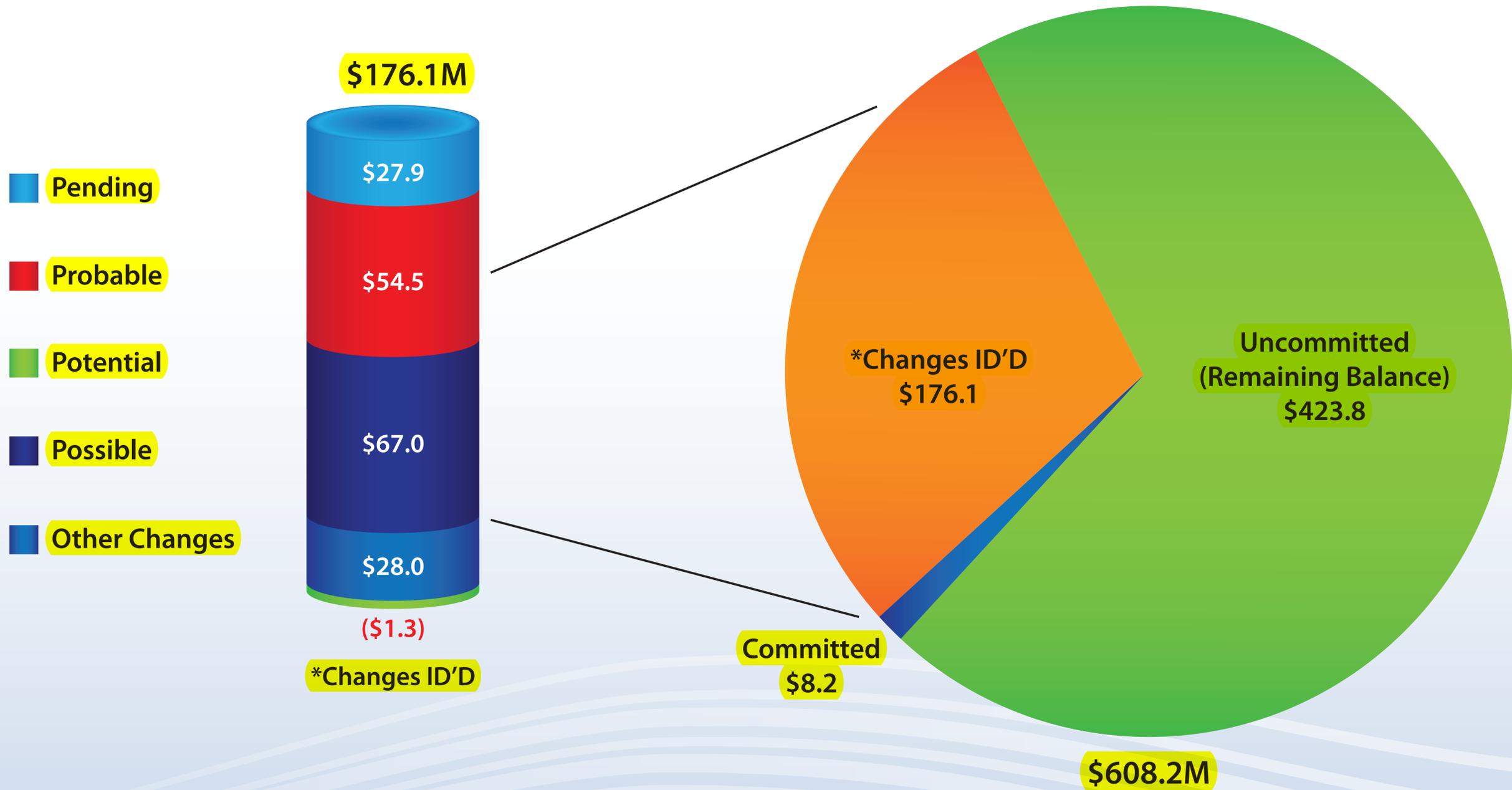
Figure 13. Cash Balance Summary

FEBRUARY 2014 CASH BALANCE SUMMARY		
	Feb. 2014	YTD Cumulative
Beginning Cash Balance 02/01/2014	468,666,947	393,709,711
Expenditures:		
Operating Expenditures	(1,188,937)	(10,799,059)
Capital Expenditures	(27,340,340)	(170,797,754)
Expenditures Total:	(28,529,278)	(181,596,814)
Receipts:		
GET Surcharge	0	157,638,527
FTA Drawdown	12,234,847	81,941,405
Interest	20,585	204,545
Other (rental, refunds, copy fees, etc.)	74,713	570,440
Receipts Total:	12,330,144	240,354,916
Ending Cash Balance 02/28/14	452,467,813	452,467,813

Note: Project Cost Reports can be found in Appendix D.

ATTACHMENT D

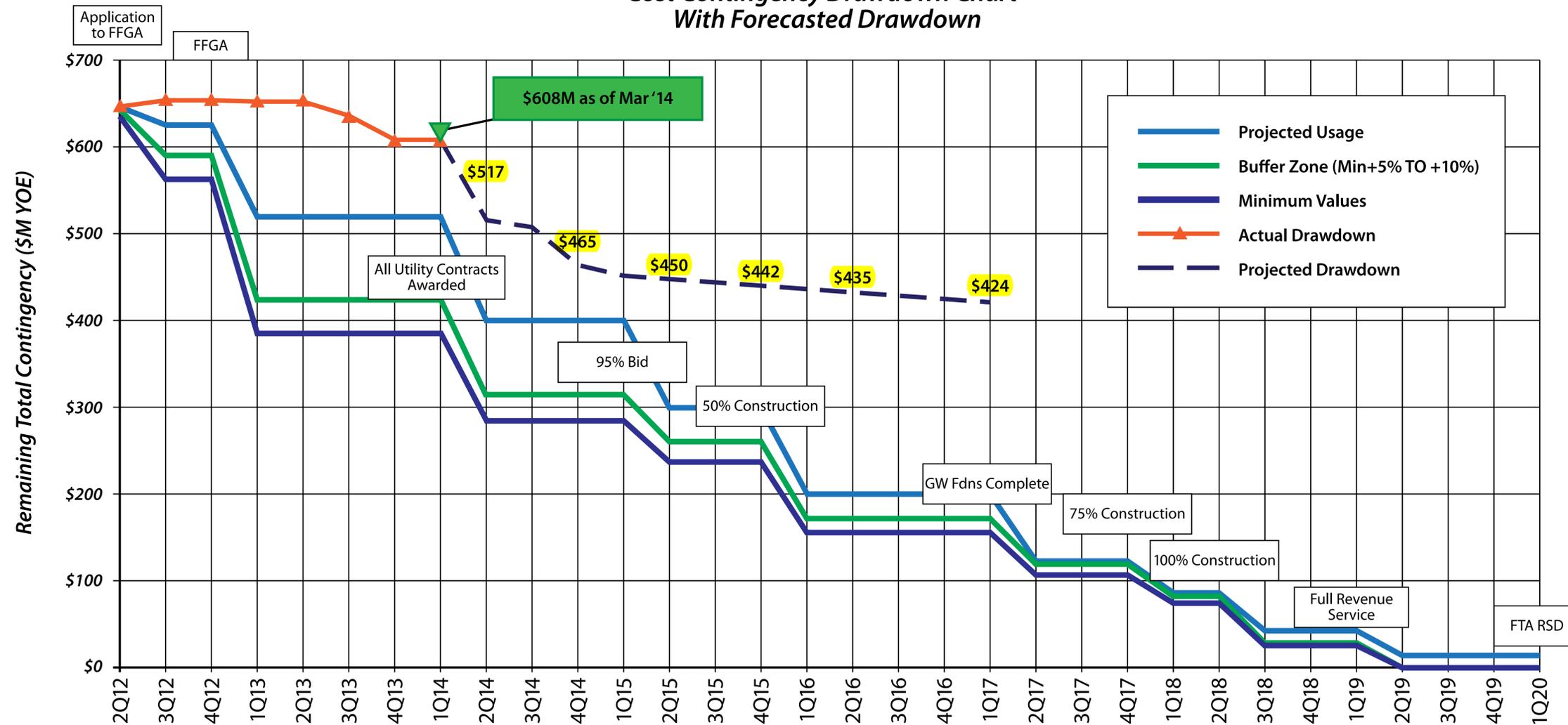
Project Contingency - March 2014





HONOLULU AUTHORITY for RAPID TRANSPORTATION

Cost Contingency Drawdown Chart
With Forecasted Drawdown



	Application to FFGA	FFGA	All Utility Contracts Awarded	95% Bid	50% Construction	GW Fdns Complete	75% Construction	100% Construction	Full Revenue Service	FTA RSD
	2Q12	4Q12	1Q14	1Q15	4Q15	1Q17	4Q17	2Q18	1Q19	1Q20
Buffer Zone (Min+5% to +10%)	\$644	\$500	\$424	\$315	\$263	\$175	\$122	\$86	\$32	\$0
Minimum Values	\$636	\$562	\$385	\$287	\$239	\$159	\$111	\$78	\$29	\$0

Calendar Year

H O N O L U L U R A I L T R A N S I T P R O J E C T

www.HonoluluTransit.org (808) 566-2299



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
VICE CHAIR

George I. Atta
Robert Bunda
Michael D. Formby
Ford Fuchigami
William "Buzz" Hong
Keslie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
(meeting room entrance on Richards Street)
Thursday, May 15, 2014 9:30 am

Agenda

- I. Call to Order by Chair
- II. Public Testimony on All Agenda Items
- III. Approval of Minutes
 - A. March 20, 2014 Board of Directors Meeting
 - B. April 24, 2014 Board of Directors Meeting
- IV. FY2015 Business Plan Draft Review
- V. Discussion of the April Monthly Progress Report
- VI. Construction and Traffic Update
- VII. Executive Director and CEO's Report
- VIII. Executive Session

Pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4), the Board may enter into Executive Session to consult with its attorneys on questions and issues on a matter pertaining to the Board's powers, duties, privileges, immunities and liabilities.
- IX. Adjournment

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulultransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

**Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
Thursday, May 15, 2014 9:30 am**

MINUTES

PRESENT:	Donald Horner Michael Formby George Atta	William "Buzz" Hong Carrie Okinaga Ivan Lui-Kwan Damien Kim
ALSO IN ATTENDANCE: (Sign-In Sheet and Staff)	Daniel Grabauskas Diane Arakaki Michael McGrane Duane Sayers David Sagherian Gary Takeuchi Lisa Hirahara Lisa Barnett Paula Youngling Joyce Oliveira Lorenzo Garrido	Cindy Matsushita Joyce Oliveira Andrea Tantoco Corey Ellis Karley Halsted Matt Scanlon Akira Fujita Brent Uechi Rainer Hombach Lance Wilhelm Gary Omori
EXCUSED:	Keslie Hui Robert "Bobby" Bunda	Ford Fuchigami

I. Call to Order by Chair

HART Board Chair Ivan Lui-Kwan called the meeting to order at 10:15 a.m.

Mr. Lui-Kwan congratulated Board member Damien Kim, who was reappointed as a HART Board member by the Honolulu City Council via Resolution No. 14-77.

Mr. Kim thanked everyone for their support and testimony. He thanked Barbara Armentrout in particular.

Mr. Lui-Kwan thanked HART Director of Government Relations Joyce Oliveira for assisting in the appointment process.

II. Public Testimony on All Agenda Items

Mr. Lui-Kwan called for public testimony.

HART Board of Directors Meeting
May 15, 2014

Russell Honma complimented the Board on being more knowledgeable and transparent, and provided testimony regarding his concerns over cost overruns.

III. Approval of Minutes

A. March 20, 2014 Board of Directors Meeting

B. April 24, 2014 Board of Directors Meeting

Mr. Lui-Kwan noted that the agenda contained a typographical error, indicating the minutes of March 20, 2014 were to be approved, when the correct date was March 13, 2014. He indicated that a clerical correction would be made to indicate the approval of the March 13, 2014 minutes; there were no objections. He called for the approval of the minutes of the March 13, 2014 and April 24, 2014 Board of Directors meetings. There being no objections, the minutes were approved as circulated.

IV. FY2015 Business Plan Draft Review

Mr. Grabauskas introduced the draft FY2015 Business Plan (BP), a copy of which is attached hereto as Attachment A. He introduced HART adviser Ron Tober, who had worked with the City and County of Honolulu on HART's formation, and who drafted the BP and was participating in the meeting via conference call.

Mr. Tober began by detailing the purposes of the BP, as a business blueprint, historical record, and means of communication. He then highlighted the changes to the fourth edition of the BP from previous versions. These changes include the growing prior fiscal year highlight section, a new Executive Summary section, and a more robust Financial Strategy chapter, which includes information on debt financing and risk factors.

Mr. Tober went over highlights of the BP, which include a discussion of the risk factors, the letting of major construction contracts and the attendant organizational changes, and the importance of safety and security. He concluded by saying that FY15 will be HART's most challenging to date. Mr. Tober identified two areas of concern: 1) property acquisitions; and 2) the integration of HART's systems and operations with construction.

Mr. Grabauskas solicited members' comments on the document.

Ms. Okinaga thanked Mr. Grabauskas and Mr. Tober. She asked when the Financial Plan would be updated. Mr. Grabauskas stated that it would be ready at the end of the year, once significant construction contract bids were in and debt financing was in place.

Ms. Okinaga asked when the discussion of future rail extensions would begin, and suggested including it in the BP. Board member Michael Formby agreed. Board member Donald Horner expressed his concern over the operating and maintenance costs for both the first 20 miles and the future extensions. Mr. Grabauskas said staff would incorporate future extensions into the BP. Board member George Atta said that it was important to have the framework of the future extensions from a planning and permitting perspective, as well as for multimodal planning.

Board member Damien Kim agreed with the importance of planning for the future. Board member William "Buzz" Hong expressed his opinion about the importance of extending the

General Excise Tax (GET), and agreed with Mr. Atta regarding planning for the future extensions.

Mr. Lui-Kwan concurred that planning should begin for the extensions, and stressed the importance of collaboration with State and City agencies. He said that the Financial Plan needs to focus on the operational subsidy. Mr. Horner expressed the importance of the Board's role in deciding the operational subsidy.

Mr. Atta asked about the revenue, such as rent from the properties owned by HART. Mr. Horner agreed that including revenue in the Financial Plan would ease the burden on taxpayers. Ms. Okinaga emphasized the need for a timeline for discussions on the extensions. Mr. Hong proposed the TOD Stakeholders Group as a source of revenue ideas.

Mr. Tober proposed beginning the discussion on extensions in FY16, as FY15 would be a busy one for the Board.

Mr. Lui-Kwan thanked Mr. Tober for his efforts in drafting the Business Plan.

V. Discussion of the April Monthly Progress Report

HART Project Controls Manager David Sagherian presented the April Monthly Progress Report, a copy of which is attached hereto as Attachment B. Highlights of the report include the beginning of guideway segment erection, with nearly one full span being complete. In addition to what had been reported in the April Monthly Progress Report, HART had recently received GET revenues in the amount of \$61 million. He reported that construction continues to push on all fronts at the Maintenance and Storage Facility (MSF), the West Oahu/Farrington Highway (WOFH) section, and the Kamehameha Highway Guideway (KHG) section.

Mr. Horner remarked that the cash balance of \$436 million as of the end of March did not include the \$65 million in GET revenue. Mr. Grabauskas said that through April, the cash balance was \$483 million. Mr. Horner asked about the contingency balance. Mr. Sagherian said that he would provide a tally on the contingency drawdown. The following month's report would contain indices on commodities as discussed previously. Mr. Horner said that cash was critical because of debt financing.

Mr. Formby said that bicycle parking could be a revenue source, referring to page six. HART Director of Construction and Design Lorenzo Garrido said that HART was coordinating with the Department of Transportation Services on bike storage.

Mr. Formby requested more specificity on change orders regarding scope of work. He noted that page 14 showed no drawdown on Section 5307 funds, and said that he was working on a commitment not to utilize them in the future. He referred to safety and security on page 60, and said that HART Safety and Security should work with OTS bus operators, who have considerable expertise in that regard.

Mr. Horner said that a discussion should occur regarding potential revenue from park and rides. Mr. Formby said that tap cards could be used in parking facilities and for bike storage.

VI. Construction and Traffic Update

Mr. Garrido introduced HART Project Managers, who would deliver the Construction and Traffic Update, a copy of which is attached hereto as Attachment C.

HART MSF Project Manager Akira Fujita reported that 55% of the stem wall and foundation construction had been completed at the MSF on the Operations and Service Building. Utility work continues on sewer, drainage, and water lines, as well as landscaping. The underpass to Leeward Community College is 25% complete.

WOFH Project Manager Karley Halsted reported that work continues on segments and hauling at the Precast Yard. Columns continue to be constructed along the Kaloï Channel.

KHG Project Manager Matt Scanlon said that work was wrapping up on test shaft 15, and continued on test shaft 12. Utility relocations and roadway widening continued along KHG to accommodate the guideway.

HART Information Specialist Scott Ishikawa reported on the completion of closures on Farrington Highway and Acacia Street. The reopenings occurred on schedule as promised to the public. He said that HART did not receive any complaints during this closure, due to effective public information dissemination.

He reported on future closures and detours on Fort Weaver Road, Farrington Highway, and Kamehameha Highway. He also said that column foundation work for the balanced cantilever would be occurring, as well as utility relocations in Pearl City and shaft work for soil conditions near Pearlridge.

Mr. Horner asked about the center of the guideway segments. Ms. Halsted said that the power and communications lines would run through the center of the segments. Mr. Horner suggested leasing that space as a source of revenue. Mr. Grabauskas said that HART was in discussion with the Department of Information Technology, as well as other interested parties and the State Department of Transportation. Mr. Formby agreed that the discussion is ongoing, as the guideway runs through the State's right of way.

VII. Executive Director and CEO's Report

Mr. Grabauskas congratulated Mr. Kim on his reappointment to the HART Board of Directors.

He said that in the following month, HART staff would be presenting the risk overview and right of way recovery plan. He noted that there were three events that potentially compromised HART's ability to deliver the project on time and budget: 1) the Notice to Proceed delays; 2) the Archaeological Inventory Survey delays due to the court decisions; and 3) the injunction against right of way acquisitions in the City Center. He said that there were approximately 170 properties and easements to be acquired.

Mr. Grabauskas reported that the operating and capital budgets were moving through the City Council process. The Budget Committee had passed the budgets that week, and they would proceed to the full Council on June 4, 2014.

HART Board of Directors Meeting
May 15, 2014

He reported participating in the Mayor's Town Hall meeting, and the Governor's Pacific Rim Conference.

HART recently held its second Industry Day event, in partnership with Move Oahu Forward, the Chamber of Commerce, and the Disadvantaged Business Enterprise office of the State Department of Transportation.

He reported that the recent Hoopili Station community meeting had garnered good feedback on the station's design. He said that it was the last station in the first ten miles to be previewed to the community. Mr. Garrido said that construction of the first nine stations would be going out to bid the following week.

Mr. Grabauskas said that the first of three student art events in the Art with HART program would occur that weekend. The partnership with the Boys and Girls Club would focus on painting murals on buildings acquired by HART. The second event would focus on murals on fencing. The third would be the permanent art at the stations. He said that the event that weekend would occur on Kamehameha Highway in Aiea. Many volunteers and organizations would collaborate on this event, which would be attended by the Mayor.

Mr. Lui-Kwan asked if Mr. Grabauskas agreed with the risks identified by Mr. Tober. Mr. Grabauskas said he did, and that the risk presentation would provide more detail.

VIII. Executive Session

There was no need for executive session.

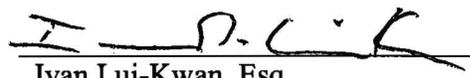
IX. Adjournment

There being no further business before the Board, Mr. Lui-Kwan adjourned the meeting at 11:48 am.

Respectfully Submitted,


Cindy Matsushita
Board Administrator

Approved:


Ivan Lui-Kwan, Esq.
Board Chair

JUN 19 2014
Date

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

DRAFT

BUSINESS PLAN

for

FY2015

April 2014

HART staff participated in the City and County of Honolulu Mayor's Subcabinet on TOD. This Subcabinet brings together the directors and deputy directors of every city agency to identify ways to work together to enhance TOD facilities and break down silos that could exist between different municipal agencies. HART has also assisted DTS in a series of "walk audits" around station areas. Management from various municipal agencies go on-site to each station to identify opportunities for multimodal enhancements such as bicycle lanes, pedestrian cross walks, and improved connectivity.

Finances:

- HART will receive \$167 million in FY2014 from the FTA bringing total federal funding received to date for the HRTP to \$243 million. In February 2014, Congress passed and the President signed an appropriations bill, which contains another \$250 million for the project, the largest single appropriation for any project in the United States. This brings federal funds allocated to the project to \$806 million, more than half of the \$1.55 billion committed to the project in the Full Funding Grant Agreement (FFGA). The President's 2015 budget includes another \$250 million for the project, again, the largest amount for any New Starts project in the Country.
- Made enhancements to the agency's financial reporting to the HART Board and to the community thru the HART website. The monthly reports format and the agency's quarterly Balanced Scorecard were revamped and are distributed regularly.
- Completed the agency's second annual financial audit cycle, which yielded overall favorable conclusions and only one finding which was addressed. Issued the second annual financial statement for HART since becoming a semi-autonomous unit.
- GET collections in FY2014 are expected to total \$219 million bringing the total collected to date to \$1.248 billion which is \$27 million less than forecast in the June 2012 Financial Plan.
- Took aggressive action to minimize the cost impact of the construction suspension. Negotiations with the contractors affected are ongoing. While the exact impact of the suspension is not yet know, outstanding contractor change requests for all contracts from the start of the project are currently estimated to be between \$64 and \$120 million.

Organizational Development:

- In FY2014, 25 new staff persons were recruited to fill vacancies and continue the transition of consultant provided embedded staff in several positions to positions held by HART employees. These efforts are mindful of the need for HART to continue to have the technical capacity needed to carry out the largest public works project in Hawaii's history and to meet FTA requirements in accordance with the FFGA.
- Progress was made in building staff capacity in the Design and Construction Management Department to handle change management and oversee construction management activities during the coming years.
- Major steps were also taken to ramp up construction management support in preparation for the significant amount of construction that will occur during FY2015 to FY2017. Two CE&I firms were hired to assist HART construction management staff in overseeing work on the western and eastern half's of the alignment. In addition, the GEC contract was re-competed and a new firm brought on board to provide various engineering

From the information provided in the preceding chart, the total staff count in FY2015 remains unchanged from FY2014 at 139 FTEs. This was also the same level of staffing in FY2013. The chart shows the re-distribution of positions amongst functional areas that helps facilitate adding staff in the engineering and construction management function in response to the growing level of construction activity that HART will have in FY2015 and for the next several years while still maintaining a level amount of staff. The chart also shows that the number of PMC provided staff will decline by four positions in FY2015. This is consistent with the previously discussed Organizational Development Strategy.

The following table provides a breakdown of the reimbursements to other City departments included in the proposed FY2014 Budget:

City Department/Purpose	Amount
Corporation Counsel – Staff Salaries	\$611,978
Corporation Counsel – Current Expenses	40,314
Design & Construction – Staff Salaries	50,000
Budget & Financial Services – Staff Salaries	10,000
Fringe Benefits Associated with Above Salary Items	309,110
Adjustments	0
CASE – Central Administrative Services Expenditure	1,022,906
TOTAL	\$ 2,044,308

FY2014 Capital Budget

The FY2015 Capital Budget is made up primarily of expenses related to the design and construction of the H RTP consistent with the work planned for the year as described in the Work Program section of this Business Plan. The table below provides a summary comparison of the FY2015 planned expenditures by project budget component against the FY2014 budget. The FY2014 projected amounts presented in the table are preliminary; there will be adjustments made through August 2014 to record payable amounts.

Capital Budget Elements	FY2014 Budget	FY2014 Projected	FY2015 Budget
Consultant Services	\$19,731,900	55,346,822	\$26,989,500
Design Services & QA Audits	39,867,500	22,864,192	20,438,600
Programmatic Agreement	1,950,000	224,517	1,100,000
Utility Relocation	134,500,000	2,041,581	95,000,000
Construction, OCIP, Const. Mgmt. & Inspections	304,466,100	138,343,894	1,017,676,300
Core Systems & Equipment	425,907,000	38,702,795	0
Land Acquisition & Relocation	86,570,000	16,100,000	138,200,000
Public Art	1,975,000	0	0
Contingency & Recertification	325,470,800	107,280,000	261,000,000
TOTALS	\$1,340,438,300	\$380,903,801	\$1,560,404,400

While the purposes of most of the elements listed in the above table are generally self-explanatory, several are further described below:

- The Consultant Services expense category includes funding for: the PMC (\$6.70 million); GEC (\$8.85 million); consultants supporting the agency in real estate acquisition and relocation (\$0.38 million) and OCIP support (\$0.2 million); and consultant services supporting HDOT in the areas of traffic management, design review, state safety oversight, as well as HDOT labor costs (\$10.86 million total).
- The Design Services line item is for final design services related to the Pearl Highlands Parking Structure & Bus Transit Center and the UH-West Oahu Park-n-Ride and Hoopili Station; and Quality Audit Expenses.
- The Programmatic Agreement (PA) category covers funding for the Kakoo (independent PA project manager).
- The Public Art category provides funding for the Public Art Program to pay for art work to go at 23 locations on the project.
- The Contingency & Recertification provides allowances for Contingency drawdowns (\$161,000,000) and Contract Recertifications (\$100,000,000) during FY2015. Contract Recertifications occur on occasion to help manage cash flow during the fiscal year when invoices need to be paid prior to receiving debt proceeds and do not change the total contract value.

Debt Financing

Over the next several years HART's expenditure level on construction and other project implementation activities will ramp up significantly. Cash payouts to contractors will exceed available cash and new receipts from both the GET and FTA reimbursements under the FFGA. Consequently, it will be necessary for the City & County of Honolulu to issue short term debt to help meet the project's cashflow needs. This occurrence was anticipated in the HART Financial Plan and is consistent with the financial strategy described earlier in this section. As a result, in FY2015, HART expects to begin issuing this debt using short term commercial paper to take advantage of a favorable borrowing climate. HART staff is working with the Mayor and the City's Budget and Financial Services staff to develop a plan for issuing this debt which will be presented to both the HART Board and to City Council for approval. At this point, it is expected that the first issuance of debt will occur during the middle of FY2015 or following award of several major construction contracts per FY2015 procurement plans. The Financial Plan will be updated to reflect the exact nature of the debt issuance plan during the course of FY2015.

Project Risk Factors

Any public works project is subject to a variety of risks that can impact its schedule and budget. The HRTP is subject to such risks some of which are amplified because of Honolulu's geographic location far from the U.S. Mainland. Managing and protecting against risk factors is important to insure the successful completion of the HRTP. At this time, the project has the following risks that are not within HART's direct control but could impact both the project schedule and budget performance over the next several years:

- The significant level of construction currently on Oahu may impact the availability of skilled labor and the pricing of materials such as steel, copper and concrete
- The current level of construction and Oahu's remoteness from the mainland may impact the amount of competition that HART for upcoming construction contracts
- Delays in utility relocations and/or property acquisitions that delay construction work
- The possibility of interest rate increases that could impact debt service payments
- GET surcharge revenue receipts falling below the assumed rate of growth

The important thing is to recognize the existence of these risks and to take steps to minimize or protect against potential impacts to the maximum extent possible while carrying out the implementation of the H RTP.

DRAFT

HONOLULU RAIL TRANSIT PROJECT



APRIL 2014* MONTHLY PROGRESS REPORT

* Data Dates: Cost, Schedule, Risk 3/28; Other Activities 4/30

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

www.HonoluluTransit.org

PROJECT PROGRESS**Overall Progress:**

Project Progress Through March 28, 2014			
	Actual	Early Plan	Late Plan
Overall Project Progress*	22.7%	29.0%	23.6%
Overall Construction Progress*	12.7%	17.6%	13.7%
Overall Design Progress*	70.6%	83.3%	69.2%
Overall Utilities Progress	5.8%	15.3%	10.5%

*Current figures reflect adjustments to components of the budget baselines.

- There have been no project scope changes; the project scope continues to reflect the Final Environmental Impact Statement (FEIS), Record of Decision (ROD) and Full Funding Grant Agreement (FFGA).
- The Contract Packaging Plan (CPP) is being modified with certain facility design and construction work re-packaging.

Schedule:

- HART is implementing measures to maintain the March 30, 2019 full revenue service date (RSD), 10 months ahead of the January 31, 2020 FFGA RSD.
- HART continues to work with contractors to refresh the Master Project Schedule (MPS) as a result of the approximately 1-year construction delay.

FINANCIALS**Incurred Cost:**

- \$904.5M = Total Incurred Cost (actual expenditures plus approved requests for payment)
- \$19M = March 2014 incurred amount in costs (actual expenditures plus approved requests for payment)

Committed Amount:

- \$2.698B = Total Committed Amount (including awarded design contract allowances of \$5.9M, but excluding uncommitted contingencies and finance charges)

Authorized for Expenditure (AFE):

- \$1.922B = Total Amount AFE by way of Notices to Proceed (NTPs)
- \$6.3M = March 2014 total AFE increase as the result of issued Encumbrance and Adjustments

Project Contingency:

- \$608.2M = Current Project Contingency Balance
- \$0 = March 2014 drawdown to Project Contingency
- \$32.5M = Current Known Changes Balance
- There were no drawdowns from Known Changes Contingency from last period

Funding:

- \$1,355M = Total Cash Received Since Preliminary Engineering (PE)
- FFGA:
 - \$16.9M = the FTA's drawdown received in March 2014
- General Excise Tax (GET) Surcharge:
 - \$808.5M = amount received as of Q3, FY 2014, since the Project's entry into FTA's Preliminary Engineering phase of project development
 - \$1,187M = amount received since 2007
 - \$0 = the county's GET surcharge revenue received in March 2014

Project Revenue and Costs:

- \$436M = Cash Balance as of 3/31/14

2.3 Project Contingency (data as of March 28, 2014)

- \$608.2M = Current Project Contingency Balance
 - \$0 = March 2014 drawdown to Project Contingency
- There were no contingency drawdown during the March 2014 reporting period
- As of this reporting period, none of the executed change orders reduced the Baseline Budget Contingency amount below the buffer zone.
- \$32.5M = Current Known Changes Balance (down from the original amount of \$73.9M)
 - There were no drawdowns from Known Changes Contingency from last period.

*Current Contingency Balance = \$608.2M
(previous report = \$608.2M)*

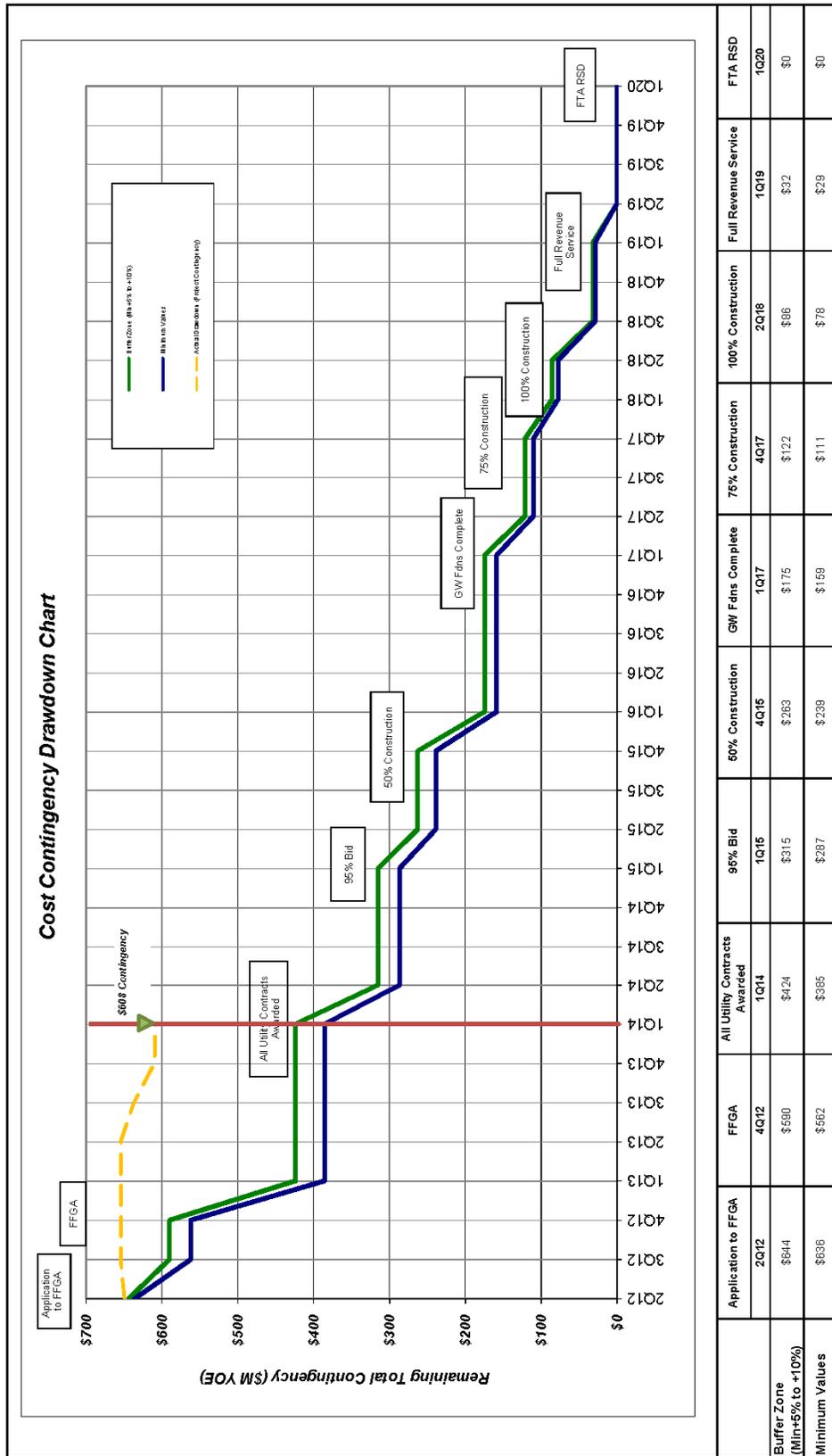
Figure 6. Project Contingency Budget

Project Contingency Budget		
Contingency	SCC Code	Budget (\$M)
Unallocated Contingency	90.01	\$101.9
Allocated Contingency	90.02	\$540.1
Allowances	90.03	\$1.6
Baseline FFGA Project Contingency Budget	90.01 - 90.03	\$643.6
Contingency Transfers to date	90.02 & 90.03	(\$35.4)
Current FFGA Project Contingency	90.01 - 90.03	\$608.2

Figure 7. FFGA Project Contingency Current Budget

FFGA Project Contingency Current Budget			
Report Month	Period Beginning: Current Budget Contingency (\$M)	Contingency Drawdown (\$M)	Period Ending: Current Budget Contingency (\$M)
	[a]	[b]	[c] = a + b
October '13 Monthly Progress Report	\$643.2	(\$6.1)	\$637.1
November '13 Monthly Progress Report	\$637.1	(\$22.1)	\$615.0
December '13 Monthly Progress Report	\$615.0	(\$5.0)	\$610.0
January '14 Monthly Progress Report	\$610.0	(\$0.3)	\$609.7
February '14 Monthly Progress Report	\$609.7	(\$1.4)	\$608.3
March '14 Progress Report	\$608.3	(\$0.1)	\$608.2
April '14 Monthly Progress Report	\$608.2	\$0.0	\$608.2

Figure 8. Draft Cost Contingency Drawdown Chart



Note: Cost contingency details and contingency management are discussed in further detail in Appendix C.

2.4 Project Funding (data as of March 28, 2014)

Figure 9. Planned vs. Received Project Funding

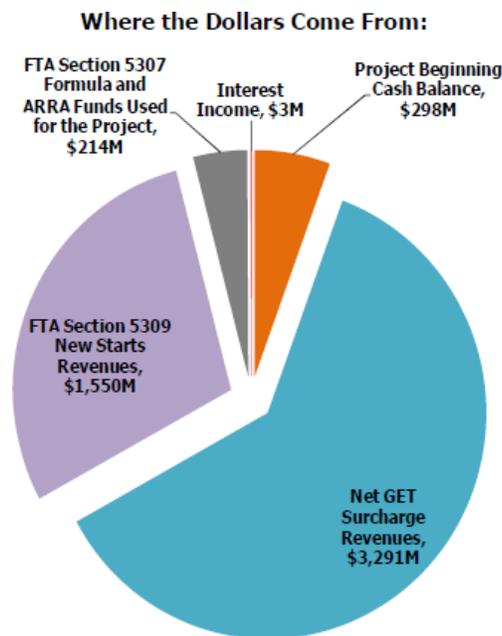
Planned vs Received Project Funding				
Funding Source	Pre-FFGA Project ¹	FFGA Project Period		Total Project
	2007 - 2009 Actuals Received	Planned ² (\$YOE M)	2009 - Present Actuals Received	2007 - Present Actuals Received
	[A]		[B]	[C] = A + B
Beginning Project Cash Balance ³	0	298	298	298
Interest Income on Cash Balance	7	3	2	9
FTA Section 5309 New Starts Revenue	0	1,550	243	243
FTA Section 5307 Formula Funds	0	210	0	0
ARRA Funds	0	4	4	4
Net General Excise Tax (GET) Surcharge revenues FY2010-FY2023	378	3,291	808	1,186
Total	385	5,356	1,355	1,740

¹ GET and Interest Income received during Pre-Preliminary Engineering (pre-PE) phase prior to entry into PE.

² FFGA Financial Plan, Table A-1 Capital Plan Cash Flows .

³ Beginning Project Cash Balance at Entry into Preliminary Engineering (PE) on October 16, 2009 (the FFGA Project start date) = GET, investment and miscellaneous income minus pre-PE expenditures.

Figure 10. Project Funding Sources (YOE \$M)



Source: FFGA Financial Plan, p. 2-1

- General Excise Tax (GET) Surcharge
 - \$808.5M = amount received as of Q3, FY 2014, since the Project’s entry into FTA’s Preliminary Engineering phase of project development.
 - \$844M = Projected Net GET Surcharge Revenue for FYs 2010-2014, as stated in FFGA Financial Plan (Table A-1 *Capital Plan Cash Flows*)
 - \$0 = GET surcharge received in March 2014.
- Full Funding Grant Agreement (FFGA)
 - \$17M = New Starts drawdowns received in March.

Total Cash Received Since PE = \$1,355M
(previous report = \$1,338M)

GET Received Since PE = \$808.5M
(previous report = \$808.5M)

GET Received Since 2007 = \$1,187M
(previous report = \$1,187M)

Figure 11. New Starts Drawdown by Federal Fiscal Year

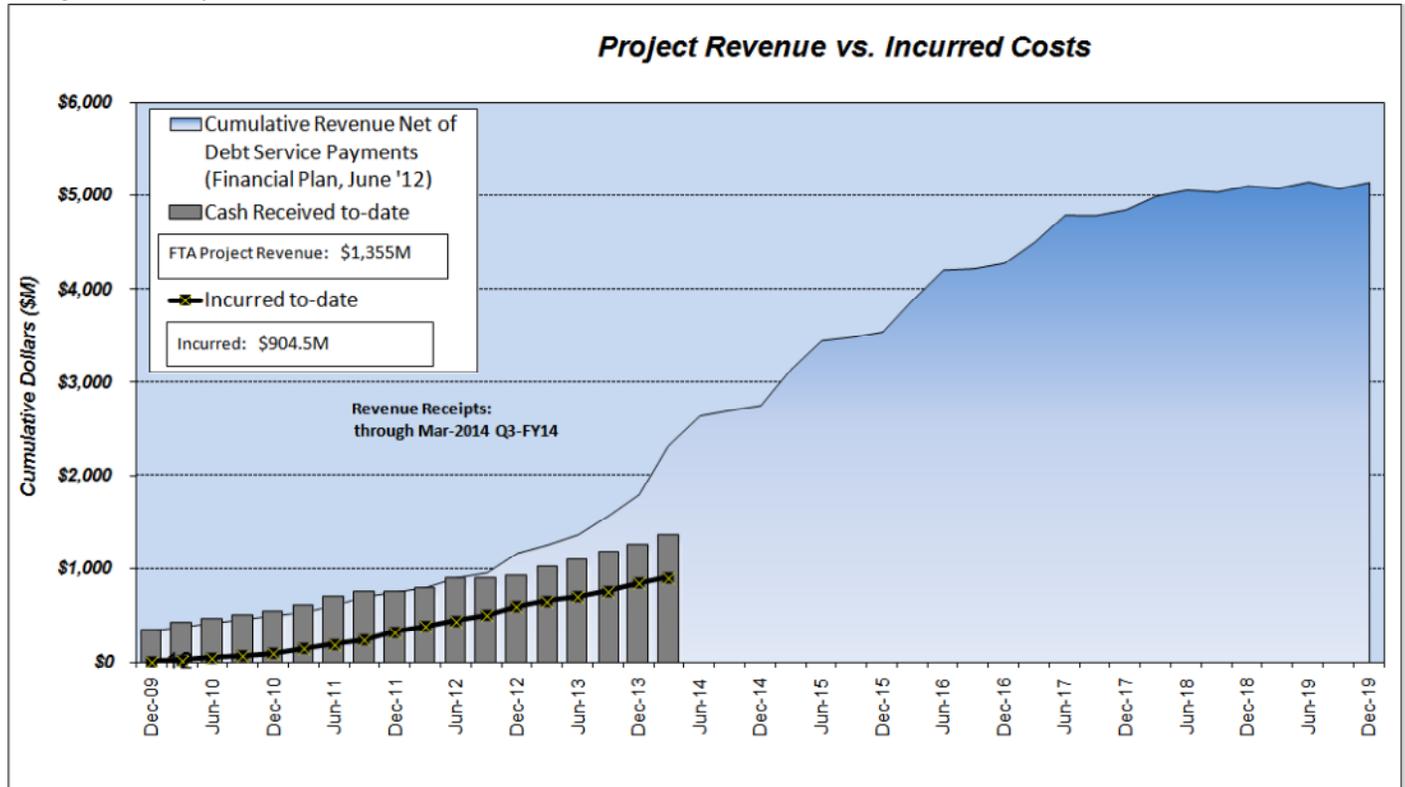
New Starts Drawdown by Federal Fiscal Year			
Federal Fiscal Year Allocation	Obligation Amounts	Drawdown Amounts	Available Balance
2008	\$15,190,000	\$15,190,000	\$0
2009	\$19,800,000	\$19,800,000	\$0
2010	\$30,000,000	\$30,000,000	\$0
2011	\$55,000,000	\$55,000,000	\$0
2012	\$200,000,000	\$122,738,945	\$77,261,055
2013	\$236,277,358	\$0	\$236,277,358
2014 (pending)	\$250,000,000	\$0	\$250,000,000
Total	\$806,267,358	\$242,728,945	\$563,538,413

2.5 Project Revenue and Costs

(data as of March 28, 2014)

Ending Cash Balance 03/31/14 = \$436M
(previous report = \$452M)

Figure 12. Project Revenue versus Incurred Costs



Planned Funding levels as per the June 2012 FFGA Finance Plan
Data date for Revenue & Incurred Cost = Mar 28, 2014

Figure 13. Cash Balance Summary

MARCH 2014 CASH BALANCE SUMMARY		
	March	YTD Cumulative
Beginning Cash Balance	452,467,813	393,709,711
Expenditures:		
Operating Expenditures	(1,329,976)	(12,129,036)
Capital Expenditures	(31,825,346)	(202,623,100)
Expenditures Total:	(33,155,322)	(214,752,136)
Receipts:		
GET Surcharge	0	157,638,527
FTA Drawdown	16,950,076	98,891,481
Interest	22,889	227,434
Other (rental, refunds, copy fees, etc.)	50,720	621,160
Receipts Total:	17,023,685	257,378,601
Ending Cash Balance 03/31/14	436,336,177	436,336,177

Note: Project Cost Reports can be found in Appendix D.

Appendix C. Project Contingency Management General Background and Clarifications

The FFGA Baseline Budget for Project Contingency is approximately \$643.6M and consists of the following elements:

- 1) Unallocated Contingency – Reserve contingency to address unknown changes to the Project and not currently allocated to a particular work package.
- 2) Project Allocated Contingency – Contingency allocated to each work package to address potential uncertain changes within each respective work package.
- 3) Allowance – A reserve designated for Final Design contracts and committed under the contracts.

Current Contingency Balance = \$608.2M

Current Known Changes Contingency = \$32.5M

The \$643.6M Baseline Budget for Total Project Contingency does not include amounts for Known Changes yet to be finalized at the time the Bottom-Up Estimate (BUE) was prepared.

As the project progresses, budget savings will be realized due to a combination of favorable contract awards and through contract savings methods, such as contract re-packaging, and those savings will be transferred into contingency absorbing the cost of AIS related change orders. Project Contingency will continue to be drawdown as the project progresses. The following list details ways in which contingency can either increase or decrease:

- 1) The budgeted amount for a contract package is either lower or higher than the actual executed contract amount. Contingency will increase if the budgeted amount is higher than the actual contract amounts which results in a budget surplus, and vice versa if the budgeted amount is lower.
- 2) Increase of a contract amount through the execution of a change order or contract amendment. Contingency is decreased and transferred to the appropriate SCC.
- 3) Transfer of work scope, e.g. utility relocation, between contract packages through a change order. The scope value from one contract is decreased and transferred to Contingency. Contingency is then decreased by the same scope value and transferred to the other contract. Contingency is used as a “holding account” in this instance.
- 4) Revisions to contract packaging. It is anticipated that the consolidation of future contract packages into a single contract package would result in a budget savings due to the resulting efficiencies from reducing redundant overhead costs. Budget savings would be transferred to Contingency.
- 5) Utilization of allowance in design contracts. The allowance amount to be utilized will decrease this contingency category and will be transferred to the appropriate SCC.

Changes Identified and Project Performance

HART and the PMOC continue to hold a monthly breakout session to review changes being considered for each contract. Changes are tracked by four categories which are determined by how well defined a change is and are summarized as Changes Identified in Project Cost reports. HART continually manages the strategy to avoid or mitigate as well as plan the timing of any potential changes. Breakout session discussions focus on opportunities to reduce costs and accelerate contract-scheduled activities to attain key milestones earlier than targeted. The session concludes with an overview of the cost and schedule drawdown curves, if and when changes might occur, in order to assess project performance against total project contingencies and buffer float.

The Risk and Contingency Management Plan (RCMP) is complete. It is consistent with the FFGA submittals, including the CPP, MPS, Project Budget and Financial Plan. The RCMP includes cost and schedule contingency drawdown curves, which establish minimum and buffer zone levels of cost and schedule contingency in accordance with FTA recommendations. Over the course of the project, if the cost or schedule contingency trend into the buffer zone (the area above the minimum contingency), Project Management will immediately implement actions to maintain the level of contingency appropriate for the project stage.

Known Changes Contingency

Known Changes, though tracked separately from the Project Contingency established under the FFGA, functions like contingency and is designated as SCC 90.07 on project cost reports. In re-baselining the Project Budget for FFGA, a bottoms-up estimate (BUE) was developed for each work package identified in the CPP based on the level of design and current pricing of material, equipment, construction labor, professional services, real estate and all other costs. These revised estimates took into account the reduction of contingency to reflect the advancement of Final Design since the Preliminary Engineering phase. Contingency was then allocated in accordance with FTA guidelines and current risk modeling methodologies. The net effect was a reduction of approximately \$170M of contingency between the previous Final Design Project Budget and the FFGA Project Budget. Included in the base costs of the BUE were elements that were considered “Known” or pending changes that were still subject to final negotiations with contractors and the execution of change orders. The estimated costs for Known Changes were applied to work packages established under the FFGA. Based on the level of risk, the estimated costs for Known Changes were either classified as base cost or as separate contingency for specific work packages (contingencies eventually convert to base costs via change order). Of the total \$170M estimated for Known Changes, \$97M was classified as base cost and allocated to multiple contracts. The remaining \$74M was classified as “contingency” in order to process all changes using a consistent methodology of transferring budget from contingency to the appropriate base cost code when a change order is executed. As it was intended for this reserve, the majority of the change orders executed since the BUE draws against this contingency since these were partially defined already.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
VICE CHAIR

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Robert Bunda
Michael D. Formby
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William "Buzz" Hong
Keslie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

Board of Directors Meeting
Kapolei Hale, Conference Room B
1000 Uluohia Street
Kapolei, Hawaii 96707
Thursday, June 19, 2014 9:00 am

Agenda

- I. Call to Order by Chair
- II. Public Testimony on All Agenda Items
- III. Approval of the Minutes of the May 15, 2014 Board of Directors Meeting
- IV. Presentation on Right of Way Recovery Plan
- V. Discussion of Proposed Limited Meeting
- VI. Adoption of Executive Director and CEO's Evaluation
- VII. Discussion of Chair's Annual Report to the Mayor and City Council
- VIII. Adoption of FY2015 Business Plan
- IX. Adoption of FY2015 Operating and Capital Budgets
 - A. Public Hearing
 - B. Decision-making
- X. Discussion of the May Monthly Progress Report
- XI. Quarterly Balanced Scorecard Update
- XII. Construction and Traffic Update
- XIII. Executive Director and CEO's Report
- XIV. Election of Board Officers, Effective July 1, 2014
- XV. Executive Session

Pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4), the Board may enter into Executive Session to consult with its attorneys on questions and issues on a matter pertaining to the Board's powers, duties, privileges, immunities and liabilities.
- XVI. Adjournment

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulultransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



**Board of Directors Meeting
Kapolei Hale, Conference Room B
1000 Uluohia Street
Kapolei, Hawaii 96707
Thursday, June 19, 2014 9:00 am**

MINUTES

PRESENT:

Donald Horner	William "Buzz" Hong
Michael Formby	Carrie Okinaga
George Atta	Ivan Lui-Kwan
Keslie Hui	Damien Kim
Ford Fuchigami	Robert "Bobby" Bunda

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

Daniel Grabauskas	Lorenzo Garrido
Brennon Morioka	Russell Honma
Diane Arakaki	Gail Jennings
Michael McGrane	Allison Andrade
Duane Sayers	Cindy Matsushita
David Sagherian	Joyce Oliveira
Gary Takeuchi	Andrea Tantoco
Joyce Oliveira	Karley Halsted

I. Call to Order by Chair

HART Board Chair Ivan Lui-Kwan called the meeting to order at 9:01 a.m.

II. Public Testimony on All Agenda Items

Mr. Lui-Kwan called for public testimony. There was none.

III. Approval of the Minutes of the May 15, 2014 Board of Directors Meeting

Mr. Lui-Kwan called for the approval of the minutes of the May 15, 2014 meeting of the Board of Directors. There being no objections, the minutes were approved as circulated.

Mr. Lui-Kwan welcomed Interim State Department of Transportation (HDOT) Director Ford Fuchigami, the newest member of the HART Board of Directors. Mr. Fuchigami stated that he most recently headed HDOT's Airports Division, and had worked with HART Deputy Executive Director Brennon Morioka on the Airport station.

IV. Presentation on Right of Way Recovery Plan

HART Executive Director and CEO Daniel Grabauskas said that due to the injunction on real estate activities which had been lifted in February, the rail project was now faced with a compressed schedule.

HART Director of Planning and Right of Way (ROW) Elizabeth Scanlon introduced Deputy Director of ROW Morris Atta and Assistant Deputy Director of ROW Dean Yogi, who would be presenting the ROW Recovery Plan, a copy of which is attached hereto as Attachment A. Mr. Yogi stated that he had performed property acquisitions, appraisals and relocations with HDOT for 35 years, and had also worked for the City and County of Honolulu in property acquisitions.

Ms. Scanlon stated that once the federal injunction was lifted on February 18, 2014, ROW acquisition efforts were accelerated. The goal was to obtain site control of all remaining 146 properties by the end of the year. HART would achieve that by increasing staff, information management tools, the utilization of consultant support, and working closely with property owners and the community. HART would balance respect for property owners with the project schedule and budget, and noted the changing real estate market.

She noted that of 213 total properties needed, 67 had already been acquired, leaving 146 properties remaining. Of those properties, 90% are in the City Center section, one-third are in the Dillingham section (where activities started the previous year with the partial lifting of the injunction). Less than 12 properties were in the Airport section.

Mr. Grabauskas said that HART was in discussion with landowners for almost all properties. Board member Donald Horner requested that more detailed information on pending properties be shown, such as partial and full takes. Mr. Atta noted that the pending properties were subject to change, depending on final design, and noted that a few properties were not originally included in the FEIS.

Mr. Horner requested the budget for acquired properties versus what was spent. Mr. Grabauskas noted that HART was under budget for the acquired properties. He said that staff would provide information on property owners, tax map key, square footage, and description of parcels. Staff would also provide a breakdown of parcels already acquired and budget vs. actual.

Mr. Atta said that of the 67 acquired parcels, 38 were owned by the government. Of those still to be acquired, 29 are owned by the government. Of the remaining properties to be acquired, there are instances where multiple properties are owned by a single landowner. He said that most of those remaining properties are partial acquisitions.

Mr. Horner noted that he had received many inquiries about the Blood Bank, and noted that HART must follow many rules in acquiring properties because of the monies involved. He noted that real estate was not a large item in HART's budget, relatively speaking.

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Mr. Lui-Kwan asked how difficult acquiring the properties by the end of the year would be. Mr. Grabauskas said that there are some parcels identified as important and/or difficult, but that access would be required for construction.

Mr. Horner asked if there was a contingency for real estate acquisitions. Ms. Scanlon said that there was no line item for real estate contingency, but that a portion of the budget had been set aside for contingency. Mr. Atta said that for the 67 parcels already acquired, HART was under budget by approximately \$5 million.

Board member Robert "Bobby" Bunda asked how many properties are owned by government entities. Mr. Atta said that of the remaining properties, only 29 are government owned. Ms. Scanlon added that on the west side, there were more public owners, whereas the owners on the east side were mostly private.

Mr. Horner noted that most of the alignment would go through City or State streets, so takings would be mainly limited to where the columns touched down. Mr. Grabauskas said that many acquisitions would be strip takings of perhaps a few feet, to accommodate road widening because of column construction where there is no median. Ms. Scanlon noted that strip takings take as much time and effort as full takes.

Board member Carrie Okinaga noted that as a parcel by parcel budget analysis would give away HART's negotiating position, she suggested a sum total by segment. She asked if all of the identified property owners had been notified of the acquisition, and Mr. Atta confirmed that all property owners for parcels in the FEIS had been notified. However, there were a handful of properties not in the FEIS that are in the process of being notified.

Mr. Horner asked of the 67 acquired parcels, how many had been acquired by eminent domain. Ms. Scanlon said that none had, although eminent domain proceedings had been instituted in two parcels. Mr. Grabauskas added that when the original alignment had been designed, all property owners had received notification letters. However, refinement of the design resulted in additional properties being identified, as well as removal of some properties from the list. For instance, HART was able to design around a building owned by Howard Hughes, which resulted in a significant savings.

Board member Michael Formby asked whether it was necessary to record acquisitions with the Department of Land and Natural Resources. Ms. Scanlon said that the objective would be site control. Mr. Formby noted the impact that construction delay costs would have to the project.

Ms. Scanlon reviewed the recovery schedule for the Board, and noted the potential for eminent domain when there was disagreement over value, title issues, or for schedule preservation. She said that although eminent domain would be a possible mitigation strategy for schedule preservation, HART would continue negotiations with landowners throughout the process. The work plan for acquisition includes rights of entry, concurrent surveys and appraisals, and the judicious use of eminent domain. Ms. Scanlon said that HART and the City Corporation Counsel was examining the utilization of voluntary use and occupancy agreements, which would exchange irrevocable rights of entry for a percentage of the offer value. In Texas, where these agreements had been employed successfully, up to 90% of the

offer value has been tendered; HART was examining an appropriate use of this approach for the rail project. She noted that this mechanism does not waive eminent domain rights.

The work plan for relocation involves early initiation and working with the party to be relocated every step of the way and providing support. Mr. Atta added that business occupants are entitled to moving expenses, as well as a \$2,500 search fee reimbursement for locating replacement property. Also available is a \$10,000 benefit for marketing and reestablishing the business.

Ms. Scanlon said that the increased effort would be accomplished with increased staffing. There would be a total of six acquisition agents, and a total of seven relocation agents. Three more temporary clerical staff would be added, as well as survey mapping and appraisal consultant support. Many positions would be local, but some would be from the mainland, because of the need for expertise in the federal acquisition and relocation process. HART would also utilize its consultant's web-based information management tool, which would enable coordination and efficiency at a low cost.

The overall project ROW budget is \$222 million, with \$61 million already spent, and \$161 million remaining.

Mr. Horner asked if the administrative costs were capitalized. Mr. Grabauskas said they were, as they were part of the project budget, not the operating budget.

Board member William "Buzz" Hong asked if the additional ROW staff would enjoy government benefits. Mr. Atta replied that the additional positions would be employees of HART's real estate consultant. Mr. Horner asked if those additional amounts would come before the Board as a change order, and Mr. Grabauskas said the Board would see that change order the following month. Ms. Scanlon noted that the contract amendment for the real estate consultant was estimated at \$3.5 – 5 million. Mr. Hong asked if that amount would come from the contingency. Ms. Scanlon said that was still being discussed. Mr. Horner asked to see a breakdown of the cost when it is presented to the Finance and Project Oversight Committees. Ms. Okinaga said that the number of expected condemnations should be discussed with the Corporation Counsel department. Mr. Grabauskas agreed, and said that HART had been in communication with the Federal Transit Administration (FTA) as well, as appraisals valued over \$500,000 would need to be reviewed by the FTA.

Mr. Hong asked whether efforts under the recovery would end in March 2015. Mr. Atta replied that the end date would depend on how many contested acquisitions were involved. Mr. Hong asked what the contested time frame was. Deputy Corporation Counsel Gary Takeuchi said there are many different factors involved, so there is no "normal" length of time for the process. Mr. Grabauskas said that the Board would hear monthly ROW updates.

Mr. Hong asked if any residential parcels would be acquired. Mr. Atta replied that there are possible residences in business properties that are under consideration for acquisition. Mr. Hong asked for updates on those residences. Mr. Atta agreed, and clarified that the potential acquisition is a business, but that it was recently discovered that people were living there. The parcel was originally identified as a partial take, but could be converted to a full take because of the magnitude of impact to the landowner and the business. Mr. Horner noted that

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HART was taking the minimum amount of land required for the project. He asked for a separate line item for excess land and revenue.

Mr. Lui-Kwan commended Ms. Scanlon, Mr. Atta and Mr. Yogi on the detailed plan. He called for public testimony.

Russell Honma provided testimony congratulating Mr. Fuchigami on his new position, as well as on the possible rail extension to the University of Hawaii.

V. Discussion of Proposed Limited Meeting

Mr. Lui-Kwan stated that the full Board would discuss a tour of the sites of the guideway and 21 stations, including construction sites. He said that section 92-3.1 of the Sunshine Law specifies that limited meetings are possible if the meeting is necessary but the location is dangerous to health or safety, or if an on-site inspection is necessary and public attendance is impractical. Mr. Bunda stated that the recent virtual tour given by HART Director of Design and Construction Lorenzo Garrido clarified many issues for him. Mr. Grabauskas stated that seeing the station sites would make it easier for Board members to conceptualize what is underway and planned.

Ms. Okinaga asked if the limited meeting rule was a recent amendment to the Sunshine Law. Mr. Takeuchi said that it was not recent, and is in place so that in some situations limited meetings can occur when the requisite determinations are made by Sunshine Law bodies. Once the Board determines the need for such a meeting, the Office of Information Practices would then be consulted. Mr. Lui-Kwan said that the determination would be an action item for the next meeting.

VI. Adoption of Executive Director and CEO's Evaluation

Ms. Okinaga said that the Executive Director and CEO's evaluation report documents the evaluation discussion that occurred at a prior meeting. A copy of the evaluation report is attached hereto as Attachment B. Ms. Okinaga noted that the future performance objectives were not being voted on.

Ms. Okinaga moved for adoption of the evaluation, and Mr. Bunda seconded the motion. All being in favor, the motion carried unanimously. Ms. Okinaga noted that Mr. Grabauskas had authorized the release of the evaluation report following its adoption.

VII. Discussion of Chair's Annual Report to the Mayor and City Council

Mr. Lui-Kwan said that the Revised Charter of the City & County of Honolulu requires that the Board make an annual report to the Mayor and the City Council. The reporting period will be July 1, 2013 to June 30, 2014. A draft report would be circulated, and the report would be finalized at the next meeting, for submission to the Mayor and City Council.

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VIII. Adoption of FY2015 Business Plan

Mr. Grabauskas said that following the previous Board meeting, members' comments were incorporated into the draft FY15 Business Plan. A copy of the Business Plan is attached hereto as Attachment C.

Mr. Lui-Kwan called for a motion for adoption of the Business Plan. Mr. Hong so moved, and Board member Damien Kim seconded the motion. All being in favor, the FY15 Business Plan was unanimously adopted.

IX. Adoption of FY2015 Operating and Capital Budgets

- A. Public Hearing
- B. Decision-making

Mr. Horner said that the Charter specifies that the Board approve the operating and capital budgets, both of which had been submitted to the City Council for input. He stated that there had been public hearings before the HART Finance Committee and the City Council. Mr. Horner expressed his concern that the Board of Directors needed more information than a resolution to adopt the FY15 budgets. A copy of the resolution is attached hereto as Attachment D.

HART Chief Financial Officer Diane Arakaki stated that the Finance Committee had approved the budgets, which had not changed. Mr. Horner said that the full Board had not yet seen the information. Mr. Formby agreed. Board member Keslie Hui said that the budget had been in process for several months, at HART, then at the City Council. Mr. Bunda also recalled that the HART Finance Committee had held a public hearing.

Mr. Lui-Kwan called for a recess at 10:24 for copies of backup budget documentation to be made.

The meeting resumed at 10:34.

Mr. Hui noted that Exhibits A and B to the resolution were the operating and capital budgets, with the same figures as presented to the HART Board of Directors in November 2013.

Mr. Lui-Kwan opened the public hearing. There was no testimony. Mr. Lui-Kwan closed the public hearing.

Mr. Hui moved for adoption of Resolution 2014-1 with the addition of the exhibits. Mr. Horner seconded the motion, which carried unanimously.

X. Discussion of the May Monthly Progress Report

Mr. Grabauskas introduced HART Project Controls Manager David Sagherian, who would be presenting highlights of the May Monthly Progress Report, a copy of which is attached hereto as Attachment E.

Mr. Sagherian said that the May report includes requested appendices. For instance, page 77 included information on change order drawdowns. Pages 98 – 99 include indices for key commodities.

In construction, the hundredth column was erected the previous week. Forty percent of the columns and 50% of the foundations in the first ten miles of the alignment were complete, with four spans of guideway erected.

Mr. Hui asked about the blue line on the commodities indices, and Mr. Sagherian said that the blue line represents January 2009 prices. He noted that contracts contain a 10 percent margin for fluctuation in price.

Mr. Horner asked how many commodities the indices cover, and Mr. Sagherian replied that all commodities were covered. Mr. Horner noted that asphalt prices were not included. Mr. Garrido clarified that the indices represent contracts priced by Kiewit. He stated that if a commodity fluctuated between zero and ten percent, there would be no adjustment for the contractor under the contract, and HART could seek a credit. The contractor would be entitled to an adjustment for any fluctuation above ten percent.

Mr. Horner asked about the steel change order approved by the Board two years prior. Mr. Garrido said that the contract for the entire 20 miles of steel did not include an index reference, so HART paid for the entire increase in price. Mr. Grabauskas confirmed that risk has been eliminated, and that HART has received all the steel. He agreed that asphalt was a commodity that should be tracked.

Mr. Hui suggested including data that reflects the difference in commodity prices at the time of the Full Funding Grant Agreement versus present prices, and how HART was dealing with the difference. He also suggested showing the risks for existing contracts, and future contracts. Mr. Grabauskas stated that staff would discuss how best to represent that data, perhaps including the budgeted amount, engineer's estimate, and actual marketplace price. He said that risks are continually evaluated.

Mr. Horner said that the elimination of the 10% cushion must be quantified. He asked when the agency's risk assessment would be presented, and Mr. Grabauskas said it would be presented in July, and that commodity prices would be part of the presentation. Board member Damien Kim asked when construction would catch up to the schedule. Mr. Garrido said that he expected HART to approach the planned schedule in the fall. Mr. Formby asked about the risk of the traction power sub station. Mr. Garrido said that the issue related to coordination with Hawaiian Electric Co. and service delivery, which is a critical item.

Mr. Horner asked about the \$400,000 figure under Disadvantaged Business Enterprise (DBE) on page 65. Mr. Grabauskas said that was the amount paid to DBE companies, as each contract has a DBE goal. He reminded the Board that prior to the execution of the FFGA, the DBE goal was 3.5%, and approximately half of the outstanding contracts were let under that standard. However, contracts currently being let follow the current program DBE goal of 13%. He noted that the Industry Day forums were designed to pair up small local businesses with large contractors.

Ms. Okinaga questioned the utility of the quarterly balanced scorecard, since the monthly progress report provides the most updated information. Mr. Horner said that the balanced scorecard was needed while the project was in construction. Mr. Grabauskas said one benefit of the balanced scorecard was for historic documentation, and he expected that when the project is in operations, the monthly reports would continue. Mr. Grabauskas reported that GET surcharge revenues for the first quarter of 2014 were \$43 million, and that the second quarter figures would be expected in the next few weeks. Page 16 indicates that the total GET surcharge revenues are \$28 million less than planned, which is an improvement over previous quarters.

Mr. Hong asked about the status of the nine station group construction procurement. Mr. Garrido said it was in progress and should be completed by September. Bids close in August. Mr. Grabauskas added that in addition, the Pearl Highlands parking garage procurement would occur in two steps: qualification and procurement. The Airport/City Center guideway procurement would begin in July. The construction procurement for the four Airport stations would go out in October or November of 2014. In 2015, the eight City Center stations construction procurement would occur.

Mr. Horner asked if the Airport stations package would include access ramps to the airport. Mr. Garrido said the ramps would be included in the second ten miles of guideway. Mr. Hong asked how much savings HART would realize by bundling the station contracts. Mr. Garrido said he would provide that information to Mr. Hong.

XI. Quarterly Balanced Scorecard Update

Mr. Grabauskas solicited comments and questions from the Board members, and noted that the data is as of a couple of months ago. There were no questions or comments. A copy of the Balanced Scorecard is attached hereto as Attachment F.

XII. Construction and Traffic Update

Mr. Garrido introduced West Oahu/Farrington Highway (WOFH) Project Manager Karley Halsted, HART Information Specialist Scott Ishikawa, and Kiewit's Allison Andrade, who would present on the status of construction and traffic. A copy of the presentation is attached hereto as Attachment G.

Mr. Garrido reported that at the Maintenance and Storage Facility, progress continued on the Operations and Service Building and Maintenance of Way buildings, as well as on utilities. Ms. Halsted reported that in the WOFH section, over 500 precast guideway segments had been completed. Mr. Hui asked how many segments were expected to be cast, and Ms. Halsted said 5,200 segments would be needed for the first ten miles. She reported that utilities were 40% done in the WOFH section, and that the north access underpass was up. She reported that shaft and column work continued. The footing had been poured for the balanced cantilever, and the column rebar cage had been erected. Mr. Bunda asked how high the balanced cantilever would be, and Ms. Halsted said she would get that information to the Board. Segment erection continued in Hoopili, and shaft work continued for the Hoopili station.

Ms. Halsted reported that in the Kamehameha Highway Guideway (KHG) section, crews were demobilizing after finishing test shaft 12. Work on test shaft 15 continued, along with utility and roadway widening work. She reported that Kiewit was utilizing crash trucks at work sites to increase jobsite safety.

Mr. Ishikawa reported that HART had received no complaints regarding the Farrington Highway closure or the Fort Weaver Road detour.

Ms. Andrade reported on closures on Farrington Highway and Kamehameha Highway for balanced cantilever construction, utility relocation, and test shaft work.

HART Deputy Executive Director Brennon Morioka provided a briefing on traffic coordination with other government entities, as work on the rail project was scheduled concurrently with other road work. Mr. Morioka said that weekly traffic mitigation meetings were being held with stakeholders from the City Department of Transportation Services, the State Department of Transportation (HDOT), and HART. Other stakeholders would be included in the future as needed. In addition to coordination, the group focused on sharing work zones and minimizing work areas. Mr. Morioka said that an HDOT employee was co-located in HART's Waipahu field office for coordination purposes.

Mr. Formby expressed his appreciation for the open communication between entities.

XIII. Executive Director and CEO's Report

Mr. Grabauskas reported that HART staff would be making a presentation on risk mitigation in July. The presentation would include information on commodities and the escalation of costs due to lawsuits.

He reported his attendance at the American Public Transportation Association rail conference that month. Mr. Grabauskas said he made presentations at two forums, and attendees expressed much interest in the project because of its driverless technology.

Mr. Grabauskas reported on two recent milestones: the erection of the hundredth column, and the erection of the first guideway spans.

Mr. Grabauskas reported on gifts made to the rail project, which included the subsidy of a trip to London for him to speak at the MetroRail conference, as well as donations for the Art with HART anti-graffiti project. Mr. Grabauskas then screened a video of the Art with HART project, which transformed a HART-owned building that was the target of vandalism into a work of art. High school students from three local schools participated in the project to paint a mural depicting their community.

XIV. Election of Board Officers, Effective July 1, 2014

Mr. Lui-Kwan said that the Board of Directors' Rules and Operating Procedures at rule 2.2A require the annual election of Board officers. He invited motions for the nomination of Chair and Vice Chair for FY15.

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Mr. Kim made a motion for Mr. Lui-Kwan to be re-elected as Board Chair. Mr. Bunda seconded the motion. All being in favor, the motion carried unanimously.

Mr. Horner voiced his appreciation of Mr. Lui-Kwan's leadership. He opined that a two-year term was preferable to a one-year term, and Board member George Atta agreed.

Mr. Formby made a motion to re-elect Mr. Horner as Vice Chair. Mr. Hong seconded the motion. Mr. Lui-Kwan acknowledged Mr. Horner for his efforts regarding HART's debt financing, and expressed his appreciation for their partnership in the previous year. Mr. Horner acknowledged the work of Gary Kurokawa and Nelson Koyanagi of the Department of Budget and Fiscal Services. Ms. Okinaga thanked both Mr. Lui-Kwan and Mr. Horner for their leadership, and for keeping the Board engaged and in communication with Mayor and City Council. The motion carried unanimously.

XV. Executive Session

There was no need for executive session.

XVI. Adjournment

Mr. Lui-Kwan adjourned the meeting at 11:45 a.m.

Respectfully Submitted,


Cindy Matsushita
Board Administrator

Approved:


Ivan Lui-Kwan, Esq.
Board Chair

AUG 14 2014

Date

HART

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Right- of- Way Budget

Budget	Expended	Remaining
\$222,188,386	\$61,157,437	\$161,030,949

- Challenge to stay within budget

Contract Amendment to Fund the Recovery Plan: July Board Meeting

■ Reason for Amendment

- Increased temporary consultant staffing support to meet new schedule demands
 - ✓ Adding acquisition and relocation agents
 - ✓ Other direct costs
- Increased other support services, such as appraisers; accelerated processing
- Enhanced and accelerated data management
- **Estimated Cost of Amendment: \$3.5M- \$5M**

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BUSINESS PLAN for **FY2015**

April 2014

HART staff participated in the City and County of Honolulu Mayor's Subcabinet on TOD. This Subcabinet brings together the directors and deputy directors of every city agency to identify ways to work together to enhance TOD facilities and break down silos that could exist between different municipal agencies. HART has also assisted DTS in a series of "walk audits" around station areas. Management from various municipal agencies go on-site to each station to identify opportunities for multimodal enhancements such as bicycle lanes, pedestrian cross walks, and improved connectivity.

Finances:

- HART will receive \$167 million in FY2014 from the FTA bringing total federal funding received to date for the HRTP to \$243 million. In February 2014, Congress passed and the President signed an appropriations bill, which contains another \$250 million for the project, the largest single appropriation for any project in the United States. This brings federal funds allocated to the project to \$806 million, more than half of the \$1.55 billion committed to the project in the Full Funding Grant Agreement (FFGA). The President's 2015 budget includes another \$250 million for the project, again, the largest amount for any New Starts project in the Country.
- Made enhancements to the agency's financial reporting to the HART Board and to the community thru the HART website. The monthly reports format and the agency's quarterly Balanced Scorecard were revamped and are distributed regularly.
- Completed the agency's second annual financial audit cycle, which yielded overall favorable conclusions and only one finding which was addressed. Issued the second annual financial statement for HART since becoming a semi-autonomous unit.
- GET collections in FY2014 are expected to total \$219 million bringing the total collected to date to \$1.248 billion which is \$27 million less than forecast in the June 2012 Financial Plan.
- Took aggressive action to minimize the cost impact of the construction suspension. Negotiations with the contractors affected are ongoing. While the exact impact of the suspension is not yet know, outstanding contractor change requests for all contracts from the start of the project are currently estimated to be between \$64 and \$120 million.

Organizational Development:

- In FY2014, 25 new staff persons were recruited to fill vacancies and continue the transition of consultant provided embedded staff in several positions to positions held by HART employees. These efforts are mindful of the need for HART to continue to have the technical capacity needed to carry out the largest public works project in Hawaii's history and to meet FTA requirements in accordance with the FFGA.
- Progress was made in building staff capacity in the Design and Construction Management Department to handle change management and oversee construction management activities during the coming years.
- Major steps were also taken to ramp up construction management support in preparation for the significant amount of construction that will occur during FY2015 to FY2017. Two CE&I firms were hired to assist HART construction management staff in overseeing work on the western and eastern half's of the alignment. In addition, the GEC contract was re-competed and a new firm brought on board to provide various engineering

- The significant level of construction currently on Oahu may impact the availability of skilled labor and the pricing of materials such as steel, copper and concrete
- The current level of construction and Oahu's remoteness from the mainland may impact the amount of competition that HART for upcoming construction contracts
- Delays in utility relocations and/or property acquisitions that delay construction work
- The possibility of interest rate increases that could impact debt service payments
- GET surcharge revenue receipts falling below the assumed rate of growth

The important thing is to recognize the existence of these risks and to take steps to minimize or protect against potential impacts to the maximum extent possible while carrying out the implementation of the HRTP.

HONOLULU RAIL TRANSIT PROJECT



May 2014* MONTHLY PROGRESS REPORT

* Data Dates: Cost, Schedule 4/25; Other Activities 5/31

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

www.HonoluluTransit.org

PROJECT PROGRESS**Overall Progress:**

Project Progress Through April 25, 2014			
	Actual	Early Plan	Late Plan
Overall Project Progress*	23.6%	33.9%	27.7%
Overall Construction Progress*	14.2%	23.1%	18.1%
Overall Design Progress*	73.3%	87.5%	74.7%
Overall Utilities Progress	6.1%	24.8%	20.0%

*Current figures reflect adjustments to components of the budget baselines.

- There have been no project scope changes; the project scope continues to reflect the Final Environmental Impact Statement (FEIS), Record of Decision (ROD) and Full Funding Grant Agreement (FFGA).
- The Contract Packaging Plan (CPP) is being modified with certain facility design and construction work re-packaging.

Schedule:

- HART is implementing measures to maintain the March 30, 2019 full revenue service date (RSD), 10 months ahead of the January 31, 2020 FFGA RSD.
- HART continues to work with contractors to refresh the Master Project Schedule (MPS) as a result of the approximately 1-year construction delay.

FINANCIALS**Incurred Cost:**

- \$962.9M = Total Incurred Cost (actual expenditures plus approved requests for payment)
- \$58M = April 2014 incurred amount in costs (actual expenditures plus approved requests for payment)

Committed Amount:

- \$2.725B = Total Committed Amount (including awarded design contract allowances of \$4.3M, but excluding uncommitted contingencies and finance charges)

Authorized for Expenditure (AFE):

- \$1.950B = Total Amount AFE by way of Notices to Proceed (NTPs)
- \$27M = April 2014 total AFE increase as the result of issued NTPs, Adjustments and Change Orders.

Project Contingency:

- \$590.7M = Current Project Contingency Balance
- \$17.5M = April 2014 drawdown to Project Contingency
- \$30.4M = Current Known Changes Balance
- \$2.1M = April 2014 drawdown to Known Changes Balance

Funding:

- \$1,417M = Total Cash Received Since Preliminary Engineering (PE)
- FFGA:
 - \$0M = the FTA's drawdown received in April 2014
- General Excise Tax (GET) Surcharge:
 - \$870M = amount received as of Q4, FY 2014, since the Project's entry into FTA's Preliminary Engineering phase of project development
 - \$1,248M = amount received since 2007
 - \$61.7M = the county's GET surcharge revenue received in April 2014

Project Revenue and Costs:

- \$482.5M = Cash Balance as of 4/30/14

2.3 Project Contingency (data as of April 25, 2014)

Note: Contingency management and cost contingency details, including a breakdown of Project contingency drawdowns, are discussed in further detail in Appendix C.

- \$590.7M = Current Project Contingency Balance
- There was a \$17.5M contingency drawdown during the April 2014 reporting period due to the following contract modifications:
 - Contract amendment No. 04 to West O’ahu Stations Group FD (FD-140) for East Kapolei staff room pre-final submittal; contingency drawdown \$0.06M
 - Contract amendment No. 08 to Airport Section Guideway and Utilities FD (FD-430) for NTP 4 and 5-provisional sum for design support during bid; contingency drawdown \$1.6M
 - Change Order No. 16 to Maintenance & Storage Facility DB (DB-200) for Rail Lubricators; contingency drawdown \$0.1M
 - Change Order No. 17 to Maintenance & Storage Facility DB (DB-200) for yard layout reconfiguration and Automated Train Operation (ATO) design; contingency drawdown \$2.1M (out of full change order value of \$4.3M)
 - Change Order No. 18 to Maintenance & Storage Facility DB (DB-200) for rail material storage plan; contingency drawdown \$0.37M
 - Change Order No. 41 to West O’ahu Farrington Highway Guideway DB (DB-120) for revised track alignment and profile; contingency drawdown \$0.05M
 - Change Order No. 40 to West O’ahu Farrington Highway Guideway DB (DB-120) for precast yard alternative site; contingency drawdown \$12.4M
 - Change Order No. 42 to West O’ahu Farrington Highway Guideway DB (DB-120) for Sandwich Isle Communications (SIC) Utility Relocation at North South Road; contingency drawdown \$0.8M
- As of this reporting period, none of the executed change orders reduced the Baseline Budget Contingency amount below the buffer zone.
- \$30.4M = Current Known Changes Balance (down from the original amount of \$73.9M)
- There was a \$2.1M drawdown from Known Changes Contingency last period due to the following contract modification:
 - Change Order No. 17 to Maintenance & Storage Facility DB (DB-200) for yard layout reconfiguration and ATO design; contingency drawdown \$2.1M (out of full change order value of \$4.3M)

Current Contingency Balance = \$590.7M
(previous report = \$608.2M)

Figure 6. Project Contingency Budget

Project Contingency Budget		
Contingency	SCC Code	Budget (\$M)
Unallocated Contingency	90.01	\$101.9
Allocated Contingency	90.02	\$540.1
Allowances	90.03	\$1.6
Baseline FFGA Project Contingency Budget	90.01 - 90.03	\$643.6
Contingency Transfers to date	90.02 & 90.03	(\$52.9)
Current FFGA Project Contingency	90.01 - 90.03	\$590.7

Figure 7. FFGA Project Contingency Current Budget

FFGA Project Contingency Current Budget			
Report Month	Period Beginning: Current Budget Contingency (\$M)	Contingency Drawdown (\$M)	Period Ending: Current Budget Contingency (\$M)
	[a]	[b]	[c] = a + b
November '13 Monthly Progress Report	\$637.1	(\$22.1)	\$615.0
December '13 Monthly Progress Report	\$615.0	(\$5.0)	\$610.0
January '14 Monthly Progress Report	\$610.0	(\$0.3)	\$609.7
February '14 Monthly Progress Report	\$609.7	(\$1.4)	\$608.3
March '14 Progress Report	\$608.3	(\$0.1)	\$608.2
April '14 Monthly Progress Report	\$608.2	\$0.0	\$608.2
May '14 Monthly Progress Report	\$608.2	(\$17.5)	\$590.7

2.4 Project Funding (data as of April 25, 2014)

Figure 9. Planned vs. Received Project Funding

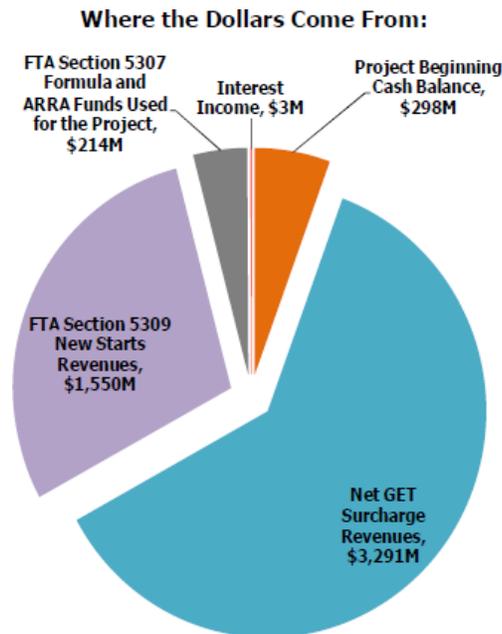
Planned vs. Received Project Funding				
Funding Source	Pre-FFGA Project ¹	FFGA Project Period		Total Project
	2007 - 2009 Actuals Received	Planned ² (\$YOE M)	2009 - Present Actuals Received	2007 - Present Actuals Received
	[A]		[B]	[C] = A + B
Beginning Project Cash Balance ³	0	298	298	298
Interest Income on Cash Balance	7	3	2	9
FTA Section 5309 New Starts Revenue	0	1,550	243	243
FTA Section 5307 Formula Funds	0	210	0	0
ARRA Funds	0	4	4	4
Net General Excise Tax (GET) Surcharge revenues FY2010-FY2023	378	3,291	870	1,248
Total	385	5,356	1,417	1,802

¹ GET and Interest Income received during Pre-Preliminary Engineering (pre-PE) phase prior to entry into PE

² FFGA Financial Plan, Table A-1 *Capital Plan Cash Flows*.

³ Beginning Project Cash Balance at Entry into Preliminary Engineering (PE) on October 16, 2009 (the FFGA Project start date) = GET, investment and miscellaneous income minus pre-PE expenditures.

Figure 10. Project Funding Sources (YOE \$M)



Source: FFGA Financial Plan, p. 2-1

- **General Excise Tax (GET) Surcharge**
 - \$870M = amount received as of Q4, FY 2014, since the Project’s entry into FTA’s Preliminary Engineering phase of project development.
 - \$898M = Projected Net GET Surcharge Revenue for FYs 2010-2014, as stated in FFGA Financial Plan (Table A-1 *Capital Plan Cash Flows*)
 - \$61.7M= GET surcharge received in April 2014.

- Full Funding Grant Agreement (FFGA)
 - \$0M = New Starts drawdown received in April 2014.

Total Cash Received Since PE = \$1,417M
(previous report = \$1,355M)

GET Received Since PE = \$870M
(previous report = \$808.5M)

GET Received Since 2007 = \$1,248M
(previous report = \$1,187M)

Figure 11. New Starts Drawdown by Federal Fiscal Year

New Starts Grant Information by Federal Fiscal Year				
Federal Fiscal Year Allocation	Obligated Amounts	Actual Drawdown Amounts to Date	Available Balance	FFGA Plan
2008	\$15,190,000	\$15,190,000	\$0	
2009	\$19,800,000	\$19,800,000	\$0	
2010	\$30,000,000	\$30,000,000	\$0	
2011	\$55,000,000	\$55,000,000	\$0	\$20,607,242
2012	\$200,000,000	\$122,738,945	\$77,261,055	\$99,382,758
2013	\$236,277,358	\$0	\$236,277,358	\$258,280,277
2014 (pending pinning)	\$250,000,000	\$0	\$250,000,000	\$441,719,724
2015 (pending)	\$250,000,000	\$0	\$250,000,000	\$250,000,000
2016 (pending)	\$250,000,000	\$0	\$250,000,000	\$250,000,000
2017 (pending)	\$243,732,642	\$0	\$243,732,642	\$230,010,000
Total	\$1,550,000,000	\$242,728,945	\$1,307,271,055	\$1,550,000,000

Appendix C. Project Contingency Management General Background and Clarifications

The FFGA Baseline Budget for Project Contingency is approximately \$643.6M and consists of the following elements:

- 1) Unallocated Contingency – Reserve contingency to address unknown changes to the Project and not currently allocated to a particular work package.
- 2) Project Allocated Contingency – Contingency allocated to each work package to address potential uncertain changes within each respective work package.
- 3) Allowance – A reserve designated for Final Design contracts and committed under the contracts.

Current Contingency Balance = \$590.7M

Current Known Changes Contingency = \$30.4M

The \$643.6M Baseline Budget for Total Project Contingency does not include amounts for Known Changes yet to be finalized at the time the Bottom-Up Estimate (BUE) was prepared.

As the project progresses, budget savings will be realized due to a combination of favorable contract awards and through contract savings methods, such as contract re-packaging, and those savings will be transferred into contingency absorbing the cost of AIS related change orders. Project Contingency will continue to be drawdown as the project progresses. The following list details ways in which contingency can either increase or decrease:

- 1) The budgeted amount for a contract package is either lower or higher than the actual executed contract amount. Contingency will increase if the budgeted amount is higher than the actual contract amounts which results in a budget surplus, and vice versa if the budgeted amount is lower.
- 2) Increase of a contract amount through the execution of a change order or contract amendment. Contingency is decreased and transferred to the appropriate SCC.
- 3) Transfer of work scope, e.g. utility relocation, between contract packages through a change order. The scope value from one contract is decreased and transferred to Contingency. Contingency is then decreased by the same scope value and transferred to the other contract. Contingency is used as a “holding account” in this instance.
- 4) Revisions to contract packaging. It is anticipated that the consolidation of future contract packages into a single contract package would result in a budget savings due to the resulting efficiencies from reducing redundant overhead costs. Budget savings would be transferred to Contingency.
- 5) Utilization of allowance in design contracts. The allowance amount to be utilized will decrease this contingency category and will be transferred to the appropriate SCC.

Changes Identified and Project Performance

HART and the PMOC continue to hold a monthly breakout session to review changes being considered for each contract. Changes are tracked by four categories which are determined by how well defined a change is and are summarized as Changes Identified in Project Cost reports. HART continually manages the strategy to avoid or mitigate as well as plan the timing of any potential changes. Breakout session discussions focus on opportunities to reduce costs and accelerate contract-scheduled activities to attain key milestones earlier than targeted. The session concludes with an overview of the cost and schedule drawdown curves, if and when changes might occur, in order to assess project performance against total project contingencies and buffer float.

The Risk and Contingency Management Plan (RCMP) is complete. It is consistent with the FFGA submittals, including the CPP, MPS, Project Budget and Financial Plan. The RCMP includes cost and schedule contingency drawdown curves, which establish minimum and buffer zone levels of cost and schedule contingency in accordance with FTA recommendations. Over the course of the project, if the cost or schedule contingency trend into the buffer zone (the area above the minimum contingency), Project Management will immediately implement actions to maintain the level of contingency appropriate for the project stage.

Known Changes Contingency

Known Changes, though tracked separately from the Project Contingency established under the FFGA, functions like contingency and is designated as SCC 90.07 on project cost reports. In re-baselining the Project Budget for FFGA, a bottoms-up estimate (BUE) was developed for each work package identified in the CPP based on the level of design and current pricing of material, equipment, construction labor, professional services, real estate and all other costs. These revised estimates took into account the reduction of contingency to reflect the advancement of Final Design since the Preliminary Engineering phase. Contingency was then allocated in accordance with FTA guidelines and current risk modeling methodologies. The net effect was a reduction of approximately \$170M of contingency between the previous Final Design Project Budget and the FFGA Project Budget. Included in the base costs of the BUE were elements that were considered “Known” or pending changes that were still subject to final negotiations with contractors and the execution of change orders. The estimated costs for Known Changes were applied to work packages established under the FFGA. Based on the level of risk, the estimated costs for Known Changes were either classified as base cost or as separate contingency for specific work packages (contingencies eventually convert to base costs via change order). Of the total \$170M estimated for Known Changes, \$97M was classified as base cost and allocated to multiple contracts. The remaining \$74M was classified as “contingency” in order to process all changes using a consistent methodology of transferring budget from contingency to the appropriate base cost code when a change order is executed. As it was intended for this reserve, the majority of the change orders executed since the BUE draws against this contingency since these were partially defined already.

HART Project Contingency Drawdown with Details

Data as of 05/22/14

#	Project No.	Project Desc.	Budget Transfer/Change Description	Contingency Drawdown (+/-)	Contingency Code
July '12 (Bottoms-Up Estimate)			Beg. Balance:	\$643.6	
1)	FD-240	Farrington Highway Stations Group FD	Budget Transfer at Bottoms-Up-Estimate from Project Scope to Contingency (contract allowance)	\$58,443	90.03 - Contract Allowance
2)	FD-430	Airport Section Guideway Utilities FD	Budget Transfer for Contract Award less than the ASGU FD contract budget	\$2,054,106	90.02 - Allocated Contingency
3)	MM-975	LEED Commissioning Services	Budget Transfer for Contract Award above the LEED Comm. Services contract budget	(\$35,623)	90.02 - Allocated Contingency
4)	DB-320	Kamehameha Highway Guideway DB	Budget Transfer for Contract Award above the KHG DB contract budget	(\$220,883)	90.02 - Allocated Contingency
5)	DB-120	West Oahu Farrington Highway Guideway DB	Budget Transfer for Ins. Covg per executed CO No. 004	\$3,995,230	90.02 - Allocated Contingency
				July '12 Contingency Drawdown	\$5,851,273
			July '12 - Ending Contingency Balance	\$649.4	
August '12			Beg. Balance:	\$649.4	
1)	FD-140	West Oahu Stations Group FD	Budget Transfer for Contract Awarded under WOSG FD contract budget	\$1,808,200	90.02 - Allocated Contingency
2)	FD-530	City Center Guideway Utilities FD	Budget Transfer for Contract Awarded under CCGU FD contract budget	\$5,917,945	90.02 - Allocated Contingency
3)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 17 - Procure and Install Portable Buildings	(\$2,670,000)	90.02 - Allocated Contingency
				August '12 Contingency Drawdown	\$5,056,145
			August '12 - Ending Contingency Balance	\$654.5	
September '12			Beg. Balance:	\$654.5	
N/A	N/A		No Contingency Drawdown	\$0	
				September '12 Contingency Drawdown	\$0
			September '12 - Ending Contingency Balance	\$654.5	
October '12			Beg. Balance:	\$654.5	
1)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 21 - Builders Risk Insurance Coverage	(\$56,689)	90.02 - Allocated Contingency
				October '12 Contingency Drawdown	(\$56,689)
			October '12 - Ending Contingency Balance	\$654.4	
November '12			Beg. Balance:	\$654.4	
1)	FD-440	Airport Stations Group FD	Budget Transfer for Contract Award under ASG FD the contract budget	\$227,784	90.03 - Contract Allowance
2)	FD-340	Kamehameha Highway Stations Group FD	Budget Transfer for Contract Award under KHSG FD the contract budget	\$202,469	90.03 - Contract Allowance
3)	MM-905	General Engineering Consultant	Budget Transfer to align contract budget with Committed value	(\$120,630)	90.02 - Allocated Contingency
				November '12 Contingency Drawdown	\$309,623
			November '12 - Ending Contingency Balance	\$654.7	
December '12			Beg. Balance:	\$654.7	
1)	FD-430	Airport Section Guideway Utilities FD	Executed Contract Amendment No. 01 - Design & Engineering Cost Estimates	(\$275,000)	90.02 - Allocated Contingency

HART Project Contingency Drawdown with Details

Data as of 05/22/14

#	Project No.	Project Desc.	Budget Transfer/Change Description	Contingency Drawdown (+/-)	Contingency Code
				December '12 Contingency Drawdown	(\$275,000)
				December '12 - Ending Contingency Balance	\$654.4
January '13				Beg. Balance:	\$654.4
1)	DB-320	Kamehameha Highway Guideway DB	Executed Change Order No. 01 - Acacia Rd alternative analysis	(\$15,981)	90.02 - Allocated Contingency
				January '13 Contingency Drawdown	(\$15,981)
				January '13 - Ending Contingency Balance	\$654.4
February '13				Beg. Balance:	\$654.4
1)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 26 - Ins. Covg Requirement/ Additional BGGV at Ft. Weaver Rd	(\$1,670,178)	90.02 - Allocated Contingency
				February '13 Contingency Drawdown	(\$1,670,178)
				February '13 - Ending Contingency Balance	\$652.8
March '13				Beg. Balance:	\$652.8
1)	FD-240	Farrington Highway Stations Group FD	Executed Contract Amendment No. 09 - Waipahu Station sewer	(\$3,885)	90.03 - Contract Allowance
2)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 06 - Ins. Covg Requirements/ Dbl Crossovers Insulated Joints	(\$464,876)	90.02 - Allocated Contingency
				March '13 Contingency Drawdown	(\$468,761)
				March '13 - Ending Balance	\$652.3
April '13				Beg. Balance:	\$652.3
1)	FD-140	West Oahu Stations Group FD	Executed Contract Amendment No. 01 - Second elevator provision	(\$81,013)	90.03 - Contract Allowance
2)	DB-120	West Oahu Farrington Highway Guideway DB	Budget Transfer to offset Ins. Covg Requirement for Change Order No. 26	\$1,670,178	90.02 - Allocated Contingency
3)	DB-200	Maintenance & Storage Facility DB	Budget Transfer to offset Ins. Covg Requirement for Change Order No. 06	\$434,000	90.02 - Allocated Contingency
4)	DB-320	Kamehameha Highway Guideway DB	Budget Transfer to Align current budget to contract Schedule of Milestones	\$600	90.02 - Allocated Contingency
				April '13 Contingency Drawdown	\$2,023,765
				April '13 - Ending Contingency Balance	\$654.3
May '13				Beg. Balance:	\$654.3
	N/A	N/A	No Contingency Drawdown	\$0	
				May '13 Contingency Drawdown	\$0
				May '13 - Ending Contingency Balance	\$654.3
June '13				Beg. Balance:	\$654.3
	N/A	N/A	No Contingency Drawdown	\$0	
				June '13 Contingency Drawdown	\$0
				June '13 - Ending Contingency Balance	\$654.3
July '13				Beg. Balance:	\$654.3
1)	FD-430	Airport Section Guideway Utilities FD	Executed Contract Amendment No. 04 - Antenna Engineering Design Services	(\$464,114)	90.02 - Allocated Contingency

HART Project Contingency Drawdown with Details

Data as of 05/22/14

#	Project No.	Project Desc.	Budget Transfer/Change Description	Contingency Drawdown (+/-)	Contingency Code
2)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 07 - Archeological Inventory Survey (AIS) Provisional Sum Part 2	(\$3,000,000)	90.02 - Allocated Contingency
3)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 08 - Maintenance & Storage Facility Yard Switch Machines	(\$553,000)	90.02 - Allocated Contingency
4)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 09 - Yard Layout Revisions	(\$514,426)	90.02 - Allocated Contingency
5)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 10 - Train Configuration	(\$27,700)	90.02 - Allocated Contingency
6)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 11 - Preliminary Design & Supplemental Project Mgt	(\$694,866)	90.02 - Allocated Contingency
July '13 Contingency Drawdown				(\$5,254,106)	
July '13 - Ending Contingency Balance				\$649.1	
August '13				Beg. Balance: \$649.1	
1)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 30 - Archeological Inventory Survey (AIS) Provisional Part 2	(\$5,800,000)	90.02 - Allocated Contingency
2)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 32 - Kaloii Channel Station Mod Concept	(\$72,381)	90.02 - Allocated Contingency
3)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 34 - Traditional Cultural Property Construction Partial Suspension	(\$1,195,094)	90.02 - Allocated Contingency
4)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 36 - Ho'opili Station Relocation Design	(\$490,615)	90.02 - Allocated Contingency
5)	DB-320	Kamehameha Highway Guideway DB	Executed Change Order No. 06 - Archeological Inventory Survey (AIS) Provisional Part 2	(\$1,500,000)	90.02 - Allocated Contingency
6)	FD-140	West Oahu Stations Group FD	Executed Contract Amendment No. 02 - Canopy Redesign	(\$504,386)	90.03 - Contract Allowance
7)	MI-930	Elevator & Escalator Install/Maint	Budget Transfer for Contract Awarded under E&E I/M contract budget	\$3,738,472	90.02 - Allocated Contingency
August '13 Contingency Drawdown				(\$5,824,004)	
August '13 - Ending Contingency Balance				\$643.2	
September '13				Beg. Balance: \$643.2	
1)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 33 - Provisional Sum HDOT Joint Use and Occupancy	(\$4,900,000)	90.02 - Allocated Contingency
2)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 35 - Aesthetic Column Design Conflict	(\$120,812)	90.02 - Allocated Contingency
3)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 12 - HNTB Design Escalation	(\$823,500)	90.02 - Allocated Contingency
4)	FD-240	Farrington Highway Stations Group FD	Executed Contract Amendment No. 10 - Notice-To-Proceed 2 Delay/Design Delay from Core Systems Contract & West Oahu Farrington Highway DB Contract	(\$270,985)	90.02 - Allocated Contingency
September '13 Contingency Drawdown				(\$6,115,297)	
September '13 - Ending Contingency Balance				\$637.1	
October '13				Beg. Balance: \$637.1	
1)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 13 - Ins. Covg Requirements/ Roof Access Modification	(\$282,155)	90.02 - Allocated Contingency
2)	DB-200	Maintenance & Storage Facility DB	Budget Transfer for Change Order No. 13 for Ins. Covg Requirements	\$266,500	90.02 - Allocated Contingency
3)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 37 - Ala Ike Street Mod/ W36 at DR Horton & Farrington HWY	\$24,815	90.02 - Allocated Contingency

HART Project Contingency Drawdown with Details

Data as of 05/22/14

#	Project No.	Project Desc.	Budget Transfer/Change Description	Contingency Drawdown (+/-)	Contingency Code
4)	DBOM-920	Core Systems Design Build O/M	Executed Change Order No. 05 - Platform Screen Gates Systems	(\$23,301,657)	90.02 - Allocated Contingency/ 90.01 - Unallocated Contingency
5)	FD-550	Dillingham and Kaka'ako Stations Group FD	Budget Transfer for Contract awarded under DKSG FD contract budget	\$1,157,760	90.02 - Allocated Contingency
October '13 Contingency Drawdown				(\$22,134,737)	
			October '13 - Ending Contingency Balance	\$615.0	
November '13			Beg. Balance:	\$615.0	
1)	DB-120	West Oahu/Farrington Highway Guideway DB	Executed Change Order No. 38 - Insurance Coverage Requirement Q4 2013	(\$1,600,000)	90.02 - Allocated Contingency
2)	DB-120	West Oahu/Farrington Highway Guideway DB	Budget Transfer for Change Order No. 038 for Ins. Covg. Requirements	\$1,600,000	90.02 - Allocated Contingency
3)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 014 - Preliminary Design & Supplemental Project Management 2	(\$214,846)	90.02 - Allocated Contingency
4)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 015 - Yard Layout Revisions/RFP Structural Steel Modification	(\$1,723,000)	90.02 - Allocated Contingency
5)	DB-200	Maintenance & Storage Facility DB	Budget Transfer for Change Order No. 015 for Ins. Covg. Requirements	\$223,000	90.02 - Allocated Contingency
6)	FD-530	City Center Guideway Utilities FD	Executed Contract Amendment No. 01 - Archeological Inventory Survey (AIS) Suspension	(\$532,800)	90.02 - Allocated Contingency
7)	FD-240	Farrington Highway Station Group FD	Budget Transfer for Contract Award for FHSG FD II	(\$2,700,205)	90.01 - Unallocated Contingency
November '13 Contingency Drawdown				(\$4,947,851)	
			November '13 - Ending Contingency Balance	\$610.0	
December '13			Beg. Balance:	\$610.0	
1)	FD-430	Airport Section Guideway Utilities FD	Executed Contract Amendment No. 05 - Ulena St redesign scope impact	(\$248,958)	90.02 - Allocated Contingency
2)	FD-140	West Oahu Station Group FD	Executed Contract Amendment No. 03 - Design relocation of HECO 46Kv and fiber optic lines	(\$23,928)	90.02 - Allocated Contingency
December '13 Contingency Drawdown				(\$272,886)	
			December '13 - Ending Contingency Balance	\$609.8	
January '14			Beg. Balance:	\$609.8	
1)	FD-430	Airport Section Guideway Utilities FD	Executed Contract Amendment No. 06 - Archeological Inventory Survey (AIS) Suspension	(\$2,306,450)	90.02 - Allocated Contingency
2)	FD-530	City Center Guideway Utilities FD	Executed Contract Amendment No. 02 - Soil Resistance Test and Max Sag Calculation	(\$406,153)	90.02 - Allocated Contingency
3)	MM-290	Construction Engineering & Inspection West	Budget Transfer for Contract Award less than CE&I West contract budget	\$181,068	90.02 - Allocated Contingency
4)	MM-595	Construction Engineering & Inspection East	Budget Transfer for Contract Award less than CE&I East contract budget	\$1,102,817	90.02 - Allocated Contingency
January '14 Contingency Drawdown				(\$1,428,718)	
			January '14 - Ending Contingency Balance	\$608.3	
February '14			Beg. Balance:	\$608.3	

HART Project Contingency Drawdown with Details

Data as of 05/22/14

#	Project No.	Project Desc.	Budget Transfer/Change Description	Contingency Drawdown (+/-)	Contingency Code
1)	FD-430	Airport Section Guideway Utilities FD	Executed Contract Amendment No. 07 - Resist & Sag Geotech Investigation	(\$132,900)	90.02 - Allocated Contingency
2)	HRT-201	HART ODC	Budget Transfer for Contract Award - Archeological & Cultural Monitoring contract	(\$11,487)	90.02 - Allocated Contingency
3)	MM-910	GEC II	Budget Transfer for Contract Award - Archeological & Cultural Monitoring & Core Systems Support contracts	(\$4,424,173)	90.02 - Allocated Contingency
4)	MM-960	Archeological & Cultural Monitoring	Budget Transfer for Contract Award - Archeological & Cultural Monitoring contract	\$36,761	90.02 - Allocated Contingency
5)	MM-962	Core Systems Support	Budget Transfer for Contract Award - Core Systems Support contract	\$4,398,899	90.02 - Allocated Contingency
February '14 Contingency Drawdown				(\$132,900)	
			February '14 - Ending Contingency Balance	\$608.2	
March '14			Beg. Balance:	\$608.2	
	N/A	N/A	No Contingency Drawdown	\$0	
March '14 Contingency Drawdown				\$0	
			March '14 - Ending Contingency Balance	\$608.2	
April '14			Beg. Balance:	\$608.2	
1)	FD-140	West Oahu Stations Group FD	Executed Contract Amendment No. 04 - East Kapolei Staff Room Pre-Final Submittal	(\$60,243)	90.03 - Contract Allowance
2)	FD-430	Airport Section Guideway Utility FD	Executed Contract Amendment No. 08 - Notice-to-Proceed 4&5/Provisional Sum for Design Support during bid	(\$1,588,014)	90.03 - Contract Allowance
3)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 016 - Rail Lubricators	(\$102,000)	90.02 - Allocated Contingency
4)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 017 - Yard Layout Reconfiguration/Automated Train Operation Design	(\$2,125,000)	90.02 - Allocated Contingency
5)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 018 - Rail Material Storage Plan	(\$370,000)	90.02 - Allocated Contingency
6)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 019 - Train Wash Facility Shortening	\$0	90.02 - Allocated Contingency
7)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 040 - Precast Yard Alternative Site	(\$12,400,638)	90.02 - Allocated Contingency
8)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 041 - Revised Track Alignment and Profile	(\$46,808)	90.02 - Allocated Contingency
9)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 042 - Sandwich Isles Communications Utility Relocation @ North South Rd	(\$798,049)	90.02 - Allocated Contingency
10)	DB-320	Kamehameha Highway Guideway DB	Executed Change Order No. 005 - Rebar Clear Spacing Design Criteria	\$0	90.02 - Allocated Contingency
April '14 Contingency Drawdown				(\$17,490,752)	
			April '14 - Ending Contingency Balance	\$590.7	

HART Project Contingency Drawdown with Details

Data as of 05/22/14

#	Project No.	Project Desc.	Budget Transfer/Change Description	Contingency Drawdown (+/-)	Contingency Code
*May '14 - Board Approved Changes Only - Pending execution				Beg. Balance:	\$590.7
1)	DB-200	Maintenance & Storage Facility DB	Board Approved RFCC 00010 - Amendment 1 Non-Rail Escalation	(\$5,000,000)	90.02 - Allocated Contingency
2)	DB-200	Maintenance & Storage Facility DB	Board Approved RFCR 00043 - Yard Layout Reconfiguration & Automated Train Operation Construction	(\$22,500,000)	90.01 - Unallocated Contingency
3)	DB-320	Kamehameha Highway Guideway DB	Board Approved RFCC 00027 - Delay of issuance of Notice-to-Proceed 2 & 3	(\$1,828,000)	90.02 - Allocated Contingency
May '14 Contingency Drawdown				(\$29,328,000)	
May '14 - Ending Contingency Balance (Pending Execution)				\$561.4	



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
VICE CHAIR

George I. Atta
Robert Bunda
Michael D. Formby
Ford N. Fuchigami
William "Buzz" Hong
Keslie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street
Honolulu, Hawaii 96813
(meeting room entrance on Richards Street)
Thursday, July 17, 2014 9:30 am

Agenda

- I. Call to Order by Chair
- II. Public Testimony on All Agenda Items
- III. Approval of the Minutes of the June 19, 2014 Board of Directors Meeting
- IV. June Monthly Progress Report
- V. Executive Director and CEO's 2014-2015 Performance Objectives
- VI. Chair's Annual Report to the Mayor and City Council
- VII. Limited Meeting
- VIII. Independent Financial Audit Services
- IX. Risk Review and Mitigation Strategies
- X. Right of Way Update
- XI. Construction and Traffic Update
- XII. Executive Director and CEO's Report
- XIII. Executive Session
Pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4), the Board may enter into Executive Session to consult with its attorneys on questions and issues on a matter pertaining to the Board's powers, duties, privileges, immunities and liabilities.
- XIV. Adjournment

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulutransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



**Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street
Honolulu, Hawaii 96813
Thursday, July 17, 2014 9:30 am**

MINUTES

PRESENT:

Ivan Lui-Kwan	William "Buzz" Hong
Michael Formby	Carrie Okinaga
George Atta	Damien Kim
Keslie Hui	Robert "Bobby" Bunda

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

Daniel Grabauskas	Lorenzo Garrido
Brennon Morioka	Russell Honma
Diane Arakaki	Gail Jennings
Michael McGrane	Allison Andrade
Duane Sayers	Cindy Matsushita
David Sagherian	Joyce Oliveira
Gary Takeuchi	Andrea Tantoco
Joyce Oliveira	Karley Halsted
Kate Froemming	

EXCUSED:

Donald G. Horner	Ford Fuchigami
------------------	----------------

I. Call to Order by Chair

HART Board Chair Ivan Lui-Kwan called the meeting to order at 10:45 a.m.

II. Public Testimony on All Agenda Items

Mr. Lui-Kwan called for public testimony.

Barbra Armentrout provided testimony suggesting that HART construct two bathrooms at every rail station. She also voiced her concern regarding recent general excise tax revenues.

Mr. Lui-Kwan said that Arthur Tolentino from the Sheet Metal Workers Union had submitted a letter of testimony, attached hereto as Attachment A.

HART Board of Directors Meeting
July 17, 2014

Joseph O'Donnell, attorney for the Ironworkers Union, provided testimony suggesting that HART reconsider the bundling of the nine-station contract to allow smaller local contractors to satisfy bonding requirements. He also urged HART to employ a project labor administrator in accordance with the project labor agreement (PLA), to provide a liaison between the unions and HART.

Board member William "Buzz" Hong said that he, Mayor Caldwell during his tenure as the City Managing Director, and Board member Carrie Okinaga during her tenure as Corporation Counsel helped in the drafting of the PLA. He echoed Mr. O'Donnell's request that HART employ a project labor administrator.

Board member Michael Formby asked for a copy of the PLA, and HART Executive Director and CEO Daniel Grabauskas said he would provide both PLAs to the Board.

Russell Honma provided testimony in support of local labor.

III. Approval of the Minutes of the June 19, 2014 Board of Directors Meeting

Mr. Lui-Kwan said that the approval of minutes of the June 19, 2014 Board of Directors meeting would be postponed until the next meeting.

IV. June Monthly Progress Report

HART Project Controls Manager David Sagherian presented highlights of the June Monthly Progress Report, a copy of which is attached as Attachment B. He reported that the 100th column had been completed in the West Oahu/Farrington Highway (WOFH) section. To date, 50% of the foundations in the WOFH section were complete, and 40% of columns were complete. Mr. Sagherian also reported the steel framing on the Operations and Servicing Building at the Maintenance and Storage Facility was being erected.

Board member Robert "Bobby" Bunda thanked Mr. Sagherian for including commodity information. He requested information on electricity.

Board member Carrie Okinaga thanked Mr. Sagherian for adding information on contingency drawdowns.

V. Executive Director and CEO's 2014-2015 Performance Objectives

Ms. Okinaga introduced the Executive Director and CEO's performance objectives for 2014-2015 for adoption. A copy of the performance objectives is attached hereto as Attachment C.

Mr. Lui-Kwan invited public testimony. There was none.

HART Board of Directors Meeting
July 17, 2014

Ms. Okinaga moved for adoption of the 2014-2015 performance objectives, and Board member Damien Kim seconded the motion. All being in favor, the motion carried unanimously.

VI. Chair's Annual Report to the Mayor and City Council

Mr. Lui-Kwan said that pursuant to Revised Charter of the City and County of Honolulu (Charter), the HART Board of Directors was required to submit a report to the Mayor and City Council annually. He said that a draft had been circulated to Board members, some of whom had already provided their input. A copy of the draft report is attached hereto as Attachment D.

Mr. Lui-Kwan invited public testimony. There was none.

Mr. Lui-Kwan invited additional members' comments. He called for a motion for approval of the draft report with the caveat that additional comments could be made. Ms. Okinaga so moved, and Mr. Bunda seconded the motion. All being in favor, the motion carried unanimously.

VII. Limited Meeting

Mr. Lui-Kwan reminded members that a discussion occurred at the last meeting regarding a possible limited meeting to tour the rail alignment pursuant to HRS 92-3.1, which is an exception to the Sunshine Law requirement that all board meetings be public. He said that the Board must determine that the meeting is necessary and that the location is dangerous to the health and safety of the public, or that public attendance is impractical. He called for a motion to approve the limited meeting. Mr. Kim so moved, and Board member Keslie Hui seconded the motion. All being in favor, the motion carried unanimously.

VIII. Independent Financial Audit Services

Mr. Bunda, Chair of the Government Affairs/Audit/Legal Matters Committee, reported that HART held a four-year contract with financial auditor PKF Pacific LLP (PKF). On June 24, 2014, PKF had notified HART that it would not be able to perform under the contract. HART then embarked on an expedited procurement process to secure a new financial auditor. He reported that PKF had asked to assign the contract. The assignment would go to KMH LLP, a reputable local accounting firm, who will perform on the contract for two more years at same cost. Mr. Bunda thanked HART CFO Diane Arakaki for her assistance in spearheading this effort.

Mr. Bunda moved for approval of the assignment, so that Mr. Grabauskas as Chief Procurement Officer could execute the assignment. Mr. Kim seconded the motion.

Mr. Hui asked about the reason PKF was unable to perform. Mr. Lui-Kwan said that the departure of PKF partner Dwayne Takeno, who had been conducting HART's annual

HART Board of Directors Meeting
July 17, 2014

financial audits, left PKF without the capacity to perform HART's audit. HART subsequently notified PKF of its default, and had two options: reprocure the auditor, or allow PKF to assign its contract. Mr. Lui-Kwan said that Section 17-111 of the Charter requires the HART Board to contract for HART's financial auditor. He thanked Mr. Bunda and Ms. Arakaki for their efforts in bringing the matter to a resolution.

Board member Michael Formby asked if the terms included PKF turning their work product over to KMH. Ms. Arakaki said that HART would have access to the prior fiscal years' work papers.

Ms. Okinaga asked if the Board had approved the original contract, and Mr. Lui-Kwan said it did.

Mr. Hui asked if the assignment contained any holdover language. Ms. Arakaki said that she understood the entire contract was being assigned to KMH. Mr. Hui asked what would happen if there were any issues with KMH. Deputy Corporation Counsel Gary Takeuchi said that the City requires an assignor to commit to being responsible for the contract, so PKF remains responsible.

The motion having been made and seconded, Mr. Lui-Kwan called for a vote. All being in favor, the motion carried unanimously.

Mr. Grabauskas thanked Ms. Arakaki and Corporation Counsel for their quick action.

IX. Risk Review and Mitigation Strategies

Mr. Grabauskas said that HART had made a presentation to the Federal Transit Administration officials regarding risk, and that staff would be presenting it to the Board. A copy of the presentation is attached hereto as Attachment E. He introduced Jay McRae of CH2Mhill, HART's general engineering contractor, who serves as project manager and risk manager. HART Deputy Executive Director Brennon Morioka and Director of Design and Construction Lorenzo Garrido would also present.

Mr. McRae gave a brief summary of his presentation and the project goal, as well as risk management's goals. He outlined the risk management process, including the spectrum of risk categories.

He then outlined the significant challenges HART has overcome, including contract award protest delays of 12-24 months and lawsuits, which caused delays of 9 to 13 months. Mr. McRae added that the project would likely experience more litigation. The cost of the delays to date totals approximately \$120 million, including delays due to notice to proceed issues, Archaeological Inventory Survey, litigation, and the Traditional Cultural Properties suspension.

Mr. McRae said that there were still unresolved impacts as a result of the delays, including escalation, a potential core systems contract delay, and access to real estate. Those delay costs total approximately \$60 million to date.

Mr. McRae said that current construction prices present a challenge that is the result of past delays. This includes inflation, competition for labor, lack of access to real estate, and schedule compression. HART intends to mitigate these challenges by maintaining its bid advertisement and contract packaging plans. Estimated delay costs to date for these risks are \$50 – 70 million. Mr. Grabauskas noted that while contracts were let early on in the project at favorable prices, delays cost the project additional money.

Mr. McRae detailed HART's recent successes, which include completing the AIS in 13 months and executing the Hawaiian Electric Company (HECO) Master and Utility Agreements.

He stated that the project is achievable through risk mitigation. Some of the mitigation strategies include work with external third parties, market factors, procurement, and safety and security certification. Mr. Grabauskas pointed out that there are some risks that HART has no control over, such as market factors. Mr. Morioka said that HART had been working with external partners HECO, the State Department of Transportation (HDOT), and the University of Hawaii (UH) at a very high level of coordination. Mr. Lui-Kwan said that he was encouraged by the amount of communication and coordination.

Mr. Lui-Kwan asked about the urban gardens, and Mr. Morioka explained that the gardens are part of UH's tropical agriculture program located along Kamehameha Highway. HART must acquire part of the urban gardens to widen Kamehameha Highway to accommodate the guideway. Mr. Lui-Kwan said that the media had recently inquired about the consideration paid by HART to HDOT for use of its rights of way. Mr. Grabauskas said that for the Airport station, HART will pay \$1 per year for a term of 65 years, subject to approval by the Federal Aviation Administration. Mr. Morioka added that HART will not pay HDOT for the use of rights of way for the remainder of the highway system.

Mr. McRae continued by saying that right of way acquisitions presented the highest short-term risk. Vehicle delivery, another risk, has been somewhat mitigated since HART staff recognized and worked on managing the issue with the contractor. Integration quality and timeliness will be key in mitigating train control and systems risk.

Other risks identified included traffic management, regulatory permits, procurement, subsurface archaeology, geotech, and utilities, fixed facilities, and technical capacity. Mr. McRae emphasized the importance of balancing project needs with the available resources. Ms. Okinaga asked about the technical capacity of the director of special projects position, which had been converted from a chief of staff position. Mr. Grabauskas said that generally, the challenge is to balance the right number of staff with the right combination of skills.

Mr. McRae said that safety and security certification was also a key variable that would require mitigation. Mr. Grabauskas said that HART was working with HDOT, who was performing safety oversight for the complex process of certification.

Mr. McRae summarized the risk presentation by saying that while the project has experienced external challenges which increased the complexity of the project, the interim opening date of 2017 was being held and the project would be safe and fully functional. Mr. Grabauskas thanked Mr. McRae.

Mr. Lui-Kwan said that the risk presentation was a critical guide that helps with transparency. He asked how Mr. Grabauskas would use the information. Mr. Grabauskas said that HART was constantly assessing risk, and would utilize the assessment as a list of items to pay attention to.

X. Right of Way Update

Mr. Grabauskas suggested that, in the interest of time, the right of way update be deferred to the following month. Mr. Lui-Kwan agreed, and there were no objections by the members.

Mr. Atta asked if sonar technology was being used to identify risks. West Oahu/Farrington Highway (WOFH) Project Manager Karley Halsted said that HART contractor One Call utilizes sonar prior to any digging. Kamehameha Guideway (KHG) Project Manager Matt Scanlon said that ground penetrating radar is also used.

XI. Construction and Traffic Update

Mr. Garrido said that Mr. Scanlon, Ms. Halsted, Information Specialist Scott Ishikawa, and Maintenance and Storage Facility (MSF) Project Manager Akira Fujita would present the construction and traffic update, which is attached hereto as Attachment F.

Mr. Fujita said that the steel frame of the Operations and Services Building at the MSF was nearly complete, as was sewer and water work. Ms. Halsted said that in the WOFH section, the column that would support the balanced cantilever had been completed. The height of the balanced cantilever in the town bound direction would be 28 ½ feet, while the height in the Ewa bound direction would be 36 feet. 110 columns and 139 shafts had been constructed in the WOFH section. Mr. Scanlon said that the test shaft in front of Pearl Highlands was nearing completion in KHG, with utility relocation and roadway widening continuing.

Mr. Ishikawa updated the Board on various lane closures and detours. He highlighted Kiewit's roadside safety campaign, which the contractor was working with the unions on. Mr. Grabauskas complimented Kiewit on being proactive.

HART Board of Directors Meeting
July 17, 2014

XII. Executive Director and CEO's Report

Mr. Grabauskas said that he, Mr. Lui-Kwan, Mr. Formby, Mayor Caldwell, Council Chair Martin, and representatives from the tourism industry had attended a press conference the previous day at which the Airport Station design was unveiled.

Ms. Okinaga requested that staff report on any developments in the risks associated with HECO, HDOT, and UH.

XIII. Executive Session

There was no need for executive session.

XIV. Adjournment

With no further business before the Board, Mr. Lui-Kwan adjourned the meeting at 12:57 pm.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Ivan Lui-Kwan, Esq.
Board Chair

AUG 14 2014

Date

HONOLULU RAIL TRANSIT PROJECT



June 2014* MONTHLY PROGRESS REPORT

* Data Dates: Cost, Schedule 5/30; Other Activities 6/27



www.HonoluluTransit.org

PROJECT PROGRESS

Overall Progress:

Project Progress Through May 30, 2014			
	Actual	Early Plan	Late Plan
Overall Project Progress*	24.0%	33.3%	27.2%
Overall Construction Progress*	14.8%	22.9%	17.8%
Overall Design Progress*	75.6%	88.0%	75.6%
Overall Utilities Progress	6.5%	24.8%	20.0%

*Current figures reflect adjustments to components of the budget baselines.

- There have been no project scope changes; the project scope continues to reflect the Final Environmental Impact Statement (FEIS), Record of Decision (ROD) and Full Funding Grant Agreement (FFGA).
- The Contract Packaging Plan (CPP) is being modified with certain facility design and construction work re-packaging.

Schedule:

- HART is implementing measures to maintain the March 30, 2019 full revenue service date (RSD), 10 months ahead of the January 31, 2020 FFGA RSD.
- HART continues to work with contractors to refresh the Master Project Schedule (MPS) as a result of the approximately 1-year construction delay.

FINANCIALS

Incurred Cost:

- \$1B = Total Incurred Cost (actual expenditures plus approved requests for payment)
- \$37.6M = May 2014 incurred amount in costs (actual expenditures plus approved requests for payment)

Committed Amount:

- \$2.756B = Total Committed Amount (including awarded design contract allowances of \$4.3M, but excluding uncommitted contingencies and finance charges)

Authorized for Expenditure (AFE):

- \$2.055B = Total Amount AFE by way of Notices to Proceed (NTPs)
- \$106M = May 2014 total AFE increase as the result of issued NTPs, Adjustments and Change Orders.

Project Contingency:

- \$568.4M = Current Project Contingency Balance
- \$22.3M = May 2014 drawdown to Project Contingency
- \$30.1M = Current Known Changes Balance
- \$0.3M = May 2014 drawdown to Known Changes Balance

Funding:

- \$1,417M = Total Cash Received Since Preliminary Engineering (PE)
- FFGA:
 - \$0M = New Starts drawdown received in May 2014
- General Excise Tax (GET) Surcharge:
 - \$870M = amount received as of Q4, FY 2014, since the Project's entry into FTA's Preliminary Engineering phase of project development
 - \$1,248M = amount received since 2007
 - \$0 = GET surcharge revenue received in May 2014

Project Revenue and Costs:

- \$439.5M = Cash Balance as of 5/31/14

2.3 Project Contingency (data as of May 30, 2014)

Note: Contingency management and cost contingency details, including a breakdown of Project contingency drawdowns, are discussed in further detail in Appendix C.

- \$568.4M = Current Project Contingency Balance
- There was a \$22.3M contingency drawdown during the May 2014 reporting period due to the following contract modifications:
 - Contract amendment No. 05 for \$1.5M to West O’ahu Stations Group FD (FD-140) for Final Design for relocated Ho’opili Station; via budget transfer from future UHWO Pkg-Ho’opili Station Finishes FD (FD-600) contract package there was a net contingency credit of **(\$0.2M)**
 - Contract amendment No. 02 for \$2M to HDOT MOT Consultant (MM-915) to increase Time and Material (T&M) contract value; via budget transfer from future HDOT City Center Coordination Consultant (MM-923) contract package there was a net contingency credit of **(\$0.3M)**
 - Change Order No. 08 for \$0.5M to Kamehameha Highway Guideway DB (DB-320) for Asia-Pacific Economic Cooperation (APEC) work restrictions and abandoned utilities removal; contingency drawdown **\$0.5M**
 - Change Order No. 09 for \$0.8M to Kamehameha Highway Guideway DB (DB-320) for emergency walkway and insurance coverage requirements 2013; contingency drawdown **\$0.8M**
 - Change Order No. 20 for \$22.5M to Maintenance & Storage Facility DB (DB-200) for yard layout reconfiguration and Automated Train Operation (ATO) construction; contingency drawdown **\$22.5M**
 - Change Order No. 25 for **(\$0.2M)** to Maintenance & Storage Facility DB (DB-200) for Operation and Servicing Building (OSB) reconfiguration; contingency credit of **(\$0.2M)**
 - Change Order No. 07 for **(\$0.9M)** to Core Systems Contract DBOM (DBOM-920) to relocate Traction Power Sub-Station (TPSS) to system site #3; contingency credit of **(\$0.9M)**
- As of this reporting period, none of the executed change orders reduced the Baseline Budget Contingency amount below the buffer zone.
- \$30.1M = Current Known Changes Balance (down from the original amount of \$73.9M)
- There was a \$0.3M drawdown from Known Changes Contingency last period due to the following contract modifications:
 - Change Order No. 23 for \$0.2M to Maintenance & Storage Facility DB (DB-200) for Operational Control Center (OCC) layout and work station room; contingency drawdown **\$0.2M**
 - Change Order No. 24 for \$0.1M to Maintenance & Storage Facility DB (DB-200) for yard storage track crossings; contingency drawdown **\$0.1M**

Current Contingency Balance = \$568.4M
(previous report = \$590.7M)

Figure 6. Project Contingency Budget

Project Contingency Budget		
Contingency	SCC Code	Budget (\$M)
Unallocated Contingency	90.01	\$101.9
Allocated Contingency	90.02	\$540.1
Allowances	90.03	\$1.6
Baseline FFGA Project Contingency Budget	90.01 - 90.03	\$643.6
Contingency Transfers to date	90.02 & 90.03	(\$75.2)
Current FFGA Project Contingency	90.01 - 90.03	\$568.4

Figure 7. FFGA Project Contingency Current Budget

FFGA Project Contingency Current Budget			
Report Month	Period Beginning: Current Budget Contingency (\$M)	Contingency Drawdown (\$M)	Period Ending: Current Budget Contingency (\$M)
	[a]	[b]	[c] = a + b
December '13 Monthly Progress Report	\$615.0	(\$5.0)	\$610.0
January '14 Monthly Progress Report	\$610.0	(\$0.3)	\$609.7
February '14 Monthly Progress Report	\$609.7	(\$1.4)	\$608.3
March '14 Progress Report	\$608.3	(\$0.1)	\$608.2
April '14 Monthly Progress Report	\$608.2	\$0.0	\$608.2
May '14 Monthly Progress Report	\$608.2	(\$17.5)	\$590.7
June '14 Monthly Progress Report	\$590.7	(\$22.3)	\$568.4

2.4 Project Funding (data as of May 30, 2014)

Figure 9. Planned vs. Received Project Funding

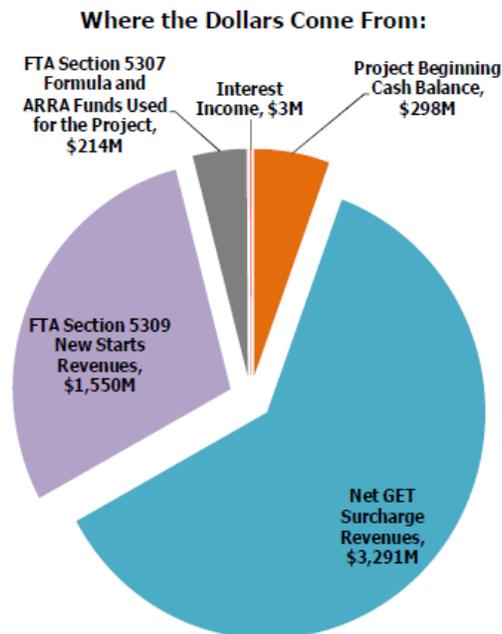
Planned vs. Received Project Funding				
Funding Source	Pre-FFGA Project ¹	FFGA Project Period		Total Project
	2007 - 2009 Actuals Received	Planned ² (\$YOE M)	2009 - Present Actuals Received	2007 - Present Actuals Received
	[A]		[B]	[C] = A + B
Beginning Project Cash Balance ³	0	298	298	298
Interest Income on Cash Balance	7	3	2	9
FTA Section 5309 New Starts Revenue	0	1,550	243	243
FTA Section 5307 Formula Funds	0	210	0	0
ARRA Funds	0	4	4	4
Net General Excise Tax (GET) Surcharge revenues FY2010-FY2023	378	3,291	870	1,248
Total	385	5,356	1,417	1,802

¹ GET and Interest Income received during Pre-Preliminary Engineering (pre-PE) phase prior to entry into PE

² FFGA Financial Plan, Table A-1 *Capital Plan Cash Flows* .

³ Beginning Project Cash Balance at Entry into Preliminary Engineering (PE) on October 16, 2009 (the FFGA Project start date) = GET, investment and miscellaneous income minus pre-PE expenditures.

Figure 10. Project Funding Sources (YOE \$M)



Source: FFGA Financial Plan, p. 2-1

- **General Excise Tax (GET) Surcharge**
 - \$870M = amount received as of Q4, FY 2014, since the Project’s entry into FTA’s Preliminary Engineering phase of project development.
 - \$898M = Projected Net GET Surcharge Revenue for FYs 2010-2014, as stated in FFGA Financial Plan (Table A-1 *Capital Plan Cash Flows*)
 - \$0= GET surcharge received in May 2014.

- Full Funding Grant Agreement (FFGA)
 - \$0M = New Starts drawdown received in May 2014.

Total Cash Received Since PE = \$1,417M
(previous report = \$1,417M)

GET Received Since PE = \$870M
(previous report = \$870M)

GET Received Since 2007 = \$1,248M
(previous report = \$1,248M)

Figure 11. New Starts Drawdown by Federal Fiscal Year

New Starts Grant Information by Federal Fiscal Year				
Federal Fiscal Year Allocation	Obligated Amounts	Actual Drawdown Amounts to Date	Available Balance	FFGA Plan New Starts Revenue
2008	\$15,190,000	\$15,190,000	\$0	
2009	\$19,800,000	\$19,800,000	\$0	
2010	\$30,000,000	\$30,000,000	\$0	
2011	\$55,000,000	\$55,000,000	\$0	\$20,607,242
2012	\$200,000,000	\$122,738,945	\$77,261,055	\$99,382,758
2013	\$236,277,358	\$0	\$236,277,358	\$258,280,277
2014 (pending pinning)	\$250,000,000	\$0	\$250,000,000	\$441,719,724
2015 (pending)	\$250,000,000	\$0	\$250,000,000	\$250,000,000
2016 (pending)	\$250,000,000	\$0	\$250,000,000	\$250,000,000
2017 (pending)	\$243,732,642	\$0	\$243,732,642	\$230,010,000
Total	\$1,550,000,000	\$242,728,945	\$1,307,271,055	\$1,550,000,000

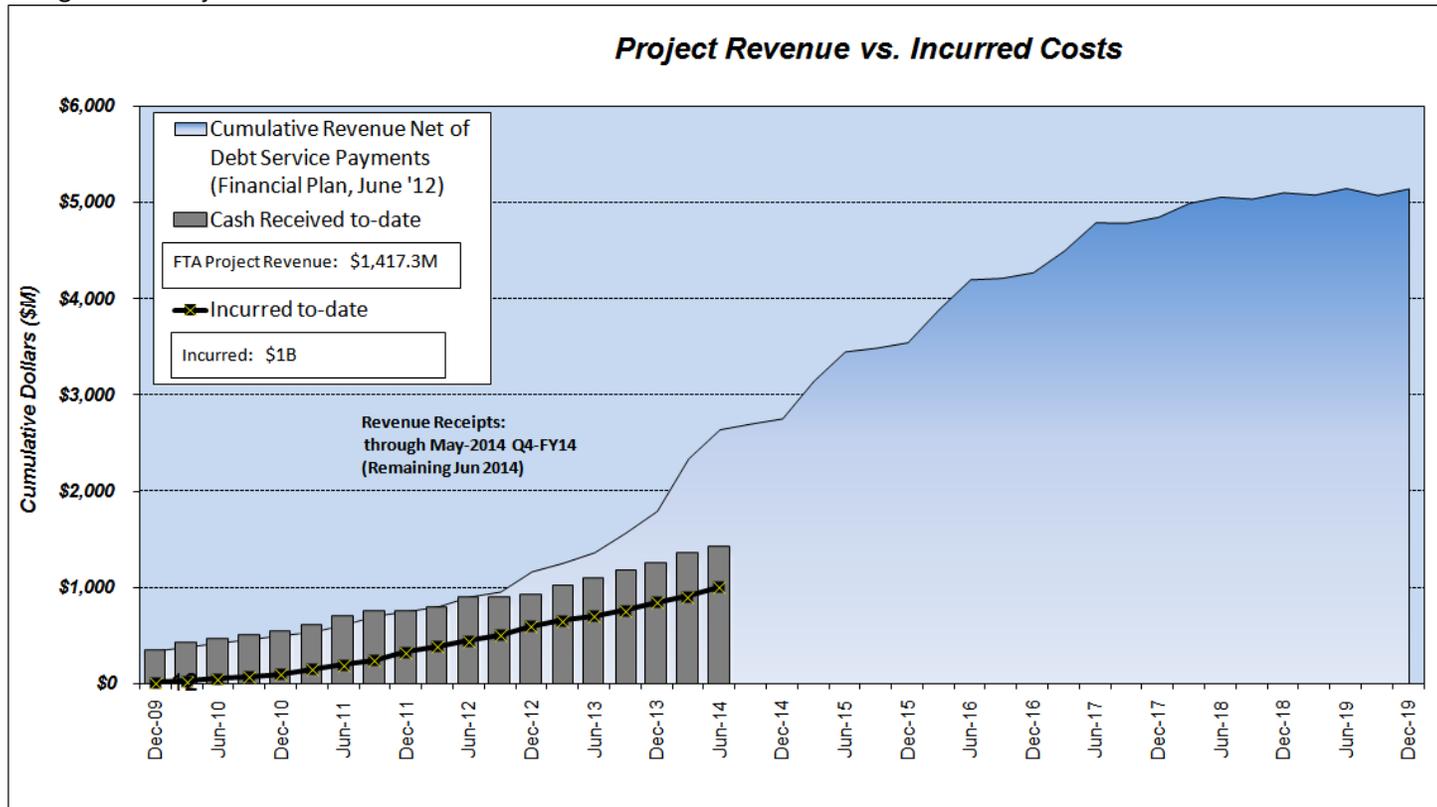
2.5 Project Revenue and Costs

(data as of May 30, 2014)

Ending Cash Balance 05/31/14 = \$439.5M

(previous report = \$482.5M)

Figure 12. Project Revenue versus Incurred Costs



Planned Funding levels as per the June 2012 FFGA Finance Plan
Data date for Revenue & Incurred Cost = May 30, 2014

Figure 13. Cash Balance Summary

MAY 2014 CASH BALANCE SUMMARY		
	May	YTD Cumulative
Beginning Cash Balance	482,553,850	393,709,711
Expenditures:		
Operating Expenditures	(1,547,470)	(15,254,335)
Capital Expenditures	(41,580,043)	(258,125,208)
Expenditures Total:	(43,127,513)	(273,379,543)
Receipts:		
GET Surcharge	0	219,289,704
FTA Drawdown	0	98,891,481
Interest	25,790	275,693
Other (rental, refunds, copy fees, etc.)	54,233	719,313
Receipts Total:	80,022	319,176,191
Ending Cash Balance 05/31/14	439,506,359	439,506,359

Note: Project Cost Reports can be found in Appendix D.

Appendix C. Project Contingency Management General Background and Clarifications

The FFGA Baseline Budget for Project Contingency is approximately \$643.6M and consists of the following elements:

- 1) Unallocated Contingency – Reserve contingency to address unknown changes to the Project and not currently allocated to a particular work package.
- 2) Project Allocated Contingency – Contingency allocated to each work package to address potential uncertain changes within each respective work package.
- 3) Allowance – A reserve designated for Final Design contracts and committed under the contracts.

Current Contingency Balance = \$568.4M

Current Known Changes Contingency = \$30.1M

The \$643.6M Baseline Budget for Total Project Contingency does not include amounts for Known Changes yet to be finalized at the time the Bottom-Up Estimate (BUE) was prepared.

As the project progresses, budget savings will be realized due to a combination of favorable contract awards and through contract savings methods, such as contract re-packaging, and those savings will be transferred into contingency absorbing the cost of AIS related change orders. Project Contingency will continue to be drawdown as the project progresses. The following list details ways in which contingency can either increase or decrease:

- 1) The budgeted amount for a contract package is either lower or higher than the actual executed contract amount. Contingency will increase if the budgeted amount is higher than the actual contract amounts which results in a budget surplus, and vice versa if the budgeted amount is lower.
- 2) Increase of a contract amount through the execution of a change order or contract amendment. Contingency is decreased and transferred to the appropriate SCC.
- 3) Transfer of work scope, e.g. utility relocation, between contract packages through a change order. The scope value from one contract is decreased and transferred to Contingency. Contingency is then decreased by the same scope value and transferred to the other contract. Contingency is used as a “holding account” in this instance.
- 4) Revisions to contract packaging. It is anticipated that the consolidation of future contract packages into a single contract package would result in a budget savings due to the resulting efficiencies from reducing redundant overhead costs. Budget savings would be transferred to Contingency.
- 5) Utilization of allowance in design contracts. The allowance amount to be utilized will decrease this contingency category and will be transferred to the appropriate SCC.

Changes Identified and Project Performance

HART and the PMOC continue to hold a monthly breakout session to review changes being considered for each contract. Changes are tracked by four categories which are determined by how well defined a change is and are summarized as Changes Identified in Project Cost reports. HART continually manages the strategy to avoid or mitigate as well as plan the timing of any potential changes. Breakout session discussions focus on opportunities to reduce costs and accelerate contract-scheduled activities to attain key milestones earlier than targeted. The session concludes with an overview of the cost and schedule drawdown curves, if and when changes might occur, in order to assess project performance against total project contingencies and buffer float.

The Risk and Contingency Management Plan (RCMP) is complete. It is consistent with the FFGA submittals, including the CPP, MPS, Project Budget and Financial Plan. The RCMP includes cost and schedule contingency drawdown curves, which establish minimum and buffer zone levels of cost and schedule contingency in accordance with FTA recommendations. Over the course of the project, if the cost or schedule contingency trend into the buffer zone (the area above the minimum contingency), Project Management will immediately implement actions to maintain the level of contingency appropriate for the project stage.

Known Changes Contingency

Known Changes, though tracked separately from the Project Contingency established under the FFGA, functions like contingency and is designated as SCC 90.07 on project cost reports. In re-baselining the Project Budget for FFGA, a bottoms-up estimate (BUE) was developed for each work package identified in the CPP based on the level of design and current pricing of material, equipment, construction labor, professional services, real estate and all other costs. These revised estimates took into account the reduction of contingency to reflect the advancement of Final Design since the Preliminary Engineering phase. Contingency was then allocated in accordance with FTA guidelines and current risk modeling methodologies. The net effect was a reduction of approximately \$170M of contingency between the previous Final Design Project Budget and the FFGA Project Budget. Included in the base costs of the BUE were elements that were considered “Known” or pending changes that were still subject to final negotiations with contractors and the execution of change orders. The estimated costs for Known Changes were either classified as base cost or as separate contingency for specific work packages (contingencies eventually convert to base costs via change order). Of the total \$170M estimated for Known Changes, \$97M was classified as base cost and allocated to multiple contracts. The remaining \$74M was classified as “contingency” in order to process all changes using a consistent methodology of transferring budget from contingency to the appropriate base cost code when a change order is executed. As it was intended for this reserve, the majority of the change orders executed since the BUE draws against this contingency since these were partially defined already.

HART Project Contingency Drawdown with Details

Data as of 06/23/14

#	Project No.	Project Desc.	Budget Transfer/Change Description	Contingency Drawdown (+/-)	Contingency Code
July '12 (Bottoms-Up Estimate)			Beg. Balance:	\$643.6	
1)	FD-240	Farrington Highway Stations Group FD	Budget Transfer at Bottoms-Up-Estimate from Project Scope to Contingency (contract allowance)	\$58,443	90.03 - Contract Allowance
2)	FD-430	Airport Section Guideway Utilities FD	Budget Transfer for Contract Award less than the ASGU FD contract budget	\$2,054,106	90.02 - Allocated Contingency
3)	MM-975	LEED Commissioning Services	Budget Transfer for Contract Award above the LEED Comm. Services contract budget	(\$35,623)	90.02 - Allocated Contingency
4)	DB-320	Kamehameha Highway Guideway DB	Budget Transfer for Contract Award above the KHG DB contract budget	(\$220,883)	90.02 - Allocated Contingency
5)	DB-120	West Oahu Farrington Highway Guideway DB	Budget Transfer for Ins. Covg per executed CO No. 004	\$3,995,230	90.02 - Allocated Contingency
July '12 Contingency Drawdown				\$5,851,273	
			July '12 - Ending Contingency Balance	\$649.4	
August '12			Beg. Balance:	\$649.4	
1)	FD-140	West Oahu Stations Group FD	Budget Transfer for Contract Awarded under WOSG FD contract budget	\$1,808,200	90.02 - Allocated Contingency
2)	FD-530	City Center Guideway Utilities FD	Budget Transfer for Contract Awarded under CCGU FD contract budget	\$5,917,945	90.02 - Allocated Contingency
3)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 17 - Procure and Install Portable Buildings	(\$2,670,000)	90.02 - Allocated Contingency
August '12 Contingency Drawdown				\$5,056,145	
			August '12 - Ending Contingency Balance	\$654.5	
September '12			Beg. Balance:	\$654.5	
	N/A	N/A	No Contingency Drawdown	\$0	
September '12 Contingency Drawdown				\$0	
			September '12 - Ending Contingency Balance	\$654.5	
October '12			Beg. Balance:	\$654.5	
1)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 21 - Builders Risk Insurance Coverage	(\$56,689)	90.02 - Allocated Contingency
October '12 Contingency Drawdown				(\$56,689)	
			October '12 - Ending Contingency Balance	\$654.4	
November '12			Beg. Balance:	\$654.4	
1)	FD-440	Airport Stations Group FD	Budget Transfer for Contract Award under ASG FD the contract budget	\$227,784	90.03 - Contract Allowance
2)	FD-340	Kamehameha Highway Stations Group FD	Budget Transfer for Contract Award under KHSG FD the contract budget	\$202,469	90.03 - Contract Allowance
3)	MM-905	General Engineering Consultant	Budget Transfer to align contract budget with Committed value	(\$120,630)	90.02 - Allocated Contingency
November '12 Contingency Drawdown				\$309,623	
			November '12 - Ending Contingency Balance	\$654.7	
December '12			Beg. Balance:	\$654.7	
1)	FD-430	Airport Section Guideway Utilities FD	Executed Contract Amendment No. 01 - Design & Engineering Cost Estimates	(\$275,000)	90.02 - Allocated Contingency

HART Project Contingency Drawdown with Details

Data as of 06/23/14

#	Project No.	Project Desc.	Budget Transfer/Change Description	Contingency Drawdown (+/-)	Contingency Code
				December '12 Contingency Drawdown	(\$275,000)
				December '12 - Ending Contingency Balance	\$654.4
				January '13 Beg. Balance:	\$654.4
1)	DB-320	Kamehameha Highway Guideway DB	Executed Change Order No. 01 - Acacia Rd alternative analysis	(\$15,981)	90.02 - Allocated Contingency
				January '13 Contingency Drawdown	(\$15,981)
				January '13 - Ending Contingency Balance	\$654.4
				February '13 Beg. Balance:	\$654.4
1)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 26 - Ins. Covg Requirement/ Additional BGGV at Ft. Weaver Rd	(\$1,670,178)	90.02 - Allocated Contingency
				February '13 Contingency Drawdown	(\$1,670,178)
				February '13 - Ending Contingency Balance	\$652.8
				March '13 Beg. Balance:	\$652.8
1)	FD-240	Farrington Highway Stations Group FD	Executed Contract Amendment No. 09 - Waipahu Station sewer	(\$3,885)	90.03 - Contract Allowance
2)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 06 - Ins. Covg Requirements/ Dbl Crossovers Insulated Joints	(\$464,876)	90.02 - Allocated Contingency
				March '13 Contingency Drawdown	(\$468,761)
				March '13 - Ending Balance	\$652.3
				April '13 Beg. Balance:	\$652.3
1)	FD-140	West Oahu Stations Group FD	Executed Contract Amendment No. 01 - Second elevator provision	(\$81,013)	90.03 - Contract Allowance
2)	DB-120	West Oahu Farrington Highway Guideway DB	Budget Transfer to offset Ins. Covg Requirement for Change Order No. 26	\$1,670,178	90.02 - Allocated Contingency
3)	DB-200	Maintenance & Storage Facility DB	Budget Transfer to offset Ins. Covg Requirement for Change Order No. 06	\$434,000	90.02 - Allocated Contingency
4)	DB-320	Kamehameha Highway Guideway DB	Budget Transfer to Align current budget to contract Schedule of Milestones	\$600	90.02 - Allocated Contingency
				April '13 Contingency Drawdown	\$2,023,765
				April '13 - Ending Contingency Balance	\$654.3
				May '13 Beg. Balance:	\$654.3
	N/A	N/A	No Contingency Drawdown	\$0	
				May '13 Contingency Drawdown	\$0
				May '13 - Ending Contingency Balance	\$654.3
				June '13 Beg. Balance:	\$654.3
	N/A	N/A	No Contingency Drawdown	\$0	
				June '13 Contingency Drawdown	\$0
				June '13 - Ending Contingency Balance	\$654.3
				July '13 Beg. Balance:	\$654.3
1)	FD-430	Airport Section Guideway Utilities FD	Executed Contract Amendment No. 04 - Antenna Engineering Design Services	(\$464,114)	90.02 - Allocated Contingency

HART Project Contingency Drawdown with Details

Data as of 06/23/14

#	Project No.	Project Desc.	Budget Transfer/Change Description	Contingency Drawdown (+/-)	Contingency Code
2)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 07 - Archeological Inventory Survey (AIS) Provisional Sum Part 2	(\$3,000,000)	90.02 - Allocated Contingency
3)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 08 - Maintenance & Storage Facility Yard Switch Machines	(\$553,000)	90.02 - Allocated Contingency
4)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 09 - Yard Layout Revisions	(\$514,426)	90.02 - Allocated Contingency
5)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 10 - Train Configuration	(\$27,700)	90.02 - Allocated Contingency
6)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 11 - Preliminary Design & Supplemental Project Mgt	(\$694,866)	90.02 - Allocated Contingency
July '13 Contingency Drawdown				(\$5,254,106)	
			July '13 - Ending Contingency Balance	\$649.1	
August '13			Beg. Balance:	\$649.1	
1)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 30 - Archeological Inventory Survey (AIS) Provisional Part 2	(\$5,800,000)	90.02 - Allocated Contingency
2)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 32 - Kaloi Channel Station Mod Concept	(\$72,381)	90.02 - Allocated Contingency
3)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 34 - Traditional Cultural Property Construction Partial Suspension	(\$1,195,094)	90.02 - Allocated Contingency
4)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 36 - Ho'opili Station Relocation Design	(\$490,615)	90.02 - Allocated Contingency
5)	DB-320	Kamehameha Highway Guideway DB	Executed Change Order No. 06 - Archeological Inventory Survey (AIS) Provisional Part 2	(\$1,500,000)	90.02 - Allocated Contingency
6)	FD-140	West Oahu Stations Group FD	Executed Contract Amendment No. 02 - Canopy Redesign	(\$504,386)	90.03 - Contract Allowance
7)	MI-930	Elevator & Escalator Install/Maint	Budget Transfer for Contract Awarded under E&E I/M contract budget	\$3,738,472	90.02 - Allocated Contingency
August '13 Contingency Drawdown				(\$5,824,004)	
			August '13 - Ending Contingency Balance	\$643.2	
September '13			Beg. Balance:	\$643.2	
1)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 33 - Provisional Sum HDOT Joint Use and Occupancy	(\$4,900,000)	90.02 - Allocated Contingency
2)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 35 - Aesthetic Column Design Conflict	(\$120,812)	90.02 - Allocated Contingency
3)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 12 - HNTB Design Escalation	(\$823,500)	90.02 - Allocated Contingency
4)	FD-240	Farrington Highway Stations Group FD	Executed Contract Amendment No. 10 - Notice-To-Proceed 2 Delay/Design Delay from Core Systems Contract & West Oahu Farrington Highway DB Contract	(\$270,985)	90.02 - Allocated Contingency
September '13 Contingency Drawdown				(\$6,115,297)	
			September '13 - Ending Contingency Balance	\$637.1	
October '13			Beg. Balance:	\$637.1	
1)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 13 - Ins. Covg Requirements/ Roof Access Modification	(\$282,155)	90.02 - Allocated Contingency
2)	DB-200	Maintenance & Storage Facility DB	Budget Transfer for Change Order No. 13 for Ins. Covg Requirements	\$266,500	90.02 - Allocated Contingency
3)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 37 - Ala Ike Street Mod/ W36 at DR Horton & Farrington HWY	\$24,815	90.02 - Allocated Contingency

HART Project Contingency Drawdown with Details

Data as of 06/23/14

#	Project No.	Project Desc.	Budget Transfer/Change Description	Contingency Drawdown (+/-)	Contingency Code
4)	DBOM-920	Core Systems Design Build O/M	Executed Change Order No. 05 - Platform Screen Gates Systems	(\$23,301,657)	90.02 - Allocated Contingency/ 90.01 - Unallocated Contingency
5)	FD-550	Dillingham and Kaka'ako Stations Group FD	Budget Transfer for Contract awarded under DKSG FD contract budget	\$1,157,760	90.02 - Allocated Contingency
October '13 Contingency Drawdown				(\$22,134,737)	
			October '13 - Ending Contingency Balance	\$615.0	
November '13			Beg. Balance:	\$615.0	
1)	DB-120	West Oahu/Farrington Highway Guideway DB	Executed Change Order No. 38 - Insurance Coverage Requirement Q4 2013	(\$1,600,000)	90.02 - Allocated Contingency
2)	DB-120	West Oahu/Farrington Highway Guideway DB	Budget Transfer for Change Order No. 038 for Ins. Covg. Requirements	\$1,600,000	90.02 - Allocated Contingency
3)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 014 - Preliminary Design & Supplemental Project Management 2	(\$214,846)	90.02 - Allocated Contingency
4)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 015 - Yard Layout Revisions/RFP Structural Steel Modification	(\$1,723,000)	90.02 - Allocated Contingency
5)	DB-200	Maintenance & Storage Facility DB	Budget Transfer for Change Order No. 015 for Ins. Covg. Requirements	\$223,000	90.02 - Allocated Contingency
6)	FD-530	City Center Guideway Utilities FD	Executed Contract Amendment No. 01 - Archeological Inventory Survey (AIS) Suspension	(\$532,800)	90.02 - Allocated Contingency
7)	FD-240	Farrington Highway Station Group FD	Budget Transfer for Contract Award for FHSG FD II	(\$2,700,205)	90.01 - Unallocated Contingency
November '13 Contingency Drawdown				(\$4,947,851)	
			November '13 - Ending Contingency Balance	\$610.0	
December '13			Beg. Balance:	\$610.0	
1)	FD-430	Airport Section Guideway Utilities FD	Executed Contract Amendment No. 05 - Ulena St redesign scope impact	(\$248,958)	90.02 - Allocated Contingency
2)	FD-140	West Oahu Station Group FD	Executed Contract Amendment No. 03 - Design relocation of HECO 46Kv and fiber optic lines	(\$23,928)	90.02 - Allocated Contingency
December '13 Contingency Drawdown				(\$272,886)	
			December '13 - Ending Contingency Balance	\$609.8	
January '14			Beg. Balance:	\$609.8	
1)	FD-430	Airport Section Guideway Utilities FD	Executed Contract Amendment No. 06 - Archeological Inventory Survey (AIS) Suspension	(\$2,306,450)	90.02 - Allocated Contingency
2)	FD-530	City Center Guideway Utilities FD	Executed Contract Amendment No. 02 - Soil Resistance Test and Max Sag Calculation	(\$406,153)	90.02 - Allocated Contingency
3)	MM-290	Construction Engineering & Inspection West	Budget Transfer for Contract Award less than CE&I West contract budget	\$181,068	90.02 - Allocated Contingency
4)	MM-595	Construction Engineering & Inspection East	Budget Transfer for Contract Award less than CE&I East contract budget	\$1,102,817	90.02 - Allocated Contingency
January '14 Contingency Drawdown				(\$1,428,718)	
			January '14 - Ending Contingency Balance	\$608.3	
February '14			Beg. Balance:	\$608.3	

HART Project Contingency Drawdown with Details

Data as of 06/23/14

#	Project No.	Project Desc.	Budget Transfer/Change Description	Contingency Drawdown (+/-)	Contingency Code
1)	FD-430	Airport Section Guideway Utilities FD	Executed Contract Amendment No. 07 - Resist & Sag Geotech Investigation	(\$132,900)	90.02 - Allocated Contingency
2)	HRT-201	HART ODC	Budget Transfer for Contract Award - Archeological & Cultural Monitoring contract	(\$11,487)	90.02 - Allocated Contingency
3)	MM-910	GEC II	Budget Transfer for Contract Award - Archeological & Cultural Monitoring & Core Systems Support contracts	(\$4,424,173)	90.02 - Allocated Contingency
4)	MM-960	Archeological & Cultural Monitoring	Budget Transfer for Contract Award - Archeological & Cultural Monitoring contract	\$36,761	90.02 - Allocated Contingency
5)	MM-962	Core Systems Support	Budget Transfer for Contract Award - Core Systems Support contract	\$4,398,899	90.02 - Allocated Contingency
February '14 Contingency Drawdown				(\$132,900)	
			February '14 - Ending Contingency Balance	\$608.2	
March '14			Beg. Balance:	\$608.2	
	N/A	N/A	No Contingency Drawdown	\$0	
March '14 Contingency Drawdown				\$0	
			March '14 - Ending Contingency Balance	\$608.2	
April '14			Beg. Balance:	\$608.2	
1)	FD-140	West Oahu Stations Group FD	Executed Contract Amendment No. 04 - East Kapolei Staff Room Pre-Final Submittal	(\$60,243)	90.03 - Contract Allowance
2)	FD-430	Airport Section Guideway Utility FD	Executed Contract Amendment No. 08 - Notice-to-Proceed 4&5/Provisional Sum for Design Support during bid	(\$1,588,014)	90.03 - Contract Allowance
3)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 016 - Rail Lubricators	(\$102,000)	90.02 - Allocated Contingency
4)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 017 - Yard Layout Reconfiguration/Automated Train Operation Design	(\$2,125,000)	90.02 - Allocated Contingency
5)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 018 - Rail Material Storage Plan	(\$370,000)	90.02 - Allocated Contingency
6)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 019 - Train Wash Facility Shortening	\$0	90.02 - Allocated Contingency
7)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 040 - Precast Yard Alternative Site	(\$12,400,638)	90.02 - Allocated Contingency
8)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 041 - Revised Track Alignment and Profile	(\$46,808)	90.02 - Allocated Contingency
9)	DB-120	West Oahu Farrington Highway Guideway DB	Executed Change Order No. 042 - Sandwich Isles Communications Utility Relocation @ North South Rd	(\$798,049)	90.02 - Allocated Contingency
10)	DB-320	Kamehameha Highway Guideway DB	Executed Change Order No. 005 - Rebar Clear Spacing Design Criteria	\$0	90.02 - Allocated Contingency
April '14 Contingency Drawdown				(\$17,490,752)	
			April '14 - Ending Contingency Balance	\$590.7	
May '14			Beg. Balance:	\$590.7	
1)	FD-140	West Oahu Stations Group FD	Budget Transfer for Executed Contract Amendment No. 05 - Final Design for relocated Hoopili Station	\$220,123	90.02 - Allocated Contingency
2)	DB-320	Kamehameha Highway Guideway DB	Executed Change Order No. 008 - APEC work restrictions/abandoned utilities removal	(\$505,674)	90.02 - Allocated Contingency

HART Project Contingency Drawdown with Details

Data as of 06/23/14

#	Project No.	Project Desc.	Budget Transfer/Change Description	Contingency Drawdown (+/-)	Contingency Code
3)	DB-320	Kamehameha Highway Guideway DB	Executed Change Order No. 009 - Emergency walkway/insurance covg. Requirements 2013	(\$839,000)	90.02 - Allocated Contingency
4)	DBOM-920	Core Systems Contract Design Build O/M	Executed Change Order No. 007 - Relocate TPSS to system site #3	\$867,054	90.02 - Allocated Contingency
5)	MM-915	HDOT MOT Consultant	Budget Transfer for Executed Contract Amendment No.002 - Increase T&M contract value	\$287,391	90.02 - Allocated Contingency
6)	MM-975	MSF LEED Consultant	Budget Transfer for Executed Contract Amendment No. 001 - LEED measurement and verification plan	(\$9,910)	90.02 - Allocated Contingency
7)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 020 - CSC consolidated changes construction	(\$22,500,000)	90.01 - Unallocated Contingency
8)	DB-200	Maintenance & Storage Facility DB	Executed Change Order No. 025 - OSB reconfiguration	\$170,000	90.02 - Allocated Contingency
May '14 Contingency Drawdown				(\$22,310,016)	
May '14 - Ending Contingency Balance				\$568.4	
*May '14 - Board Approved Changes Only - Pending execution				Beg. Balance \$568.4	
1)	DB-200	Maintenance & Storage Facility DB	Board Approved RFCC 00010 - Amendment 1 Non-Rail Escalation	(\$5,000,000)	90.02 - Allocated Contingency
2)	DB-320	Kamehameha Highway Guideway DB	Board Approved RFCC 00027 - Delay of issuance of Notice-to-Proceed 2 & 3	(\$1,828,000)	90.02 - Allocated Contingency
*June '14 - Board Approved Changes Only - Pending execution					
	N/A	N/A	No Board Approved Changes this period		
Subtotal Board Approved Contingency Drawdown				(\$6,828,000)	
June '14 - Ending Contingency Balance (Pending Execution)				\$561.6	



IN REPLY REFER TO:
CMS-AP00HRT-00036

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

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July 29, 2014

The Honorable Kirk Caldwell, Mayor
City and County of Honolulu
530 South King Street, Room 300
Honolulu, Hawaii 96813

and

The Honorable Ernest Y. Martin, Chair
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Mayor Caldwell, Chair Martin and Councilmembers:

The Board of Directors of the Honolulu Authority for Rapid Transportation (HART) is pleased to submit this annual report to you in accordance with the Revised Charter of the City and County of Honolulu, Section 17-103.3(i).

Executive Summary

The picture of the activities of the past reporting year is one showing all advocates of the rail project joining forces to target the major challenges and resolving them one at a time. While the current and continuing challenges are formidable, the activities of the past reporting year are marked with significant success in resolution of the State and Federal lawsuits, and with remarkable constancy in funding streams from the Federal government and from the State General Excise Tax (GET) surcharge. The installation of 106 columns and 96 segments¹ along the rail line manifests the transformation of the vision of the rail project as a mental image into a hard concrete and steel construction reality. That transformation has been the result of united leadership from the Mayor, the City Council Chair, the City Council, our Congressional Delegation, the State Legislature, the project's contract partners such as Kiewit and Ansaldo, and community, labor and business organizations such as Move Oahu Forward. As the body which guides the semi-autonomous authority and charged with directing the rail project, the HART Board of Directors is honored to join forces with all of the project partners in performing the mission of planning, designing, constructing and operating the rail project to serve the most important partner in this project: the people of the City and County of Honolulu.

¹ As of July 15, 2014.

The Honorable Kirk Caldwell, Mayor
The Honorable Ernest Y. Martin, Chair
and Councilmembers

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July 29, 2014

Lawsuits

One of the year's most significant accomplishments was clearing the hurdles presented by litigation. Fiscal Year 2014 (FY14) saw every legal challenge to the rail project overcome. While HART began the year under the shadow of lawsuits with very serious delays and negative financial impacts, HART ended the year free from litigation and working our way back to the original on-time completion date for the project.

After a year of construction suspension in the West Oahu/Farrington Highway section of the alignment resulting from the Hawaii Supreme Court's *Kaleikini v. Yoshioka, et al.* opinion, the Board oversaw the herculean effort by the HART staff in completion of the Archaeological Inventory Survey (AIS) by Cultural Surveys Hawaii, and approval by the State Historic Preservation Division (SHPD) of those AIS reports comprising nearly 4,000 pages, in satisfaction of the Hawaii Supreme Court's decision. The outstanding leadership of HART's Executive Director and CEO in leading the consultants and HART staff to complete this task within such a compressed timeframe of less than thirteen months cannot be overstated. This required earning the trust of the Native Hawaiian community including members of the Oahu Island Burial Council, cultural and lineal descendants, and the plaintiff in the *Kaleikini* litigation. Resumption of construction on September 16, 2013, was the result of collaboration among HART, the Department of Land and Natural Resources, SHPD, archaeological consultants, cultural monitors, and the Native Hawaiian community.

On February 18, 2014, the near-simultaneous decisions by the U.S. Ninth Circuit Court of Appeals and U.S. District Court for the District of Hawaii in favor of HART brought all outstanding Federal litigation to a conclusion. The latter ruling lifted the partial injunction against construction and real estate acquisition activities in the City Center section with compliance of the District Court's mandate to complete the City Center Traditional Cultural Properties report, and further analyze the Beretania Street Tunnel alternative and the impacts to Mother Waldron Park.

Financing

Project financing in FY14 has been marked by constancy in funding streams from the Federal government and from the State GET surcharge.

As of June 30, 2014, State GET surcharge revenues received totaled \$870 million² (Attachment A), 97% of the planned \$898 million³ (Attachment B). Federal Section 5309 New Starts revenue appropriated for HART is \$806 million. President Barack Obama incorporated in his Fiscal Year 2015 (FY15) budget in March an additional \$250 million for HART. If that sum is appropriated by

² As of May 30, 2014.

³ Total of Net GET surcharge revenues 2010 - 2014.

The Honorable Kirk Caldwell, Mayor
The Honorable Ernest Y. Martin, Chair
and Councilmembers
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July 29, 2014

Congress, Federal funding for HART will be \$1,056,267,358 against a total of \$1.55 billion in the Full Funding Grant Agreement.

In April, the Mayor, City Council Chair, HART Board Chair, and HART Executive Director and CEO traveled to Washington, D.C., to update stakeholders on the project and to encourage adoption of the additional \$250 million for HART in the President's FY15 budget. The contingent met with members of the Hawaii Congressional Delegation, officials at the U.S. Department of Transportation, key members of Congress and Congressional Committee staff personnel, and received encouraging responses for the HART project from these D.C. stakeholders.

The HART Vice Chair, HART Executive Director and CEO, HART Chief Financial Officer, senior officials at the Department of Budget and Fiscal Services, the Director of the Department of Transportation Services, and the Mayor have been working collaboratively, in consultation with the City Council, to realize substantial financing savings through improvement of the debt financing plan for the project, decreasing the total amount to be borrowed, achieving optimum financing cost, and providing requisite amounts of protection to the City's financial condition.



Contingency funds remain robust at \$568.4 million (Attachment C). In addition to resolution of the AIS delay claims, HART resolved in FY14 a number of longstanding change order claims with Kiewit Infrastructure West Co. and Kiewit/Kobayashi Joint Venture in a fair and fiscally prudent manner. HART will continue to remain vigilant over change orders that will impact the contingency balance.

Outreach and Transparency

Consistent with its strong commitment to transparency to the public, HART continued in its outreach efforts in FY14.

Increasingly accessible information has been provided to the public. The Monthly Progress Report and the Quarterly Balanced Scorecard provide to the public timely, useful, and understandable information about the project. In addition, monthly "HART Facts" continue to be published in the Honolulu Star Advertiser and Pacific Business News.

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and Councilmembers

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In FY14, HART held meetings in ten different communities along the rail alignment route. The public was invited to learn about the project and to provide input with respect to design for the ten different stations. HART launched in May a very successful call to artists for placement of art to reflect the history, culture, traditions, and unique characteristics of the ahupua'a into the respective 21 stations. More than 400 submittals were received for the opportunity to create art for station elements such as paving and floor designs, wall murals, grille work, architectural fencing, glass work, and integrated sculptural elements under HART's \$5 million rail transit art program. In May, the Mayor, members of the City Council, State Legislature, and HART Board and staff joined area high school students in a project to transform graffiti and vandalism at a HART-acquired property in Aiea into a beautiful mural conveying a positive community message through art.



Along with representatives from the Mayor's Office and the City Council, HART introduced at Kapolei Hale in February a very tangible ridership experience for the public with a life-sized model of a future rail car together with an informational video in the rail car.

With an outreach focus on jobs, families, and employers, HART held two very successful Industry Day events in October 2013 and April 2014. The project's large prime contractors were on hand to discuss

opportunities for participation in the rail project with local contractors.

Pursuant to the Revised Charter of the City and County of Honolulu, Section 17-103.2(n) to "promote, create and assist transit oriented development projects near fixed guideway system stations that promote transit ridership," the HART Transit Oriented Development (TOD) Committee formed and convened its TOD Stakeholders Advisory Group. The group consists of State and City partners and trade and professional organizations, whose goal is to achieve TOD that is equitable and sustainable. Its vision is consistent with the City and County General Plan to be culturally sensitive in creating a connection between homes and employment and education centers, and providing access to goods, services, and recreation.

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Partnership with the Mayor and the City Council

HART is pleased with the significant level of partnership on the rail project demonstrated among the Mayor, the City Council Chair and the City Council, and HART. The project successes realized in FY14 are a function of all of these rail leaders joining forces to target major challenges to the project and to resolve each challenge together. The following are a few examples. The April meetings in Washington, D.C., delivered positive results by joint collaboration among the Mayor, the Council Chair, and the HART Board Chair, and Executive Director and CEO. A quick start back to construction upon compliance with the *Kaleikini* opinion was achieved by collaborative coordination among HART, the Department of Planning and Permitting, and the City Council to approve Special Management Area and shoreline variance permits.

Project Progress

Following compliance with the *Kaleikini* decision, construction has restarted in earnest, with many milestones already achieved.

The Kalaeloa Casting Yard has been completed, and is currently producing approximately 12 guideway segments daily, building up to the nearly 5,200 segments that will comprise the first 10 miles of guideway. As of July 15, 2014, 702 segments have been cast. Guideway erection has also started, with 10 spans between columns already in place.

Construction of the Maintenance and Storage Facility, which will house the rail cars, maintenance and wash buildings, as well as the control center, is well underway.

With a commitment to convenience to the riders, operational efficiencies, and cost savings, HART decided upon utilization of a more efficient, higher passenger capacity four-car train. This change will allow HART to realize significant savings in procurement of the rail cars, as well as in operational costs. The Board also approved platform screen gates, which will allow a safer experience for ridership.



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HART Executive Director and CEO and Staff

The Revised City Charter of the City and County of Honolulu, Section 17-103.3(d) requires the HART Board to evaluate the performance of the Executive Director and CEO at least annually, and to submit a report thereon to the Mayor and the City Council. In accordance with the City Charter, attached is a copy of the HART Board's Performance Evaluation Report on Executive Director and CEO Daniel Grabauskas (Attachment D). The HART Board provided Mr. Grabauskas with very high scores on the performance factors of leadership qualities and managerial skills. He has advanced the Board's mandate to embrace a culture of transparency in HART. The Board commented in its report that Mr. Grabauskas was particularly skillful in his ability to build relationships with the Native Hawaiian community, the community at large, the City, the State, the HART Board, and staff. This skill was instrumental in achieving compliance with the Supreme Court's *Kaleikini* mandate in a remarkably compressed timeframe. He also displayed exceptional leadership in his interactions with project contractors, taking a strong and effective negotiating stance in settling claims.

Successes in FY14 in the areas of litigation, financing, public outreach and transparency, and progress on construction were achieved by the referenced partners working together, and by the excellent work of the dedicated HART staff.

HART Board of Directors

The HART Board of Directors has sought to perform our fiduciary duties with dedication to hard work as a collaborative team, and with total commitment to a higher quality of life for the residents of Honolulu through the successful planning, design, construction, and operation of the rail project. Attachment E shows the officers of the Board and chairs and vice chairs of the respective Board committees for FY15.

Challenges for the Coming Year

The biggest current challenge in the early stages of FY15 is acquisition of real estate necessary for the guideway and station construction. The projected timeline for real estate acquisition was stalled by the partial injunction imposed by the U.S. District Court in the Federal litigation. The year's delay in construction directly resulting from the litigation has been costly both in terms of time and money. The challenges in FY15 will revolve around trying to make up for lost time without sacrificing safety or quality, and mitigating costly delay claims. Since the lifting of the injunction in February, HART has engaged an accelerated strategy to achieve access to required properties for the project by the end of calendar year 2014. Due to the compressed timeline, additional monies will be needed for real estate consultants to accomplish the critical task of acquiring properties to accommodate the guideway and stations.

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A second major challenge in FY15 is procurement of large construction contracts within the HART budget. With the improved Hawaii economy and robust construction activity with the potential for higher bids, HART in the past year has been actively seeking competitive bids with the goal of remaining within the HART budget. Solicitations will be made for construction of a nine-station group, the Airport and City Center guideway and utilities, and the Airport Station Group.

A third challenge relates to development of a fare policy that allows for integration of rail and bus fares and fare collection technologies, and that fairly accounts for revenues and costs generated by the City's public transit system. Any fare structure will need to be based on an accurate assessment of operating costs, and HART is working on updated financial plans to better inform this work. The City Department of Transportation Services is working with a consultant to identify fare collection technologies that are appropriate both for buses (moving vehicles) and the rail system (static collection machines at 21 stations and other static locations). Fare policy development has presented and will continue to present additional opportunities for working collaboratively with our City partners to develop a fully integrated public transit system.

Conclusion

The HART Board of Directors wishes to express our appreciation for the opportunity to work on this very important rail project in service to our community. We look forward to a continued positive partnership in FY15 with you, the Mayor, the Council Chair, and the City Council.



Ivan M. Lui-Kwan, Esq.
Chair, HART Board of Directors



Donald G. Horner
Vice Chair, HART Board of Directors

Presentation Briefing

for

Risk Management

HART Board Presentation

July 17, 2014



What are the unresolved impacts of delay?

- **Escalation** – *Cost of Protests and Legal delays*
- **Core Systems Contract Delay** – *HART has rejected the claim and dispute has been escalated*
- **Access to Property** – *Limitations lead to work arounds on City Center Section for added cost due to delay*

Slide projected delay costs to date ~ \$60M

What is the cost of delay to date?

Delay costs to date:

Note: All changes are not executed and/or fully paid

- Notice-To-Proceed (NTP) ~ **\$76M**
- Archaeological Inventory Survey (AIS) ~ **\$39M**
- Legal Costs ~ **\$4M** (*Ineligible for federal reimbursement*)
- Traditional Cultural Properties (TCP) Suspension ~ **\$2M**

Slide projected delay costs to date ~ \$120M

What is the current and biggest challenge of past delays?

Construction Pricing – *HART has been agile and heroic in its efforts to mitigate delay and market pressures*

- **Inflation** – *race against the clock*
- **Competition for labor** – *12 cranes have gone up in Kaka'ako in the last year*
- **Lack of access to property** – *impact to foundation design sequence*
- **Schedule compression** – *concurrent schedule and resource impact*

• **Mitigation Efforts** – *Hold the line on bid advertisements and contract repackaging*

Slide projected delay costs to date ~ \$50M - \$70M or more



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
VICE CHAIR

George I. Atta
Robert Bunda
Michael D. Formby
Ford N. Fuchigami
William "Buzz" Hong
Keslie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

Board of Directors Meeting
Kapolei Hale, Conference Room B
1000 Uluohia Street
Kapolei, Hawaii 96707
Thursday, August 14, 2014 9:30 am

Agenda

- I. Call to Order by Chair
- II. Public Testimony on All Agenda Items
- III. Approval of Minutes
 - a. Approval of the Minutes of the June 19, 2014 Board of Directors Meeting
 - b. Approval of the Minutes of the July 17, 2014 Board of Directors Meeting
- IV. Airport Station Presentation
- V. HART/Ansaldo/DTS/OTS Working Group Update
- VI. July Monthly Progress Report
- VII. Construction and Traffic Update
- VIII. Right of Way Update
- IX. Executive Director and CEO's Report
- X. Executive Session

Pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4), the Board may enter into Executive Session to consult with its attorneys on questions and issues on a matter pertaining to the Board's powers, duties, privileges, immunities and liabilities.
- XI. Adjournment

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulultransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

**Board of Directors Meeting
Kapolei Hale, Conference Room B
1000 Uluohia Street
Kapolei, Hawaii 96707
Thursday, August 14, 2014 9:30 am**

MINUTES

PRESENT:

Ivan Lui-Kwan
Donald G. Horner
Michael Formby
Keslie Hui

William "Buzz" Hong
Damien Kim
Robert "Bobby" Bunda
Ford Fuchigami

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

Daniel Grabauskas
Brennon Morioka
Diane Arakaki
Duane Sayers
David Sagherian
Gary Takeuchi
Joyce Oliveira
Allison Andrade
Cindy Matsushita
Andrea Tantoco
Karley Halsted
Jeanne Mariani-Belding
Scott Ishikawa

Mel Kahele
Kathy Sokugawa
Tim Mackin
Arnold Wong
Mark Garrity
Jame Schaedel
Lorenzo Garrido
Russell Honma
Akira Fujita
Brent Uechi
David Conover
Morris Atta
Dean Yogi
Rey Alconcel

EXCUSED:

Carrie Okinaga

George Atta

I. Call to Order by Chair

HART Board Chair Ivan Lui-Kwan called the meeting to order at 9:30 a.m.

II. Public Testimony on All Agenda Items

Mr. Lui-Kwan called for public testimony.

Mel Kahele of the Ironworkers Local 625 Stabilization Fund provided testimony suggesting HART break up the nine station construction contract into smaller contracts. He spoke of

HART Board of Directors Meeting
August 14, 2014

small local contractors' difficulty in getting bonding for such a large contract. Mr. Lui-Kwan thanked Mr. Kahele for his testimony.

Mr. Lui-Kwan said that he would be leaving the meeting at 10:00 and that the Vice Chair would then chair the meeting.

III. Approval of Minutes

- a. Approval of the Minutes of the June 19, 2014 Board of Directors Meeting
- b. Approval of the Minutes of the July 17, 2014 Board of Directors Meeting

Mr. Lui-Kwan called for the approval of the minutes for the June 19, 2014 and July 17, 2014 meetings. There being no objections, the minutes were approved.

IV. Airport Station Presentation

Executive Director and CEO Daniel Grabauskas said that the Airport Station design had been unveiled recently, and was an important multi-modal hub. He thanked former State Department of Transportation (HDOT) Airports Director and HART Board member Ford Fuchigami for his instrumental efforts in moving the design forward, along with the Mayor, Council Chair, and HART Board Chair. He displayed renderings of the station, copies of which are attached hereto as Attachment A. The station is fully ADA compliant and includes both covered and elevated walkways which are equidistant from the overseas and interisland airport terminals. He said that the design was the subject of ongoing community meetings, at which the public could get information about the design and offer feedback.

Mr. Lui-Kwan thanked Mr. Fuchigami, HDOT, and HART staff, for their coordination with the aviation and visitor industries, as well as the State of Hawaii and the City and County of Honolulu.

Board member Donald Horner asked if parking would be removed for the station, and Mr. Fuchigami replied that 23 parking stalls would be removed for walkways. He said that the Airport Committee agreed that the location of station was the best possible location, which would provide access to both the Hawaiian Airlines terminal and the overseas terminal. Mr. Fuchigami commended the stakeholders on their collaboration, and noted that HDOT was also planning on a consolidated car rental facility within walking distance of the rail station.

Mr. Horner noted that rail passengers would be able to walk from the train into the parking structures. Mr. Fuchigami confirmed that the station would tie into the sixth floor of the parking structure. Mr. Grabauskas added that future plans could include concessions such as coffee kiosks, etc.

Board member Robert "Bobby" Bunda asked whether the parking booths would move. Mr. Fuchigami said that parking booths, lei stands, and the car rental facility entrance would remain in place to avoid relocation fees. Mr. Bunda asked whether rail passengers with luggage would be able to make it to their flights on time. Mr. Grabauskas said that multiple doors on each train car and areas for luggage adjacent to the doors would allow passengers to deboard easily and quickly.

HART Board of Directors Meeting
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Mr. Lui-Kwan reported that there had been a question at the previous night's community design meeting about the collaboration between HDOT and HART. He commented on the significant and ongoing coordination between the agencies. Mr. Lui-Kwan also noted that at the design unveiling press conference, Board member and City Department of Transportation Services (DTS) Director Michael Formby had explained the intermodal connectivity between the Airport Station and Waikiki.

Mr. Horner asked how long it would take to go from the airport to downtown. Mr. Grabauskas said it would take approximately 12 minutes.

Mr. Fuchigami added that many of the airport's 20,000 employees were also expected to utilize rail. Mr. Horner commented that visitors from the neighbor islands will also utilize the train.

Mr. Lui-Kwan said that agenda item V would be deferred until the presenter arrived.

VI. July Monthly Progress Report

HART Project Controls Manager David Sagherian reported on highlights of the July Monthly Progress Report, a copy of which is attached hereto as Attachment B. He said that there had been steady progress on guideway construction, and that the steel framing on the Maintenance and Storage Facility continues to go up.

Mr. Bunda asked about including information on power in the report. Mr. Sagherian reported that staff was making efforts to include information on electricity, and was seeking that information directly from Hawaiian Electric.

V. HART/Ansaldo/DTS/OTS Working Group Update

Mr. Grabauskas introduced DTS Deputy Director Mark Garrity, who had been heading the effort to coordinate operational efficiencies between HART, Ansaldo, DTS and Oahu Transit Services (OTS).

Mr. Garrity gave a PowerPoint presentation, a copy of which is attached hereto as Attachment C. Mr. Garrity reported that the working group had been meeting regularly, included various stakeholders to coordinate and ensure seamless multimodal operations. Mr. Garrity reported that the group had been focusing its efforts on the multimodal fare collection study, IT and communications system integration, transit oriented development (TOD), and rail station design coordination.

He reported on the electronic multimodal fare collection study steering group, and its various presentations to the HART Fare Policy Permitted Interaction Group. The group was working on the system design in preparation for the Request for Proposals later in the year. He said that a new project manager would be starting with HART later that month to coordinate the fare collection system procurement.

Bus-rail integrated operations planning was also occurring, which includes bus service changes starting in 2017. Larger scale changes to bus service would occur in 2019 with the

opening of the full 20 miles of rail. The group also conducted walk audits of some stations, with the focus of improving accessibility to the stations.

Board member Donald Horner opined that he considers rail to be “Route H” of the bus, and asked what the bus equivalent to 60 rail cars would be. Mr. Grabauskas replied that 60 rail cars were equal to approximately 180 buses. Mr. Horner said that the addition of rail service hours to existing bus service hours would result in a significant savings to taxpayers, and asked what they would be. He suggested that those savings could be invested in additional capacity, or a more advanced card system. Mr. Garrity agreed to look into the matter.

VII. Construction and Traffic Update

HART Director of Design and Construction Lorenzo Garrido introduced HART Maintenance and Storage Facility (MSF) Project Manager Akira Fujita, West Oahu/Farrington Highway Project Manager Karley Halsted, Kiewit’s Allison Andrade, and HART Information Specialist Scott Ishikawa. They provided a construction and traffic update, a copy of which is attached hereto as Attachment D.

Mr. Fujita reported on the progress on the steel framing erection of Maintenance of Way and Operations and Service Buildings and ongoing utility construction at the MSF. Ms. Halsted provided an update on the activities of the Precast Yard and segment construction, and highlighted the completion of the first aesthetic columns. Mr. Ishikawa and Ms. Andrade reported on road closures and detours in the Farrington Highway area, and at the H-1/H-2 merge.

Mr. Bunda said that community members had asked about the height of the balanced cantilever. Ms. Halsted responded that at 24 feet high in the eastbound direction, it would be similar to the existing overpasses. Mr. Grabauskas added that it would have a slimmer profile than most other roadway overpasses.

Ms. Halsted reported that the Kamehameha Highway Guideway test shafts were almost complete, and roadway widening and utility relocation continued in the area. Mr. Ishikawa and Ms. Andrade reported on lane closures along Kamehameha Highway.

Mr. Grabauskas complimented HART staff, HDOT, DTS, and Kiewit for their traffic coordination efforts.

Board member William “Buzz” Hong commended HART on the aesthetic column designs. He suggested numbering the columns for use as markers for emergency services.

VI. Right of Way Update

Director of Planning and Right of Way Elizabeth Scanlon and Deputy Director of Right of Way Morris Atta provided an update of HART’s real estate acquisitions. A copy of their presentation is attached hereto as Attachment E.

Mr. Atta reported that all of real estate consultant Paragon’s subcontractors are local, including title, escrow, and appraisal firms, as well as all acquisition agents hired to date.

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He reported that the total number of properties required for the project was now 229, of which 161 remain to be acquired. Of the outstanding properties, 37 are government owned, and 124 are privately owned. Full takes are 41 in number, with 28 already acquired. The total number of partial takes and easements was 188, with 40 completed.

Mr. Horner asked if the full takes were the most expensive. Mr. Atta said that partial takes could be just as, if not more, costly as they involve damages to the remainder property. Mr. Horner asked for more detailed information on the budget in terms of dollar amounts. Mr. Atta stated that he would provide that in future updates.

Mr. Atta said that offers had recently been accepted for two properties.

Mr. Horner asked about the budget, and Mr. Atta said that HART was within its right of way budget. He detailed a chart showing the budgeted versus actual amounts paid on properties acquired thus far. Mr. Horner requested information on trends, and whether the budget is holding, particularly as right of way acquisitions approach the urban core. Mr. Atta said that most appraisals on the remaining properties would be received within the next month or so, which would give staff a better indication of the budget. Mr. Horner requested a presentation to the Finance Committee on the right of way budget relative to the appraisal information.

Mr. Horner asked why the Full Funding Grant Agreement (FFGA) budget for some parcels was the same as the actual amount spent. Board member Kessie Hui said that perhaps those properties were obtained prior to the signing of the FFGA.

Mr. Bunda asked about the budget for the two recently acquired properties. Mr. Atta stated that as the properties were still in escrow, it was not yet appropriate to disclose the selling price and budget.

Mr. Formby asked how the budget numbers were derived. Mr. Atta responded that the budget numbers were based on Tax Map Key assessed values plus a contingency for market fluctuations, plus eminent domain costs, closing costs, and fees.

Mr. Horner asked how many properties were residential, and how many were commercial. Mr. Atta said that while staff had previously reported that there were no residential properties remaining, HART had recently discovered residential occupants in commercial properties. As a result, there would be more residential relocations. Additionally, two residential properties had been converted from partial to full takings, and would also result in residential relocations. He stated that the cost of a partial take plus relocation sometimes approaches the cost of a full take, and that HART had to decide whether to take the whole parcel in those instances. Mr. Horner added that the excess property could also be sold off later if not needed.

Mr. Grabauskas commented that the number of properties was changing due to final design, and that the designers were avoiding full takes to extent possible. Mr. Horner cited the example of the Ross store on Ward, and Mr. Grabauskas agreed, saying that HART staff avoided a \$28 million take.

Mr. Bunda asked whether HART could stay within the budget. Mr. Atta said that HART was still within budget, but was constantly refining numbers. He said that based on the original budgeted amounts, HART may experience an increase of less than 5% over the original budget. He briefly reviewed the real estate recovery schedule. Mr. Atta said that eminent domain could possibly be utilized on complicated parcels, or parcels with title issues, which might number as many as 30.

Mr. Grabauskas complimented Mr. Atta and his staff. He said that staff would begin to bring eminent domain matters before the Board within the next 60 days or so.

Mr. Hong commended HART for hiring local real estate personnel. He echoed Mr. Horner's request for a Finance Committee presentation, and suggested incentivizing the real estate contractor's performance by offering a bonus.

Mr. Hui requested a financial update on Paragon. Ms. Scanlon said that Paragon had begun increasing its staff, and that HART staff would bring financial information to the Board in future meetings. She reported that Paragon remained focused on controlling costs, pursuant to the Board's request.

Mr. Horner requested that partial and full takes be indicated in future presentations in the interest of transparency. Mr. Atta and Ms. Scanlon agreed.

VII. Executive Director and CEO's Report

Mr. Grabauskas reported that the train model in Kapolei Hale had been well-received by the community and reached 10,000 visitors that week.

Mr. Grabauskas noted that the Board had previously been informed of the large contracts being let in 2014, including the second half of the guideway, Pearl Highlands station and garage, which were currently out to bid, as well as the construction of the first nine stations. A four-station package was also scheduled for procurement later in 2014. Those contracts represent approximately \$1.2 billion in total construction costs. The contract for the final eight stations would be let in 2015.

Mr. Horner said that the \$1.2 billion is an estimate that was now uncertain following the opening of the bids for the first nine stations. He pointed out that contracts to date had been substantially under budget. Mr. Grabauskas said that the project contracts that had been let were approaching approximately two-thirds. Mr. Horner said that the project remains at risk for one-third of the project. Mr. Grabauskas agreed, and said that much of the savings realized in the early contracts had been eroded by delays due to the lawsuits. He said that the contracts were originally scheduled to be let in a much more competitive construction environment, and that any adjustment for inflation included in the budget had been eliminated by the delay, as the current marketplace was extremely active. Mr. Horner pointed out that although two-thirds of the project had already been contracted for and "locked in" regarding the budget, the project was still at risk for variable costs such as concrete.

Mr. Grabauskas reported that three bids were submitted for the first nine stations, and the bids were opened the previous day and were undergoing review by staff for responsiveness. Therefore, the lowest bidder may not necessarily be awarded the contract. The bids substantially exceeded the expected amount of \$185 million, comprised of a \$150 million base amount and approximately \$35 million in contingency. Mr. Grabauskas said that the three bids were as follows:

\$294 million	Nan, Inc.
\$312 million	Nordic PCL
\$320 million	Hensel Phelps

Mr. Horner said that the difference between the budget and low bid had been incorrectly reported by one media outlet, and was actually 59%.

Mr. Grabauskas said that staff were reviewing the bids to understand why they were much higher than anticipated. He said that with regard to the budget, different options would be explored, including the contingency account of \$563 million. Mr. Horner noted that another option may be the project's expected ending cash balance of about \$190 million. Mr. Grabauskas said that value engineering was another option, and that the robust construction environment is expected to result in greater General Excise Tax revenues. He said that he would report back to the Board on the staff's final evaluation, as well as the feedback from HART's federal partners.

Mr. Grabauskas said that if the contract is awarded to the lowest bidder, it will go to a local firm.

Mr. Bunda asked if the specifications in the bid package would be examined as well. Mr. Grabauskas indicated that was something staff would evaluate, so that issues could be remedied in future solicitations. Mr. Bunda asked about current market forces, and Mr. Grabauskas responded that the contracts had been expected to be let in an extremely favorable bid environment. However, the lawsuit delay has resulted in procurement in a much less competitive environment. Also, contractors are being asked to work on a compressed schedule due to the lawsuit delays, which may also be contributing to higher bids.

Board member Damien Kim asked whether breaking up contracts into smaller pieces would lower the price, as larger contractors are busy doing bigger construction jobs. He suggested that smaller or medium size firms might submit more competitive bids. Mr. Grabauskas said that staff would definitely research that possibility.

Mr. Bunda asked about the possibility of rebidding the contract. Mr. Grabauskas said that staff would consider that as well, although it would have impacts to the schedule. Mr. Hong said that in his experience, many contractors will submit high bids when they don't need the work in a robust construction environment. He echoed Mr. Kim's suggestion that HART try to attract medium sized construction firms. Mr. Grabauskas responded that at the time the nine station contract was bundled together, it was thought that doing so would save money. However, he acknowledged that the present environment may result in the opposite effect, so HART would look into possibly breaking up the contract into smaller contracts.

Mr. Formby suggested looking at areas where HART could realize cost savings, and Mr. Grabauskas said he would. But he added that there is additional complexity and cost in managing multiple small contracts.

Mr. Horner said that the cost assumption for stations was \$25 million per station. However, the base cost for the contract of \$150 million results in a station cost of \$17 million. Mr. Garrido said that the cost of each station would be within a range of \$15 to 20 million. Deputy Executive Director Brennon Morioka added that the range was dependent on location: the west side stations were relatively simple, while the east side stations such as the Ala Moana and Airport stations were the most expensive.

Mr. Hui said that the cost per station included design, which he thought was very high on the rail project. He said that soft costs were 40% of HART's total budget, while private sector soft costs are usually around 20%. Mr. Hui said that he had seen public sector bids come in at twice the cost it would have been for the private sector because the risk was transferred to the contractor. Mr. Grabauskas said that staff would definitely examine the issue of risk. Mr. Horner said that this bid is a good indicator of the costs for the second ten miles of the guideway. Mr. Grabauskas agreed, and said that some contractors have expressed less interest because they have enough work.

Mr. Hong asked Mr. Kahele whether he is seeing the large or small contractors utilizing workers. Mr. Kahele responded that the large contractors such as Nan, Inc. are utilizing workers more. Mr. Kim agreed, and said that while the larger companies may be utilizing the majority of the workers, smaller companies do not necessarily have work, as they are waiting for smaller jobs. He said that this could be favorable to HART. Mr. Kahele concurred with Mr. Kim. Mr. Horner asked Mr. Kahele if many of his union members were out of work. Mr. Kahele responded that most are working, but not necessarily 40 hours per week. Mr. Grabauskas also reported that the bids for the seven drill shafts at the airport had also been opened. HART had estimated the cost to be \$4.5 million, but the lowest bid was \$3.4 million.

Mr. Horner said that HART has flexibility in sequencing. Mr. Grabauskas agreed and said that although items such as the MSF, the guideway, and the stations, are critical for passenger service, items such as the Pearl Highlands parking structure might not necessarily need to be completed as currently sequenced. The estimated base cost for the Pearl Highlands parking structure is \$175 million, with the bids opening at the end of the year. He said staff would look into sequencing.

Mr. Horner observed that regarding cash flow, the delay put HART in a good position as far as liquidity.

Mr. Bunda requested that the minutes reflect the finer points of this discussion.

Mr. Hong requested that Corporation Counsel review HART's contracts to help avoid bids coming in significantly over budget. Mr. Grabauskas committed to do so.

HART Board of Directors Meeting
August 14, 2014

Mr. Formby announced that Kathy Sokugawa from the Department of Planning and Permitting had brought handouts for the Ala Moana Transit Oriented Development Neighborhood Plan community meeting on August 27, 2014.

VIII. Executive Session

There was no need for an executive session.

IX. Adjournment

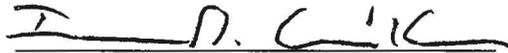
Mr. Horner asked for any public testimony. There was none. He adjourned the meeting at 11:24 a.m.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Ivan Lui-Kwan, Esq.
Board Chair

SEP 11 2014

Date



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
VICE CHAIR

George I. Atta
Robert Bunda
Michael D. Formby
Ford N. Fuchigami
William "Buzz" Hong
Keslie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street
Honolulu, Hawaii 96813
(meeting room entrance on Richards Street)
Thursday, September 11, 2014 8:30 am

Agenda

- I. Call to Order by Chair
- II. Public Testimony on All Agenda Items
- III. Approval of the Minutes of the August 14, 2014 Board of Directors Meeting
- IV. Right of Way Update
- V. Construction and Traffic Update
- VI. Westside Station Procurement
- VII. Resolution 2014-2 – Relating to the Procurement of HART's Fare Collection System
- VIII. Owner-Controlled Insurance Program
- IX. Project Risks Review
- X. Executive Director and CEO's Report
- XI. Executive Session
Pursuant to Hawaii Revised Statutes Section 92-4 and Subsections 92-5(a)(4) and 92-5(a)(2), the Board may enter into Executive Session to consider the contract for the Executive Director/CEO where consideration of matters affecting privacy will be involved, and to consult with its attorneys on questions and issues on matters pertaining to the Board's powers, duties, privileges, immunities and liabilities.
- XII. Executive Director & CEO's Contract
- XIII. Adjournment

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulutransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

**Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street
Honolulu, Hawaii 96813
Thursday, September 11, 2014 8:30 am**

MINUTES

PRESENT:	Ivan Lui-Kwan Donald G. Horner Michael Formby Keslie Hui	William "Buzz" Hong Carrie Okinaga Robert "Bobby" Bunda
ALSO IN ATTENDANCE: (Sign-In Sheet and Staff)	Daniel Grabauskas Brennon Morioka Diane Arakaki Michael McGrane Duane Sayers David Sagherian Gary Takeuchi Joyce Oliveira Kate Froemming	Lorenzo Garrido Russell Honma Gail Jennings Allison Gammel Cindy Matsushita Joyce Oliveira Andrea Tantoco Karley Halsted
EXCUSED:	George Atta Damien Kim	Ford Fuchigami

I. Call to Order by Chair

HART Board Chair Ivan Lui-Kwan called the meeting to order at 8:37 a.m.

Mr. Lui-Kwan called for a moment of silence in remembrance of the events of September 11, 2001.

II. Public Testimony on All Agenda Items

Mr. Lui-Kwan called for public testimony.

Dan Purcell provided testimony complimenting HART on its transparency. He suggested that HART engage in a public discussion regarding any energy plan it may develop. Mr.

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Purcell also advised the Board of the shortage of lattice boom crane operators, and the resulting possibility of overtime for those workers.

III. Approval of the Minutes of the August 14, 2014 Board of Directors Meeting

Mr. Lui-Kwan called for the approval of the August 14, 2014 minutes of the meeting of the Board of Directors.

Board member Robert “Bobby” Bunda thanked Vice Chair Donald Horner for his open discussion on the Westside Stations bid, as reflected in the minutes.

There being no objections, the minutes were unanimously approved.

IV. Right of Way Update

HART Executive Director and CEO Daniel Grabauskas said that Director of Planning and Right of Way Elizabeth Scanlon and Deputy Director of Right of Way Morris Atta would be updating the Board on progress in real estate acquisitions. He said that staff had added new charts for more information and transparency. A copy of the presentation is attached hereto as Attachment A.

Mr. Atta reported that, related to concerns expressed by the Board, real estate consultant Paragon had hired local acquisition agents and contractors and planned to hire local clerical support. Board member Keshie Hui asked whether Paragon’s housing expenses were lower as result of local hires. Mr. Atta said that Paragon is utilizing longer term rentals to lower housing costs, which are subject to a cap under the contract.

Mr. Atta said that to date, 71% of the total land area needed is available to HART’s contractors. He also offered an update on the status of appraisals and offers made by parcel, with the City Center section containing the most outstanding parcels. Mr. Atta illustrated the status of acquisitions according to taking type – full or partial taking. He reported that three offers had been accepted since the previous month, and provided a summary of all acquisitions to date.

Mr. Lui-Kwan asked about the likelihood of meeting HART’s goal of site control of all properties by end of the year. Mr. Atta responded that HART would be able to achieve a significant part of the goal, but that some acquisitions would be completed in early 2015.

Mr. Lui-Kwan asked Mr. Grabauskas about the impact of the real estate acquisition progress on the recent developments in the Westside Stations procurement. Mr. Grabauskas said that HART is on course to make the necessary properties available for the construction of the east portion of the guideway, which would go out for bid in the first quarter of 2015.

Mr. Lui-Kwan asked about staff’s experiences working with consultant Paragon. Mr. Atta reported a good working relationship between HART and Paragon.

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Ms. Okinaga asked about apparent anomalies in acquisition costs that exceeded the budget. Mr. Atta responded that those anomalies were partial takes that had been converted to full takes. Board member Donald Horner reiterated his request to indicate such in future presentations.

Mr. Horner asked whether the right of way program was still within the Full Funding Grant Agreement (FFGA) budget, and Mr. Atta responded that it was.

Mr. Hui noted that it would be helpful to indicate that a significant number of parcels are owned by a few landowners. Mr. Horner added that many parcels are government owned. Ms. Scanlon agreed, and said that future presentations would include the number of parcels and the number of landowners.

Mr. Horner asked about acquisitions in the Airport section. Mr. Atta said that HART was working on agreements with the State Department of Transportation (HDOT), the U.S. Postal Service, and the Navy for easements. He said that most of the acquisitions in the Airport section, which goes from the Aloha Stadium station to the Middle Street station, involve government landowners.

Mr. Hui asked that staff delineate the difference between completed acquisitions and properties for which HART had obtained site access. Mr. Atta and Ms. Scanlon committed to doing so.

Board member Michael Formby asked that staff report on challenging acquisitions that could impact schedule. Mr. Atta replied that HART was developing a matrix showing the status of acquisitions, including the challenging acquisitions, so that contractors can assess their risk vis-à-vis the schedule.

Board member William "Buzz" Hong asked about HART's eminent domain schedule. Mr. Atta replied that HART will have a better idea of possible eminent domain properties after offers are made to landowners. When the offers are made in October or November, landowners will have 30 days for evaluation, after which eminent domain requests could be initiated with the Board of Directors. He estimated the maximum number of potential condemnations to be approximately 20 to 30. Mr. Grabauskas said that there was an ongoing, iterative process between the Right of Way and Design and Construction teams, in assessing when properties were needed. He complimented the Design and Construction team for designing the rail project to try and avoid real property takes.

V. Construction and Traffic Update

HART Director of Design and Construction Lorenzo Garrido, Information Specialist Scott Ishikawa, West Oahu/Farrington Highway Project Manager Karley Halsted, and Kiewit's Allison Gammel provided an update on construction and traffic. A copy of the presentation is attached hereto as Attachment B.

Mr. Garrido provided an update on the construction occurring at the Maintenance and Storage Facility (MSF). The Operations and Storage Building (OSB), Maintenance of

Way Building (MOW), Wheel Truing Building (WTB), and Train Wash Facility are all in various stages of construction. The tilt-up walls of the OSB will be raised in late October. Utility work continues on the MOW Building, and foundation work is ongoing at the WTB. Site utility work is 80% complete, and the rail will begin to be laid on the guideway beginning February or March of 2015.

Ms. Halsted reported that the precast yard has 800 segments stockpiled, and approximately half a mile of segments has been assembled into the guideway. Utility and balanced cantilever work continues. Following up on a previous request, Ms. Halsted reported that the height of the balanced cantilever from the top of the roadway to the lowest point on the structure will be 28 ½ feet going eastbound, and 36 feet going westbound. Ms. Halsted detailed the progress on the underpass extending on the cane haul road adjacent to Waipahu High School.

She also reported on progress on the UH West Oahu station aesthetic columns. Mr. Horner asked if the columns are on the opposite side of the street from UH West Oahu. Ms. Halsted said that they are, and noted that the station location anticipates the fully built UH West Oahu campus. She said that aesthetic columns will be included in every station, and that there will be station access on both sides of the street.

Ms. Gammel provided an update on closures on Farrington Highway. Mr. Ishikawa said that HART will be keeping an eastbound lane open for the morning commute. He detailed how HART has minimized traffic impacts for the drill shaft work, which Ms. Gammel said is occurring near Waipahu High School. Ms. Gammel said that she will be providing more information the following month on future lane closures and outreach related to the balanced cantilever.

Ms. Halsted said that utility relocations and roadway widening are continuing in the Kamehameha Highway Guideway section, and that the test shaft program has wrapped up. Mr. Ishikawa reported on two overnight lane closures along Kamehameha Highway, as well as a lane closure near Pearlridge Shopping Center. There will also be a lane closure on Moanalua Freeway near McGrew Point.

Mr. Ishikawa said that at Aloha Stadium, HART is occupying an overflow parking lot of the stadium. HART has been working with the Stadium Authority on mitigation measures, which include an alternative parking location for stadium employees, and stadium shuttle buses for games from Kamehameha Drive-In and Leeward Community College.

Mr. Formby asked about communicating project progress to the public via photographs, which depict progress well. Mr. Grabauskas said that photos are posted on HART's website, distributed via the weekly e-blast, as well as shared with the media.

Mr. Horner suggested communicating that the MSF is under budget. He also suggested naming the MSF to convey the significance of the facility. He said that there had not been significant overruns on the MSF, and requested budget information for the facility.

Ms. Okinaga asked about the number of traffic-related complaints. Mr. Ishikawa said that traffic-related complaints have been minimal.

VI. Westside Stations Procurement

Mr. Lui-Kwan indicated that Russell Honma would be providing testimony. Mr. Honma testified in support of the cancellation of the Westside Stations procurement.

Mr. Grabauskas reported that HART staff had completed an extensive review of the bids received for Westside Stations group. It was determined that it was in the public's best interest to cancel the solicitation and put out a retooled bid package, as the lowest bid came in at approximately 60% over the engineers' estimate. He said that staff's evaluation revealed that the very active construction market and HART's compressed schedule to meet the 2017 interim opening contributed to the high bids. Mr. Grabauskas pointed out that despite the 13-month delay in construction and real estate acquisitions due to litigation, HART was still holding to its 2019 full revenue service opening date. However, the size of the Westside Stations contract, coupled with the schedule compression, required contractors to partner with larger subcontractors with the capability to perform work concurrently, thereby reducing the competitiveness of the bids.

Mr. Grabauskas said that in order to reduce costs, HART was considering breaking up the procurement into three packages of three stations and staggering notice to proceed dates. Although he said that staff was still in the evaluation process, it was likely that the interim opening would be pushed out to 2018, as he had been receiving feedback that staying within budget was more important than the interim opening. As an additional cost savings measure, HART was looking into value engineering station components that would not impact the ridership experience, such as utilizing a less costly broom finish for certain surfaces versus the more expensive exposed aggregate finish. Lastly, HART found that allowing contractors more flexibility in determining their means and methods would result in reduced costs.

Mr. Grabauskas said that staff had been reaching out to the original bidders and other contractors to confirm their findings, as well as researching other cost saving measures. He said that HART owed it to the public to minimize costs, not only for the Westside Stations package, but also the remaining 12 stations, the second 10 miles of guideway, and the Pearl Highlands Parking Garage.

Mr. Grabauskas said that he would report back to the Board on the lessons learned from the conversations with contractors. He said that the first three-station package would be out for bid in approximately 10 to 12 weeks. The three packages would be let six to eight weeks apart. The Airport Station Group package, also scheduled to be let later in the year, would be staggered in between the three Westside Stations packages.

Mr. Hong asked about the cost for each station package. Mr. Grabauskas said that staff was still completing its evaluation, and would have a new engineers' estimate once the

evaluation was complete. Mr. Hong remarked that as small contractors did not have the ability to obtain large bonds, they could form joint ventures in order to bid.

Ms. Okinaga asked if moving the interim opening would have any other impacts. Mr. Grabauskas responded that HART was holding to the 2019 full revenue service opening date, and that the rail cars would still be delivered in 2016. He said that there would perhaps be a few months' change in the schedule for the remaining stations and guideway.

Mr. Horner recalled that there may have been complexity in the tie-in between the rail and stations. Mr. Grabauskas said that some the Westside Stations package included atypical work for vertical construction companies, such as the H-1/H-2 ramp, environmental work near Waiawa Stream, and box girder construction. He said that staff was exploring the possibility of removing the ramp and environmental work from the bid package and procuring those specialty items separately, in an effort to drive down costs. He cited the recent under-budget bid package for seven drill shafts in the airport, which was let in order to avoid a possible conflict with the State Department of Transportation (HDOT)'s construction schedule for its future rental car facility.

Mr. Horner posited the possible advantage of putting all three-station packages out for bid at the same time, which could allow for a "quantity discount," if a contractor wanted to bid on all three. Mr. Grabauskas replied that staff was exploring that possibility in its interviews with contractors.

Mr. Horner asked for confirmation that the Airport Station was not included in the Westside Stations package, and Mr. Grabauskas confirmed it. He said that all four stations in the Airport Station section were currently planned be put out for bid at the end of the year. However, depending on what HART learned from the Westside Stations experience, the Airport section stations might be broken out into separate packages.

Mr. Hong asked whether it was possible to carve out some aspects of construction, such as having Kiewit perform some mass production construction work. Mr. Grabauskas replied that Kiewit was part of HART's industry survey.

Regarding Mr. Formby's inquiry about the timing of the decision on the interim opening, Mr. Grabauskas said HART would know in the next ten to twelve weeks. Mr. Formby noted that pushing the interim opening date back could have positive impacts on smart card development. Mr. Grabauskas agreed that doing so would allow more time for field testing the fare system, trains, and stations. Mr. Grabauskas likened the interim opening to a "soft opening," and said that HART was still retaining the full opening in 2019.

Ms. Okinaga asked what feedback HART had received from the Federal Transit Administration (FTA) about its strategy on the Westside Stations procurement. Mr. Grabauskas said that the FTA was supportive, as was the Project Management Oversight Consultant.

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Mr. Lui-Kwan thanked Mr. Grabauskas and HART staff for their efforts in maintaining budget, schedule, quality and safety.

Mr. Grabauskas acknowledged Deputy Executive Director Brennon Morioka, Mr. Garrido and Deputy Director of Design and Construction Dave Conover, Deputy Director of Projects John Moore, and Jay McRae of CH2Mhill for their work.

Mr. Hui commended Mr. Grabauskas and HART staff.

VII. Resolution 2014-2 – Relating to the Procurement of HART’s Fare Collection System

Mr. Grabauskas said that HART staff was requesting deferral of this item, to allow it additional time to refine the resolution. A copy of the draft resolution is attached hereto as Attachment C.

VIII. Owner-Controlled Insurance Program

Mr. Grabauskas thanked Mr. Bunda for lending his expertise in the insurance field to staff in the development of the insurance program.

Chief Financial Officer Diane Arakaki introduced HART’s Wes Mott, Marsh USA’s (Marsh) Kathy Dang, and Aon Risk Services Inc.’s (Aon) Chad Karasaki, who would be making the presentation, a copy of which is attached hereto as Attachment D. She stated that the objective in procuring an owner-controlled insurance program (OCIP) was cost effective insurance coverage for construction work for HART’s general contractors and subcontractors, including workers compensation, general liability, excess liability, and builder’s risk. Marsh will provide services for the administration and implementation of OCIP, while Aon will be the broker, and make adjustments to coverage and work directly with insurance carriers. Ms. Arakaki outlined the advantages of OCIP, which include the certainty of coverage and greater assurance limiting liability, reduction of costs due to economies of scale, and eliminating contractor overhead and markup. Ms. Arakaki detailed the layers of coverage, and said that OCIP allowed HART approximately \$38 million in cost avoidance over the contractors’ insurance estimates.

Ms. Okinaga asked about the time frame for the contractors’ cost estimate, and Ms. Arakaki replied that the cost referred to amounts paid to date, and estimated through the end of the project.

Mr. Bunda said that the real savings would come in controlling losses. Ms. Dang explained that the \$18.5 million estimated deductible represented estimated losses based on other rail projects; any losses up to that amount presented a potential for savings in controlling losses. The workers compensation and general liability programs have \$500,000 deductibles per occurrence, which also include caps. She said that as Marsh oversees safety and risk controls, they were impressed with the management and oversight of the rail project. Mr. Grabauskas agreed that both HART and Kiewit had a great safety record of .4 incidents per 100,000 hours of work.

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September 11, 2014

Mr. Bunda asked if all contractors must participate in the OCIP program, and Ms. Arakaki confirmed that they must. Mr. Bunda asked how many participants there were. Ms. Dang replied that there were about 70 participants, but that number would increase to possibly several hundred. Noncompliance could result in fines or dismissal.

Ms. Arakaki said that OCIP premiums were based on estimated payroll and hard construction values. These values would be audited and premiums adjusted up or down accordingly, so that the total cost of insurance would not be known until the end of the project. She said that the maximum deductible cap would be \$25.5 million.

Mr. Horner asked what the FFGA budget was for insurance, and Ms. Arakaki replied that it was \$65 million. Mr. Horner expressed his approval that OCIP was coming in under budget. Mr. Bunda reiterated that the potential for savings is great due to HART's strong safety program.

Mr. Horner asked how HART's insurance program compared to the City and County of Honolulu, and asked if the City was self insured. Mr. Mott replied that the coverage being purchased by HART is only for HART. Ms. Okinaga said that the City was self insured up to a certain amount for its construction projects. Mr. Karasaki explained that the City insures itself for each project through its contractors. Mr. Horner asked if HART was acquiring more coverage than the average City project. Ms. Okinaga said that the City is an additional insured under HART's coverage.

Ms. Arakaki outlined the next steps in rolling out the insurance program, and said that staff would report semiannually to Board, including insurance loss control tracking. Mr. Bunda asked what the report would contain. Ms. Dang said that it would report on costs to date, losses, and expected payrolls.

Mr. Hui asked whether contractors who win future bids would be required to participate in OCIP. He also asked about contractors with existing contracts. Mr. Mott said that current contracts contain language anticipating OCIP, and future contracts would contain similar language. Mr. Grabauskas confirmed that current contractors had been informed that they were now covered by OCIP.

Mr. Formby asked whether the excess liability carriers' exposure was proportional and Mr. Karasaki confirmed that it was.

Mr. Bunda complimented the insurance team on its great work.

IX. Project Risks Review

Mr. Grabauskas said that the project risks review update was part of HART's periodic updates to the Board of the items on its risk register. He recognized the positive aspects of recognizing risks, in allowing HART to avoid or mitigate risks. He said HART staff and the FTA meet regularly to discuss risks.

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Mr. Grabauskas said that in April, the FTA and HART had conducted a detailed “risk refresh” review of the project. The FTA had subsequently issued its report on that review, to which HART responded. A copy of the report and response are attached hereto as Attachment E.

Mr. Grabauskas summarized by saying that the project was on schedule and on budget, and that despite the many risks faced by the project, it had weathered those risks well to date. The FTA’s first area of focus was the technical capacity of the project, which they reviewed as excellent. Schedule was their second area of focus: although the opening date contained in the FFGA is January 1, 2020, HART had planned a 300-day cushion for its opening of spring 2019. Regarding budget, the project remains in a good position despite the delay costs.

Mr. Grabauskas said that the FTA also asked HART to look at two mitigation categories: cost reduction without impact to the overall program (i.e., OCIP, value engineering), and secondary mitigation (additional measures in a worst-case risk scenario).

He thanked Director of Planning and Right of Way Elizabeth Scanlon, Project Controls Manager David Sagherian, and Fiscal Analyst Corey Ellis for their work on the risk refresh.

Mr. Lui-Kwan asked about the project contingency, which was \$563.7 million as of July, and comprised of \$163.8 million in allocated contingency, \$8.3 million of committed contingency, and \$392 million in uncommitted contingency. Mr. Grabauskas said that \$643 million was the contingency balance at the time of the FFGA, and \$563.7 million was remaining as of July. \$390 million is the amount that will be left if every identifiable risk occurs. Mr. Lui-Kwan noted that the PMOC report did not track exactly with the risk report, and Mr. Grabauskas attributed that difference to the lag time between the actual drawdown and the reporting period.

Mr. Horner noted that HART’s cash balance was ahead of projections. He opined that the construction of the Pearl Highlands parking structure could be pushed back if necessary. Mr. Grabauskas said that decision would depend on the interviews with contractors and bids. He said that staff is evaluating whether it should wait until the bids are received to make that decision.

Mr. Hui requested future updates on the relationship between the schedule and the delays that have occurred. Mr. Grabauskas noted that he would discuss that in his Executive Director’s report.

Ms. Okinaga asked whether the financial plan referred to previously was the revised financial plan, as opposed to the FFGA financial plan. Mr. Grabauskas confirmed that it was. She asked to confirm that the revised staffing plan would be available by the end of the year, and Mr. Grabauskas said it would.

X. Executive Director and CEO's Report

Mr. Grabauskas reported that changes to the guideway configuration had necessitated further trenching required by the State Historic Preservation Division (SHPD). He said that the report on that additional trenching had been approved by SHPD. An additional 14 trenches will be dug the upcoming week near Ala Moana.

Mr. Grabauskas introduced HART's Whitney Birch, who will be working with HART on the fare collection system.

Ms. Birch gave a brief background, including her work on Vancouver's fare system design, and work on the Sky Train. In the U.S., she worked on the first smart card systems in New York and New Jersey, as well as in Miami-Dade and Houston.

Mr. Grabauskas continued by reporting on the City Council Finance Committee's recent meeting, at which impacts to the contingency fund were discussed. He thanked Mr. Lui-Kwan and Mr. Hui for attending. Mr. Grabauskas reported that the next day, he would be attending a community planning meeting sponsored Senator Suzanne Chun-Oakland. Mr. Grabauskas had recently spoken to the American Institute of Architects and the Honolulu Board of Realtors.

Mr. Grabauskas provided an update on the Core Systems contract, making a presentation on vehicle profile samples, a copy of which is attached hereto as Attachment F. He passed around aluminum pieces of the rail car chassis that were produced in Ansaldo's factory in Italy. The chassis parts will be shipped to Ansaldo's main factory and assembled. The car shells will then be shipped to Pittsburgh, California beginning in early 2015, where the final assembly will take place.

Mr. Formby asked if the pieces were molded. Mr. Grabauskas replied that they were extruded.

Ms. Okinaga asked if HART was monitoring the manufacturing process. Mr. Grabauskas said that HART's Rainer Hombach and consultants would soon be visiting the Ansaldo factory as part of HART's ongoing oversight. He thanked Ansaldo for their work.

Mr. Horner expressed his approval of the use of aluminum, which would not rust.

Mr. Hui asked whether HART was comfortable with its working relationship with Ansaldo. Mr. Grabauskas confirmed that it was, and that Ansaldo was on schedule.

Mr. Horner pointed out that Ansaldo had reassured HART that they would deliver on the contract, whether or not a merger occurred. Mr. Grabauskas confirmed that Ansaldo's parent company Finmeccanica had given its assurances to HART that it would deliver.

Mr. Hong asked about inspection and monitoring. Mr. Grabauskas said that HART staff and contractors had been providing ongoing design monitoring, as well as construction and schedule monitoring.

HART Board of Directors Meeting
September 11, 2014

XI. Executive Session

There was no need for executive session.

XII. Executive Director & CEO's Contract

Mr. Lui-Kwan invited Ms. Okinaga to report on the Executive Director and CEO's contract. Ms. Okinaga said that the Human Resources Committee had met twice and provided an opportunity for the public to comment on the contract. She said that the committee was continuing to meet.

XIII. Adjournment

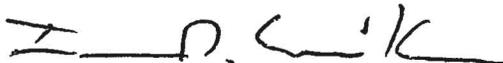
With no further business before the Board, Mr. Lui-Kwan adjourned the meeting at 10:56 a.m.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Ivan Lui-Kwan, Esq.
Board Chair

OCT 9 2014

Date



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

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Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street
Honolulu, Hawaii 96813
(meeting room entrance on Richards Street)
Thursday, October 9, 2014 10:00 am

Agenda

- I. Call to Order by Chair
- II. Public Testimony on All Agenda Items
- III. Approval of the Minutes of the September 11, 2014 Board of Directors Meeting
- IV. FY2016 Operating and Capital Budget and Six-Year Capital Program
- V. Rail Car Manufacturing Update
- VI. Report of the Fare Policy Permitted Interaction Group
- VII. HART's Annual Report
- VIII. Executive Director and CEO's Report
- IX. Executive Session
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- X. Executive Director & CEO's Contract
- XI. Adjournment

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**Board of Directors Meeting
Ali'i Place, Suite 150
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Thursday, October 9, 2014 10:00 am**

MINUTES

PRESENT:

Ivan Lui-Kwan
Donald G. Horner
Michael Formby
Keslie Hui
George Atta

William "Buzz" Hong
Carrie Okinaga
Robert "Bobby" Bunda
Damien Kim
Ford Fuchigami

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

Daniel Grabauskas
Brennon Morioka
Diane Arakaki
Michael McGrane
Gary Takeuchi
Joyce Oliveira
Tom Smyth
Tim Mackin
Brandon Elefante
Lori Hiraoka

Dan Purcell
Paul Migliorato
Lorenzo Garrido
Russell Honma
Gail Jennings
Allison Gammel
Cindy Matsushita
Andrea Tantoco
Ron Amemiya

I. Call to Order by Chair

HART Board Chair Ivan Lui-Kwan called the meeting to order at 10:49 a.m.

II. Public Testimony on All Agenda Items

Mr. Lui-Kwan called for public testimony.

Russell Honma provided testimony regarding his concerns over the potential sale of Ansaldo Honolulu JV's (AHJV) parent company Finmeccanica.

III. Approval of the Minutes of the September 11, 2014 Board of Directors Meeting

Mr. Lui-Kwan asked if there were any suggested modifications to the minutes of the September 11, 2014 Board of Directors meeting. Hearing none, the minutes were approved as circulated.

IV. FY2016 Operating and Capital Budget and Six-Year Capital Program

Board member Keslie Hui reported that the Finance Committee had approved the Fiscal Year 2016 (FY 2016) Operating and Capital Budget and the Six-Year Capital Program, and was now bringing them before the full Board for consideration.

HART Chief Financial Officer Diane Arakaki made a presentation on the budget and the capital program; a copy of the presentation is attached hereto as Attachment A. She was joined by Michael McGrane, HART's Budget and Grants Manager.

Ms. Arakaki stated that the \$21.2 million operating budget represented a 1.2% decrease from the previous fiscal year. She elaborated on the FY 2016 operating budget as compared to FY 2015 in detail.

The FY 2016 capital budget totals \$422.2 million. Ms. Arakaki said that the requested FY 2016 capital budget consisted of \$172 million in construction, consultant and Programmatic Agreement costs, \$200 million in contingency, and \$50 million in recertifications. She reminded the Board that use of the contingency amount was subject to Board approval for change orders exceeding \$1 million.

She said that recertifications were formal approvals for internal transfers between accounts, and not additional expenditure requests.

Ms. Arakaki said that the re-appropriation amount of just over \$1 billion represented amounts that had previously been appropriated, and had not yet been contractually obligated to date. She said that the re-appropriation request was being made in the interest of transparency, and in the event that the already appropriated amounts are not contractually obligated by June 30, 2015.

She outlined the \$8 million request for debt service, for repayment of debt to be taken out during FY 2015.

Mr. Hui said the Finance Committee had taken up both the Operating and Capital Budgets and the Six-Year Capital Program, and held public hearings for both. He outlined the Board's budget approval process.

Mr. Hui moved for referral to and approval for the Finance Committee to transmit the proposed FY 2016 Operating and Capital Budget to the Mayor and City Council. Ms. Okinaga seconded the motion. All being in favor, the motion carried.

V. Rail Car Manufacturing Update

Mr. Grabauskas introduced AHJV's Enrico Fontana and HART's Deputy Director of Systems Justin Garrod, who would be updating the Board on the manufacturing of the rail cars. Their presentation is attached hereto as Attachment B.

Mr. Garrod introduced himself and briefly detailed his background working in Seattle at Sound Transit, most recently as Director of Systems Integration and Engineering, where he had been since 2003, and worked on six major capital program light rail extensions.

Mr. Fontana, managing director for AHJV, and Core Systems Project Manager outlined the design-build-operate-maintain core systems contract, of which 14% of the design-build portion was complete as of September 2014.

Mr. Fontana said that all of AHJV's subcontractors had been secured. He detailed a worldwide effort that includes various components from 21 American states, the People's Republic of China, Canada, and five countries in the European Union.

The first train was scheduled to be assembled in California in 2015, and arrive in Honolulu in mid-2016 for testing. Mr. Fontana outlined the steps to building the train cars, which include extruding the aluminum in Brescia, Italy. The aluminum will then be assembled and welded into the carshells in Reggio Calabria, Italy. From there the third step will occur in Pittsburg, California, where the vehicles will undergo final assembly.

Maintenance and recovery vehicles are also being manufactured in Minnesota, including the multi-purpose vehicle, tamper, high-lift truck, and rail grinder. These vehicles will be ready for shipment to Honolulu in a few months. Communications components will be manufactured by Alcatel Lucent in Plano, Texas, and will be ready for shipment this month. Train control equipment for Waipahu and West Loch will be manufactured and ready for shipment later this year. On-board train controls will be ready in 2016.

Platform screen gates are undergoing life-cycle testing, after which production will commence.

Mr. Fontana reported on AHJV's partnership with Leeward Community College in education and workforce development, in order to develop the next generation of transit professionals. The first program will commence in January 2015. In addition, AHJV is working with the University of Hawaii (UH) College of Engineering to develop candidates through internships, projects and theses. Ms. Okinaga asked about the students that would be involved. Mr. Fontana said that AHJV has interns from the UH College of Engineering and from Virginia Tech, and plans to involve more engineering students, as well as a law student in the future. Mr. Fontana also detailed AHJV's efforts to develop its current employees, many of whom are local.

Mr. Grabauskas said that the working relationship between AHJV and HART has been excellent. He complimented Mr. Garrod on getting up to speed on the global partners

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involved in the core systems contract. He commended AHJV on their commitment to building a local staff. Mr. Fontana said that AHJV hopes to build a 300-person staff for the Maintenance and Storage Facility (MSF), which will be comprised of mainland staff at the outset, but will move towards local staffing.

Mr. Lui-Kwan asked about the commitments, guarantees or bonds by Finmeccanica to HART, in light of the impending acquisition of AHJV's parent companies. He also asked about any possible disruption to production. Lastly, he asked how the sale would impact AHJV's employees.

Mr. Fontana said that he was not authorized to provide any official statement on behalf of Finmeccanica, nor did he have any internal information aside from what was being publicly reported. However, he did say that whoever acquires Ansaldo STS and Ansaldo Breda would want to ensure their success, particularly in light of the number of ongoing projects. Bonds were in place, and provided by a third party through the end of the design-build phase. Mr. Fontana said that he did not see any impact to production, as the 50 to 60 subcontractors all wanted the project's success.

Board member Robert "Bobby" Bunda asked if Finmeccanica gave the AHJV employees any assurances for their positions. Mr. Fontana spoke of his commitment to the project, and said his deep knowledge of the project dating back to 2009 would make his removal unlikely.

Board member Damien Kim thanked Mr. Fontana, and said that in August he had toured the Piazze factory to see high speed trains being manufactured. He had also ridden a driverless train in Rome, and toured a command center and maintenance yard. He said that he was confident in AHJV's ability to deliver a great product.

Board member William "Buzz" Hong asked about the durability of the aluminum extrusions. Mr. Garrod acknowledged that traditional American train cars were made from steel. Mr. Fontana said that Honolulu's system will be Ansaldo's 12th driverless system, and all have been built utilizing aluminum extrusion. He said that the Copenhagen system has been running reliably for 12 years. Mr. Garrod added that Spanish aluminum cars are used in Seattle, as they are in much of Europe, as part of a trend in American transit systems to move to lighter, more fuel efficient rail cars.

Board member Donald Horner asked about the use of flywheels in Europe and related power consumption. Mr. Fontana said he would look into it. Mr. Garrod said that Sound Transit tested flywheels on three rail cars, and remarked that high capacitors were very costly new technology. Mr. Horner asked AHJV to be open to more sustainable options that may affect the operating budget.

Mr. Hong asked whether HART should retain counsel versed in international law for advice regarding the acquisition. Deputy Corporation Counsel Gary Takeuchi said he would be happy to have a discussion about that with HART. Mr. Hong said that although HART had exercised much caution in acquiring bonds, perhaps it needed

guidance. Ms. Okinaga pointed out that the contract with AHJV was probably subject to Hawaii law, notwithstanding the fact that they are an international party.

Board member George Atta said that he had been receiving requests to explore renewable energy, and asked if the trains could be retrofitted without too much expense. Mr. Fontana said that Ansaldo would work with any available renewable energy sources. Mr. Grabauskas said that HART was looking at different power sources for the MSF and some stations, such as photovoltaic (PV) energy. Mr. Horner said that HART may operate off a lot of solar energy along the alignment. Mr. Atta said that he has even heard suggestions that HART start its own utility. Mr. Kim asked whether there was enough room at the MSF for PV equipment, and Mr. Grabauskas said the rooftops were designed to carry a PV load.

Mr. Hong asked whether it was possible for the system to switch between operating on and off the grid. Mr. Kim said it was, but that Hawaiian Electric had restrictions regarding such an arrangement, and that cost would probably be a factor.

Mr. Lui-Kwan suggested to Mr. Grabauskas that HART conduct its due diligence on Finmeccanica's buyer. Mr. Grabauskas agreed, and reminded the Board that he had requested that the Finmeccanica CEO provide assurances, and had also made the same request of Ansaldo STS and Ansaldo Breda.

Mr. Lui-Kwan introduced Councilmember elect Brandon Elefante, who was elected outright in the primary election to succeed Councilmember Breene Harimoto.

VI. Report of the Fare Policy Permitted Interaction Group

Ms. Okinaga said that coordination between the Department of Transportation Services (DTS) and Oahu Transit Services (OTS) was critical in establishing a fare policy. She made a PowerPoint presentation, a copy of which is attached hereto as Attachment C. She said that the draft report of the Fare Policy Permitted Interaction Group (Group) would be available to the public to comment on. She said that action on the report would be taken at the next Board meeting on October 23, 2014.

Ms. Okinaga said that the Group was formed the previous year by the HART Board of Directors. She detailed the four areas of inquiry charged to the Group, two of which it accomplished: exploring fare policies of other transit agencies, and fare collection and associated technologies. She said that the Group was recommending the formation of another Permitted Interaction Group at a later time, as the instant Group did not have updated financial or operating budget information on which to make recommendations regarding the other two tasks: farebox recovery ratio and the revenue split between the City and HART.

Ms. Okinaga said that the Group, which included HART Board members Mr. Bunda, Mr. Formby, Mr. Horner, Mr. Hui, and her, worked with various stakeholders in formulating their recommendations. These included the staff Steering Committee, comprised of

representatives from HART, DTS, OTS, the Department of Budget and Fiscal Services, and the Department of Information Technology, as well as CH2MHill the consultant retained by DTS. She stated that the HART Board had been provided with three briefings by the Steering Committee and CH2MHill, and the Group had met five times. The Steering Committee made recommendations on the technological aspects of the fare system. The Group was making two fare policy recommendations.

Mark Garrity, Deputy Director of DTS and Steering Committee Chair, introduced OTS President Roger Morton and HART Fare Collection System Project Manager Whitney Birch. He said that the Steering Committee had been meeting for over a year on a monthly basis. Other retail and institutional stakeholders had also been brought into the discussion.

Mr. Garrity outlined the overall project goals, which include designing a simple and convenient fare collection system that operates seamlessly between modes, and adopting proven fare technology based upon industry standards that reduces fraud and maximizes interoperability, and increasing distribution channels and fare purchasing options. Mr. Horner commented that the ability to offer different fares would contribute to revenue enhancement. Mr. Garrity agreed, and said that the system could have the option to offer different fares to visitors and local residents. He said that the system could allow partnerships with schools and institutions that utilize smart card technology for integration with employee badges or school identification cards. Mr. Horner said that the Department of Education (DOE) could benefit from such technology. Mr. Garrity said that the Steering Committee had been meeting with the DOE.

Ms. Okinaga remarked that the goals were shared with the Group. Mr. Horner commended the group for leveraging existing infrastructure to minimize capital costs. Mr. Garrity said that the Steering Committee had made certain determinations in its investigation. The Committee determined that smart card media that was account based would be advantageous, from the standpoint of providing data and convenience to the customer. Additionally, the flexibility of open architecture software would allow HART and DTS to work with different vendors. Mr. Garrity said that these determinations would provide the security of proven architecture, allow a smooth transition to future payment systems and integration with TheHandi-Van and other services, and provide the potential for differential and location-specific fares, and accommodate future payment types.

Ms. Okinaga clarified that the determinations were broad parameters, and were not meant to predispose any organization to any particular vendors. She outlined the recommendations of the Group as follows:

1. The design of the fare collection system should plan for operations that maximize the use of existing expertise and capacity at the City, OTS and HART in the interest of efficiency.

2. HART's fare collection system should include use of fare gates, which had been addressed by the Board two years prior.
3. Both recommendations are intended to provide general direction, and are subject to further appropriation and budgeting decisions by the City and HART.

Ms. Okinaga said that program and financial management would be performed by the City or HART. Mr. Horner added that the system would be hosted by the City and initially operated by a vendor. OTS would perform the functions of the fare system call center, special program and retail management, and bus equipment maintenance, utilizing current capabilities.

Mr. Horner made note of the outstanding cooperation amongst DTS, OTS and HART. Ms. Okinaga concluded with remaining tasks for the next Permitted Interaction Group, which include bus and rail farebox recovery ratios and possible alternative revenue sources.

Mr. Lui-Kwan invited Mr. Morton and Ms. Birch to comment on the recommendations. Ms. Birch gave a brief background of her experience working with approximately 10 to 12 Canadian and American transit authorities on fare systems. Mr. Morton said that although the fare system effort has not been easy, it has been a collaborative one. He said that the Steering Committee would do everything it could to deliver a fare system that would be seamless between modes, while keeping operating costs down.

Mr. Lui-Kwan emphasized the importance of the fare system to HART's future ridership. Mr. Grabauskas echoed Mr. Horner's and Mr. Morton's comments regarding collaboration. He acknowledged Mr. Formby's leadership in breaking down silos. He thanked Ms. Okinaga and the Group members, as well as HART, DTS and OTS staff for their work.

Mr. Lui-Kwan asked Mr. Atta and Mr. Formby to communicate the Board's appreciation for the Mayor's leadership in setting the tone of cooperation in building rail better. Mr. Formby acknowledged Mr. Garrity for his efforts. He complimented Ms. Okinaga on all the work she did for the Group. Mr. Lui-Kwan thanked Ms. Okinaga.

Mr. Horner noted that there was still much work to be done.

Mr. Formby acknowledged Trevor Findley and staff of CH2MHill for their assistance with the fare system. Mr. Horner suggested preparing a presentation for the City Council.

VII. HART's Annual Report

Mr. Lui-Kwan said that HART produced an annual report for submission to the Mayor and the City Council, which was compiled with the reports of other City departments and

semi-autonomous agencies. HART Board Administrator Cindy Matsushita said that the draft report, which was before the Board for its comment and review, detailed the authority's accomplishments in FY 2014. She solicited members' comments, which would be incorporated into the final draft of the report.

VIII. Executive Director and CEO's Report

Mr. Grabauskas said that HART staff had recently given the media a tour of the site previously known as the MSF, and recently renamed the Rail Operations Center. Two of the four planned buildings were shown to the media. He said that in a few weeks, the walls and roof of the Operations and Servicing Building would be raised.

Mr. Grabauskas said that a community meeting on the City Center section had been held the previous night. That night another community meeting would be held on the designs for the Kalihi, Kapalama, Iwilei and Chinatown stations. He said that HART had participated that month at the Children and Youth Day, the Annual Native Hawaiian Convention, and at various construction events.

IX. Executive Session

Ms. Okinaga moved that the Board enter into Executive Session pursuant to HRS Section 92-4 and subsections 92-5(a)(4) and 92-5(a)(2), to consider the contract for the Executive Director & CEO where consideration of matters affecting privacy would be involved, and to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities. She said that the process of considering a new contract for the Executive Director & CEO had begun some time ago, and had allowed multiple opportunities for the public to comment. Mr. Bunda seconded the motion, which carried unanimously.

The Board of Directors entered into Executive Session at 12:29 p.m.

They re-entered public session at 1:09 p.m.

X. Executive Director & CEO's Contract

Ms. Okinaga said that HART was fortunate to have Mr. Grabauskas as its Executive Director & CEO. She moved that the Board of Directors reappoint Mr. Grabauskas for another three years, from April 2015 to 2018, upon the following terms: The base salary would increase 5% from the current contract, which provides for a flat base salary. (Ms. Okinaga also noted that Mr. Grabauskas had elected in his first year to take a voluntary 5% cut in his base salary to reflect the pay cuts experienced by other City and HART employees.) There would be two other changes to the contract terms: the annual bonus would be within a range of up to 15%, rather than being a set all-or-nothing amount, and an annual base salary increase would be provided for, within a range of up to 3.5%. The exact amount of any bonus or base salary increase would be based on the Board's evaluation of the Executive Director & CEO's performance. Ms. Okinaga said that the relocation payment would be deleted from the new contract, but that the housing and

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transportation allowances would remain constant. Lastly, she said that a 90-day notice period for termination would be added to the new contract.

Mr. Hui seconded the motion.

Mr. Lui-Kwan noted that in his last performance evaluation, nearly all the Board members scored Mr. Grabauskas very high on management and leadership. He registered his support of the motion, as well as of Mr. Grabauskas' performance.

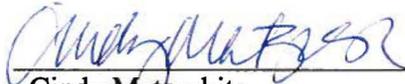
All being in favor, the motion carried unanimously.

Mr. Lui-Kwan thanked Ms. Okinaga and the Human Resources Committee for its work on the contract renewal.

XI. Adjournment

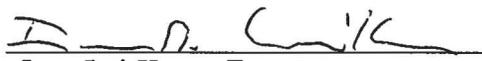
There being no further business before the Board, Mr. Lui-Kwan adjourned the meeting at 1:17 p.m.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Ivan Lui-Kwan, Esq.
Board Chair

OCT 23 2014

Date



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
VICE CHAIR

George I. Atta
Robert Bunda
Michael D. Formby
Ford N. Fuchigami
William "Buzz" Hong
Keslie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street
Honolulu, Hawaii 96813
(meeting room entrance on Richards Street)
Thursday, October 23, 2014 10:00 am

Agenda

- I. Call to Order by Chair
- II. Public Testimony on All Agenda Items
- III. Approval of the Minutes of the October 9, 2014 Board of Directors Meeting
- IV. Presentations by Arizona State University, San Diego State University, and University of California, San Diego on the Benefits of Rail to Their Campuses
- V. Right of Way Update
- VI. Construction and Traffic Update
- VII. August and September Monthly Progress Report
- VIII. Resolution 2014-2 Adopting a Six-Year Capital Program for FY 2016 – 2021
- IX. HART's Annual Report
- X. Report of the Fare Policy Permitted Interaction Group
- XI. Executive Director and CEO's Report
- XII. Executive Session
Pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4), the Board may enter into Executive Session to consult with its attorneys on questions and issues on a matter pertaining to the Board's powers, duties, privileges, immunities and liabilities.
- XIII. Adjournment

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulustransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



**Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street
Honolulu, Hawaii 96813
Thursday, October 23, 2014 10:00 am**

MINUTES

PRESENT:	Donald G. Horner Michael Formby Keslie Hui Ford Fuchigami	William "Buzz" Hong Carrie Okinaga Robert "Bobby" Bunda Damien Kim
ALSO IN ATTENDANCE: (Sign-In Sheet and Staff)	Daniel Grabauskas Brennon Morioka Diane Arakaki Gary Takeuchi Joyce Oliveira Melinda Alonzo Sally Roush Gary Matthews Tom LeBeau	Breene Harimoto Rose Pou Barbara Armentrout Morris Atta Paul Migliorato Lorenzo Garrido Russell Honma Cindy Matsushita Andrea Tantoco
EXCUSED:	Ivan Lui-Kwan	George Atta

I. Call to Order by Chair

HART Board Vice Chair Donald G. Horner called the meeting to order at 10:44 a.m.

II. Public Testimony on All Agenda Items

Mr. Horner called for public testimony.

Councilmember Breene Harimoto provided testimony regarding his impending transition from the Honolulu City Council to the State Senate. He thanked HART Executive

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Director and CEO Daniel Grabauskas for his leadership, and stated his intention to continue his involvement with the rail project in the Senate.

Mr. Horner then acknowledged the Mayor's reappointment of Board member William "Buzz" Hong to the HART Board of Directors. He also acknowledged the appointment of Board member Ford Fuchigami as the Director of the City Department of Enterprise Services.

III. Approval of the Minutes of the October 9, 2014 Board of Directors Meeting

Mr. Horner called for approval of the minutes of the October 9, 2014 Board of Directors meeting. There being no objections, the minutes were unanimously approved.

IV. Presentations by Arizona State University, San Diego State University, and University of California, San Diego on the Benefits of Rail to Their Campuses

HART Deputy Executive Director Brennon Morioka said that as the rail project would have three stations adjacent to colleges in the University of Hawaii system, one within a few blocks of the John A. Burns School of Medicine, and a downtown station adjacent to Hawaii Pacific University facilities, connectivity with those institutions would be a vital part of rail's success. He introduced three university officials who would make presentations on their institutions' experiences with rail: Sally Roush, former Vice President of Business and Financial Affairs at San Diego State University (SDSU), Gary Matthews, Vice Chancellor for Resource Management and Planning at UC San Diego (UCSD), and Melinda Alonzo, Director of Parking and Transit Service at Arizona State University (ASU).

Ms. Roush gave a PowerPoint presentation that is attached hereto as Attachment A. She began with a brief history of the 1.3 mile Green Line rail extension onto the SDSU campus, which contains an underground station with an at-grade rail entrance. Ms. Roush said that the community was in favor of rail because of the parking intrusion into the community presented by the university. SDSU worked in partnership with Metropolitan Transit Service (MTS) to mitigate noise and traffic impacts, and negotiated a \$1.1 million easement onto the campus in exchange for operating agreement terms. The construction lasted five years, with much of the work scheduled around the school calendar.

The extension opened in 2005 to much success. Annual passes rose from 1,422 in 2004 to 6,061 in the first year of operation. Ridership far exceeded estimates: the entire Green Line was projected to have 11,000 weekday boardings, but that number was met at SDSU alone. Ms. Roush said the current relationship between SDSU and MTS is one of a mutual commitment to safe and efficient operation of the rail system. The station and surrounding plaza lends a sense of place to the campus.

Ms. Roush outlined some lessons learned in the process of having rail built. She stressed the importance of integrating design into the campus. She also spoke of the importance

of having an effective security program in place. Lastly, she said it is critical to have a comprehensive written operating agreement in place that articulates respective responsibilities and dispute resolution.

Mr. Horner asked about the cost for students to ride rail. Ms. Roush said that although a transit pass is more costly than a parking pass, SDSU still enjoys great ridership numbers. Board member Robert "Bobby" Bunda asked whether students pay the same rate for a transit pass as the rest of the community. Ms. Roush responded that SDSU student passes are sold by semester, based on a set number of rides. She stressed that rail has had a positive impact on parking and traffic overall.

Mr. Matthews made his PowerPoint presentation, a copy of which is attached hereto as Attachment B. He said that UCSD is in the planning phase of light rail, which is scheduled to arrive in 2019. He outlined the many regional transportation initiatives UCSD is involved with, which involve partnerships with many different stakeholders. Mr. Matthews said that the UCSD students will utilize universal passes for bus and rail; strong student support resulted in a students-approved transit fee of \$59 per quarter.

Rail will benefit the UCSD community by providing access and affordability to programs, health care, educational, and cultural events, as well as housing, and shopping. It will benefit staff recruitment, and create diversity opportunities. Some of SDSU's concerns regarding rail are security issues, construction-related issues such as noise and vibration, and realizing a fair value for the campus land utilized.

UCSD transit passes will be offered at a discount to students, faculty, and staff. UCSD has purchased 25,000 passes at a discounted rate from MTS for this purpose. Stations on campus will be connected via the "Coaster" connector. SDSU is exploring the possibility of purchasing naming rights for the stations and line that would associate them with the campus and adjacent VA Medical Center. SDSU has also been engaged in service enhancements prior to the inception of rail, which has increased ridership 17% over last few years, as people become more familiar and receptive to public transportation.

Ms. Alonzo then made a PowerPoint presentation, a copy of which is attached hereto as Attachment C. Ms. Alonzo provided an overview of the connectivity provided by light rail to the five ASU campuses. She said that rail has changed the demand for parking on campus; while enrollment of ASU has risen by 18% since 2006, parking permit sales have dropped approximately 40%. Despite that change, ASU still realizes net revenue due to a change in price structuring for parking permits, designed to discourage driving and encourage transit use. Parking passes cost \$780 per year as opposed to the \$200 yearly cost for transit passes. As ASU's system wide enrollment is projected to rise by 120,000 students by 2025, it also offers programs such as the Zip car and car sharing to mitigate traffic concerns.

Ms. Alonzo said that rail contributes to the core ASU values of sustainability, collaboration, and connectivity.

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Ms. Alonzo shared that in the cost negotiations with the transit authority Valley Metro, ASU offered to pay a flat fee versus a per-transit pass tap fee, which the authority rejected. Ultimately, ASU paid less for the tap-based fee, which resulted in a considerable cost saving to the university.

Ms. Alonzo said that lessons learned by ASU in the implementation of light rail include the convenience of integrating the transit pass with the student identification cards, and including amenities such as Wi-Fi on the train.

Mr. Grabauskas thanked all the presenters.

Board member Michael Formby said that he had met many people at the Rail-Volution conference who had experiences with universities that did not believe in rail. He asked the presenters their views. Ms. Roush said that the administration of SDSU believed in rail, but that the challenge was surviving construction. She noted the importance of good communication between all parties. Mr. Matthews said that although he was a believer in rail, one chancellor at UCSD was not. Ms. Alonzo said that although ASU was not against rail, there were concerns over how it would work. Those concerns, however, are no longer present as rail has become a way of life for ASU.

Mr. Formby asked if any of the schools made transit passes mandatory. Ms. Roush said that passes are optional at SDSU, and Ms. Alonzo said it is optional at ASU as well. Mr. Matthews said that the students of UCSD voted to impose a mandatory transit fee. Mr. Formby asked if any of the passes were line-limited by location, and all presenters responded that their passes were open for use on all transit lines.

Mr. Hong thanked the presenters. He asked if there was a formula for ridership goals. Mr. Matthews said that while there is no magic formula, UCSD had long range development plans for enrollment.

Mr. Horner asked if ridership at any of the universities had exceeded projections. Ms. Roush said that because of budget considerations, SDSU had deliberately held back on enrollment, which resulted in a general decline in ridership. Ms. Alonzo said that at ASU, ridership has exceeded expectations and the university and its related business now represent a third of total rail ridership.

Mr. Fuchigami asked about hours of rail operation. Ms. Roush said that although rail does not run at SDSU 24 hours a day, seven days a week, MTA adds trains for special events. Mr. Fuchigami asked if there are limited use passes available for part-time students. Ms. Alonzo said that as ASU is an agent for the transit authority, it offers a variety of passes.

Board member Carrie Okinaga asked about the pricing structure for passes. Ms. Alonzo said that ASU pays the transit authority a per-tap rate, and the university subsidizes the cost for transit passes. Mr. Matthews said that UCSD students negotiated directly with

the MTA for the \$59 rate. In addition, UCSD is negotiating for a bulk price for faculty and staff.

Mr. Hong asked about security issues. Ms. Roush said that there were security concerns related to SDSU being the last stop of the day at one time, but that working in partnership with MTA had resolved those issues. Mr. Hong asked if the campus police have jurisdiction at the campus rail station, and Ms. Roush said that campus police officers do.

Mr. Horner asked the presenters about their pass technology. Ms. Roush said while the SDSU transit passes are smart cards they are not integrated with student identification cards. Ms. Alonzo said that Valley Metro and Metro utilize a tap chip card or mag strip card; ASU would like to go to an integrated student/transit smart card. Mr. Matthews said that UCSD is exploring smart cards that integrate with student identification cards.

Mr. Horner asked about the hospitals that are part of the UCSD campus. Mr. Matthews said that clinics and post-op visits will be helped by rail, which will be supplemented by a shuttle fleet of 55 buses. Mr. Matthews said that UCSD generates 95% of its own electricity utilizing micro grids, with a goal to become carbon neutral by 2025.

Mr. Horner asked what percentage of folks have gotten out of cars and now use rail. Ms. Roush said that SDSU saw 10% of people giving up their cars in favor of rail. Ms. Alonzo noted the decline in campus parking passes being issued as indicative of the move from cars to transit.

Mr. Horner thanked the presenters.

V. Right of Way Update

Deputy Director of Right of Way Morris Atta provided a PowerPoint update on right of way efforts, a copy of which is attached hereto as Attachment D. He began with an update on contractor Paragon, whose contract amendment has been executed. Paragon has hired local clerical support, and its expenditures for labor and other costs remain within the budgeted amount.

Mr. Atta reported that overall acquisition progress was up by a couple of percentage points. Survey mapping was 66% complete, and 25% of appraisals were complete, with 75% in progress. Seven percent of offers had been made and completed, with 24% in progress.

Mr. Atta outlined the parcels relative to landowners: 42 parcels are owned by five owners.

Of the total 231 parcels needed, 69 parcels have been acquired. However, in terms of land area acquired, the majority of the square feet required have been obtained, as many of the remaining parcels needed are sliver takings in the City Center area. He reported that only ten full takes remain.

Mr. Horner noted that of the parcels already acquired, HART was \$7.3 million under budget.

Mr. Hong asked about the September 22, 2014 data date. Mr. Atta replied that the September 22nd date was utilized for consistency with HART's reporting to the Federal Transit Administration (FTA) and the Project Management Oversight Contractor. He pointed out that since that date, six more appraisals and ten more offers have gone out, and four more parcels have been acquired. Mr. Horner asked about budget, and Mr. Atta replied that all have been below budget, in an amount that he would report back to the Board.

Mr. Horner asked whether HART was on track to obtain the required parcels to meet its schedule. Mr. Atta replied that although HART faced challenges, its goal was to deliver the needed real estate for its contractor. Mr. Horner requested information showing right of way progress relative to the contractor's schedule.

Mr. Atta said that HART was exploring the possibility of utilizing rights of entry, and was seeking FTA's concurrence in the matter.

Ms. Okinaga noted that the right of way risk rating had gone up in August. Mr. Grabauskas said that the information was lagging, and that staff would update it.

Mr. Hong asked if the right of way division had enough staff and support, and Mr. Atta said it did.

VI. Construction and Traffic Update

Deputy Director of Design and Construction Tom LeBeau and Information Specialist Scott Ishikawa provided the Construction and Traffic Update, a copy of which is attached hereto as Attachment E.

Mr. LeBeau reported on the Rail Operations Center (ROC) construction status, which is 28% complete overall. Mr. Horner opined that as that number didn't include offsite construction and risk, it may be understated. He asked how much of the \$250 million budgeted for the ROC has been drawn down, and Mr. LeBeau responded that 49% has been drawn down. Mr. LeBeau reported that 130 columns and 165 foundations have been constructed, 1,485 segments have been cast, and 37 spans have been built.

Board member Damien Kim asked about the timing of the lane closures for the balanced cantilever construction, and Mr. LeBeau said that Mr. Ishikawa would speak to that.

Mr. Horner asked how many segments were needed, and Mr. Grabauskas said that approximately 5,200 were needed in first ten miles. Mr. Horner noted that the construction pace was slower than planned, and Mr. LeBeau said that following the resolution of wet shaft issues, the pace was picking up in the West Oahu/Farrington

Highway section. Mr. Horner asked how delayed construction was, and Mr. LeBeau said that an update would be given the following month.

Mr. Ishikawa reported on the old Farrington Highway detour and closure, which would begin on November 1st. He also reported on the construction on Farrington Highway near Leoku Street, as well as the lane modifications on Farrington Highway between Waipahu Depot Road and Mokuola.

Mr. Hong asked whether HART would need another precast yard. Mr. Garrido said that the current precast yard would be sufficient for the first ten miles.

Mr. Kim asked about the balanced cantilever. Mr. Ishikawa said that crews were working on the pier table, with guideway work tentatively scheduled by the end of the year. Mr. Garrido said that HART was coordinating with the State Department of Transportation on the balanced cantilever work.

Ms. Okinaga asked about the number of traffic complaints. Mr. Ishikawa said that since its last reporting, HART had received about 20 calls per week on its hotline, mostly for general information.

VII. August and September Monthly Progress Report

In the interest of time, Mr. Horner suggested dispensing with the presentation on the Monthly Progress Report, to which there were no objections. He asked members if there were any questions, and there were none.

VIII. Resolution 2014-2 Adopting a Six-Year Capital Program for FY 2016 – 2021

Mr. Hui suggested deferring the adoption of the Six-Year Capital Program until final approval of the Operating and Capital Budgets. A copy of the draft resolution is attached hereto as Attachment F. There being no objections, the matter was deferred.

IX. HART's Annual Report

HART Board Administrator Cindy Matsushita said that HART's Annual Report, a copy of which is attached hereto as Attachment G, had been presented to the Board the previous month. Following input from members, it was now being presented for approval. Mr. Horner called for the approval of the report. Mr. Bunda so moved, and Mr. Hui seconded the motion. The motion carried unanimously.

X. Report of the Fare Policy Permitted Interaction Group

Ms. Okinaga said that the Board would be discussing adoption of the Fare Policy Permitted Interaction Group report, which contained the Group's two recommendations. She noted that there had been some non-substantive tweaks to the report since it was submitted for Board review at the prior Board meeting, and the corrections were shown

in the members' meeting materials. The report and PowerPoint presentation are attached hereto as Attachment H. The recommendations were for the design of the fare collection system to plan for operations that maximize use of existing expertise and capacity at the City, Oahu Transit Services and HART, and to utilize fare gates.

Mr. Horner opened the floor to public testimony. Rose Pou asked whether the rail and The HandiVan would have a unified fare. Mr. Horner said although that was not within the scope of the Group's recommendation, the matter would be addressed.

Ms. Okinaga moved to adopt the report of the permitted interaction group appointed to investigate fare system strategies and the two policy recommendations of the report (to design a fare collection system that maximizes use of existing expertise and capacity at the City, Oahu Transit Services and HART, and to utilize fare gates). Mr. Horner seconded the motion. All being in favor, the motion carried. Mr. Horner thanked Ms. Okinaga for her leadership.

Mr. Grabauskas asked if there was further action required to conclude the permitted interaction group. Ms. Okinaga said that with the adoption of its report and recommendations, the Group was dissolved. Mr. Horner noted the need for further work on fares. Ms. Okinaga agreed and said that there would be a need for another permitted interaction group in the future. Mr. Grabauskas thanked the Group on behalf of the staff.

XI. Executive Director and CEO's Report

Mr. Grabauskas said that the supplemental Archaeological Inventory Survey work of 15 trenches would be concluded by November 7, 2014. To date, one find of *iwi* had been made, which was left in place according to protocol.

Mr. Grabauskas said that community outreach continued, with HART participating in two well-attended community meetings in last two weeks for the initial designs of last eight stations.

Mr. Horner noted that there had been considerable testimony regarding backup generators. Mr. Grabauskas said that staff would report back to the Board on backup generators, as it was exploring options and always mindful of the safety of passengers.

Ms. Okinaga asked about the results of the recent meetings with the University of Hawaii (UH). Mr. Grabauskas reported that HART had made good progress on the UH rights of entry for construction, and thanked David Lassner, David Lonborg, and Brian Minaai of UH, as well as Mr. Morioka and Deputy Corporation Counsel Gary Takeuchi for their efforts.

Mr. Horner asked about the quarterly General Excise Tax receipt. Mr. Grabauskas said it would be forthcoming that day or the following day. HART Chief Financial Officer Diane Arakaki said it was \$48.5 million. Mr. Horner asked about federal funding. Mr.

HART Board of Directors Meeting
October 23, 2014

Grabauskas said that there was nothing new to report, but that Congress was moving forward with the next \$250 million appropriation.

XII. Executive Session

There was no need for executive session.

XIII. Adjournment

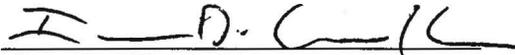
There being no further business before the Board, Mr. Horner adjourned the meeting at 12:37 p.m.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Ivan Lui-Kwan, Esq.
Board Chair

DEC 18 2014

Date



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
VICE CHAIR

George I. Atta
Robert Bunda
Michael D. Formby
Ross M. Higashi
William "Buzz" Hong
Keslie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street
Honolulu, Hawaii 96813
(meeting room entrance on Richards Street)
Thursday, November 13, 2014 9:30 am

Agenda

- I. Call to Order by Chair
- II. Public Testimony on All Agenda Items
- III. Approval of the Minutes of the October 23, 2014 Board of Directors Meeting
- IV. Right of Way Update
- V. Construction and Traffic Update
- VI. October Monthly Progress Report
- VII. Fare Structure Permitted Interaction Group
- VIII. Eminent Domain
 - A. Resolution 2014-2 Approving Notification to the City Council of Intention to Acquire the Real Property Identified as Tax Map Key 9-7-022:008 (Portion) By Eminent Domain and Publication of a Resolution Authorizing Acquisition of Said Property by Eminent Domain
 - B. Resolution 2014-3 Approving Notification to the City Council of Intention to Acquire the Real Property Identified as Tax Map Key 9-7-022:021 (Portion) By Eminent Domain and Publication of a Resolution Authorizing Acquisition of Said Property by Eminent Domain
 - C. Resolution 2014-4 Approving Notification to the City Council of Intention to Acquire Easement Over, On, and Across the Real Property Identified as Tax Map Key 1-2-010:072 (Portion) By Eminent Domain and Publication of a Resolution Authorizing Acquisition of Said Easement by Eminent Domain
 - D. Resolution 2014-5 Approving Notification to the City Council of Intention to Acquire the Real Property Identified as Tax Map Key 9-9-003:066 By Eminent Domain and Publication of a Resolution Authorizing Acquisition of Said Property by Eminent Domain



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

IX. Executive Director and CEO's Report

X. Executive Session

Pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4), the Board may enter into Executive Session to consult with its attorneys on questions and issues on a matter pertaining to the Board's powers, duties, privileges, immunities and liabilities.

Donald G. Horner
VICE CHAIR

George I. Atta
Robert Bunda

Michael D. Formby
Ross M. Higashi

William "Buzz" Hong

Keslie W.K. Hui

Damien T.K. Kim

Carrie K.S. Okinaga, Esq.

XI. Adjournment

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulustransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

**Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street
Honolulu, Hawaii 96813
Thursday, November 13, 2014 9:30 am**

MINUTES

PRESENT:

Ivan Lui-Kwan	William "Buzz" Hong
Donald G. Horner	Carrie Okinaga
Michael Formby	Robert "Bobby" Bunda
George Atta	

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

Daniel Grabauskas	Scott Ishikawa
Brennon Morioka	A. Makana Paris
Diane Arakaki	Lori Hiraoka
Gary Takeuchi	Tom Smyth
Joyce Oliveira	Brandon Elefante
Russell Honma	Barbara Armentrout
Valeria Sadural	Morris Atta
Aaron Landry	Elizabeth Scanlon
Tom LeBeau	Paul Migliorato
Andrea Tantoco	Lorenzo Garrido
	Cindy Matsushita

EXCUSED:

Keslie Hui	Damien Kim
Ross Higashi	

I. Call to Order by Chair

HART Board Chair Ivan Lui-Kwan called the meeting to order at 9:47 a.m.

II. Public Testimony on All Agenda Items

Russell Honma testified regarding HART's contracts and change orders.

Councilmember Brandon Elefante provided testimony on his first day as a member of the Honolulu City Council in strong support of the rail project.

III. Approval of the Minutes of the October 23, 2014 Board of Directors Meeting

Mr. Lui-Kwan said that the approval of the minutes would be deferred to the following meeting.

IV. Right of Way Update

HART Director of Planning and Right of Way Elizabeth Scanlon and Deputy Director of Right of Way Morris Atta made a presentation updating the Board on right of way activities. The presentation is attached hereto as Attachment A.

Ms. Scanlon reported that since the last update was only three weeks prior, there had not been a lot of change in the overall numbers. However, she reminded the Board that HART's mission was to obtain site access, in order to get the contractors what they need to proceed with construction. Ms. Scanlon detailed acquisitions by land area, and reported that a significant government parcel had been secured the previous week in the Kamehameha Highway Guideway (KHG) section. Control over two more such parcels is expected by the end of the year.

Mr. Atta reported that survey mapping was three-quarters complete, with the majority of outstanding work to be done for government lands. He reported on appraisal and offer status. He said that appraisals remain on track, but that HART would pursue a simultaneous track to obtain site control, such as employing rights of entry pending the acquisition of properties.

Ms. Scanlon contrasted the number of outstanding parcels versus the number of owners, and said that about one quarter of the outstanding parcels were government-owned. She reported that acquisition of three parcels had closed since the last report. Lastly, she reported that HART remained within budget for the right of way effort.

Ms. Scanlon said that the right of way department would provide contractors with access to the properties needed, so as not to impact the construction schedule. She said that there would be a small portion to complete in early 2015, and that the Board would soon be hearing more eminent domain matters.

Ms. Okinaga asked whether the government parcels referred to in the presentation were owned by the State of Hawaii, and Ms. Scanlon replied that they were a combination of state, city and federal lands.

Board member William "Buzz" Hong requested that a category be included to identify larger parcels suitable for revenue enhancement.

Mr. Lui-Kwan requested that the Board move to item VIII, Eminent Domain, and called for a motion for executive session pursuant to Hawaii Revised Statutes §§92-4 and 92-5(a)(4), to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities, because the item involved matters that could soon be the subject of litigation. Mr. Hong so moved, and Mr. Bunda seconded the motion. All being in favor, the motion carried unanimously.

HART Board of Directors Meeting
November 13, 2014

Mr. Horner pointed out that no decisions would be made in executive session, and Deputy Corporation Counsel Gary Takeuchi confirmed that was the case. Mr. Horner said that the Board would report once it came out of executive session on matters that it could discuss. Mr. Lui-Kwan agreed that the Board tried to minimize its number of executive sessions, but that certain matters required the confidentiality of the Board with its counsel.

The Board entered into executive session at 10:00 a.m.

The Board resumed the public session at 10:12 a.m.

VIII. Eminent Domain

- A. Resolution 2014-2 Approving Notification to the City Council of Intention to Acquire the Real Property Identified as Tax Map Key 9-7-022:008 (Portion) By Eminent Domain and Publication of a Resolution Authorizing Acquisition of Said Property by Eminent Domain
- B. Resolution 2014-3 Approving Notification to the City Council of Intention to Acquire the Real Property Identified as Tax Map Key 9-7-022:021 (Portion) By Eminent Domain and Publication of a Resolution Authorizing Acquisition of Said Property by Eminent Domain

Mr. Grabauskas said that HART had reached agreement with the landowners in the first two eminent domain items, Resolutions 2014-2 and 2014-3, which are attached hereto as Attachment B. Mr. Lui-Kwan confirmed that there was no need to take action on either of these resolutions, as there was no longer a need for them. Mr. Takeuchi confirmed the same.

- C. Resolution 2014-4 Approving Notification to the City Council of Intention to Acquire Easement Over, On, and Across the Real Property Identified as Tax Map Key 1-2-010:072 (Portion) By Eminent Domain and Publication of a Resolution Authorizing Acquisition of Said Easement by Eminent Domain
- D. Resolution 2014-5 Approving Notification to the City Council of Intention to Acquire the Real Property Identified as Tax Map Key 9-9-003:066 By Eminent Domain and Publication of a Resolution Authorizing Acquisition of Said Property by Eminent Domain

Ms. Scanlon reported that the properties associated with Resolutions 2014-4 and 2014-5 involve title issues, and the landowners themselves have requested HART to assist in resolving them. The resolutions are attached hereto as Attachment C. Mr. Atta added that eminent domain can function as a substitute for probate court in an instance where title is cloudy, or there are ownership issues, as is the case with the two properties before the Board. Because of the issues involved, HART does not know who to compensate for the taking.

Mr. Horner moved to approve the resolutions, and Mr. Formby seconded the motion.

Mr. Lui-Kwan requested discussion prior to taking public testimony and the vote.

Mr. Atta said that in the Kalahiki property, the subject of Resolution 2014-4, the owner of record Elizabeth Kalahiki died intestate in 1971. Her obituary identified about 80 potential heirs. The parcel that was the subject of Resolution 2014-5 had been transferred from the Harry B. Kronick Trust to a successor trust, and then allegedly transferred to a foundation. The title company would not issue title insurance based on the inadequacy of the title transfer to the foundation. Mr. Atta reported that the alleged successor trustee was in support of the eminent domain action. Ms. Scanlon emphasized that both were friendly actions.

Mr. Hong asked if any of the properties were residential. Mr. Atta said the Kalahiki property involves a small electrical easement on a residential property.

Mr. Lui-Kwan opened the floor to public testimony on both items. There was none.

The motion having been made and seconded, the Board voted unanimously in favor of both resolutions.

V. Construction and Traffic Update

HART Director of Design and Construction Lorenzo Garrido, Deputy Director of Construction Tom LeBeau and Information Specialist Scott Ishikawa presented the construction and traffic update, a copy of which is attached hereto as Attachment D.

Mr. LeBeau reported that construction on the Rail Operations Center (ROC) was 50% complete. He said that contractor billings lag behind physical work completed due to the milestone-based payment provisions of the contract. He said that there had been a recent event at the Operations & Servicing Building featuring the tilt-up panel walls. The Maintenance of Way Building would have its tilt-up walls soon, and work at the Wheel Truing Building continued. Utilities and yard construction continued, and track would be laid within the next 45 to 60 days. Mr. LeBeau reported that construction was 53% complete on the West Oahu/Farrington Highway (WOFH) guideway contract. Both the ROC and WOFH design-build contracts were tracking close to plan.

Kamehameha Highway Guideway (KHG) construction is 28% complete. Mr. LeBeau said that the contract was five to six months behind schedule, for various reasons including challenges in utility relocation. HART was working with Kiewit on a recovery plan to mitigate schedule challenges. Mr. LeBeau reported that the first two shafts were drilled in the KHG section in the prior weeks.

Mr. LeBeau showed photos of the balanced cantilever work. Mr. Bunda asked how high the balanced cantilever would be. Mr. Garrido said that HART was coordinating with HDOT on providing adequate clearance. He said that the clearance going eastbound would be 28.5 feet, and westbound would be 26 feet.

Mr. Hong asked about any geotechnical findings. Mr. LeBeau said the challenges revolve around the fact that workers digging utility trenches are hitting a lot of rock, which impacts the schedule. He said that the bulk of the utility work has been completed.

Mr. Ishikawa reported that he would be providing the traffic update alone, as Kiewit's Allison Andrade had recently given birth to a healthy baby girl.

Board member George Atta said that he had been receiving comments regarding impacts to small businesses near construction areas. Mr. Ishikawa replied that HART was working with the contractor on various mitigating measures such as signage and speaking with business owners about what can be done to minimize the impacts of construction.

Ms. Okinaga asked where questions regarding construction impacts should be directed. Mr. Ishikawa said that questions could be directed to HART's hotline. He reported that the hotline had received approximately 80 calls, 30 of which were traffic related.

Mr. Ishikawa reported on road closures and detours on Farrington Highway. He also reported on the scheduled road closures in December related to the balanced cantilever work. Lastly, he reported on Kamehameha Highway closures.

Mr. Formby said that the City had been receiving complaints regarding construction on Kamehameha Highway, and said he would forward those e-mails to HART for response.

Mr. Hong asked if provisions were being made for the holiday season. Mr. Ishikawa said that the contractor was planning on suspending work on Black Friday. Area businesses had also requested relief on that day. Mr. LeBeau added that HART would be discussing the holiday construction schedule with the contractor.

VI. October Monthly Progress Report

Mr. Grabauskas reported that the only significant change in the October Monthly Progress Report, a copy of which is attached hereto as Attachment E, from the previous month, is the interim opening date change on page 18. The new interim opening date is June 22, 2018, which reflects the new schedule being planned for the first nine stations.

Mr. Hong asked about design work for the nine stations. Mr. Garrido responded that staff was focusing on repackaging the west side stations, with designs incorporating cost reduction measures nearing completion. Mr. Hong requested that staff include that information in future presentations.

Mr. Atta asked whether HART was exploring mixed use opportunities and revenue enhancements at or near the stations. Mr. Garrido responded that staff was involved in dialogue with landowners and developers in the design phase on integrating and coordinating those efforts. He gave the examples of the Hoopili and City Center stations, where designs have been modified to accommodate future development. Mr. Hong commended staff for doing so.

VII. Fare Structure Permitted Interaction Group

Mr. Lui-Kwan indicated that the report of the Fare Policy Permitted Interaction Group (Group) had been previously adopted by the Board. The reportsaid that the design of the fare system should maximize the existing expertise and capacity of Oahu Transit Services, the Department of Transportation Services (DTS), and HART, and that the fare

collection system should include the use of fare gates. He invited members to comment on the Group's recommendation to establish a second Group to address further issues, and he invited interested members to serve on the second Group. He thanked Ms. Okinaga for serving as chair of the first Group.

Ms. Okinaga said that she looked forward to working with the City Council and the mayor.

Mr. Horner emphasized the importance of a seamless experience for bus and rail customers. He acknowledged the work of DTS Director Mike Formby, and HART's Fare Collection Project Manager Whitney Birch. He said that the Board would have important fare policy decisions to make in conjunction with the City administration and Council.

Mr. Formby echoed Mr. Horner's comments, and said there was a lot more work to be done. He said that the fare system for the bus must be operational before rail is online to ensure intermodality. He registered his support for a second Group. Mr. Horner, Mr. Hong and Mr. Bunda also indicated their support.

Mr. Atta said that fare policy is an important issue, as the public is sometimes misinformed. Mr. Lui-Kwan acknowledged that, in his experiences at community meetings, fares and intermodal transfers are very much of interest to the public. Mr. Formby pointed out that the HandiVan is included in intermodal operations. Mr. Lui-Kwan said that as there was substantial member support for a second Fare Policy Permitted Interaction Group, he solicited any members interested in participating to inform him or Mr. Grabauskas.

VIII. Executive Director and CEO's Report

Mr. Grabauskas said that he had provided his semiannual report to the Board, which contained the status of significant items as requested by the Board. The report is attached hereto as Attachment F.

Mr. Grabauskas reported on the media event at the ROC, which was attended by the HART Board Chair, American Public Transportation Association President Michael Mulaniphy, and members of the media. Community outreach continued, with two dozen meetings and presentations since the last Board meeting.

Mr. Grabauskas said that HART's goal is to begin solicitations on the west side station group repackaging by the end of the year. He said he would provide a more detailed report to the Board at its next meeting.

Ms. Okinaga asked whether an updated financial plan and staffing plan would be presented by year's end. Mr. Grabauskas said that the preliminary staffing plan would be presented the following month to the Human Resources Committee, and the financial plan would be reported on at the beginning of the following year.

Ms. Okinaga asked about the change in key Kiewit leadership. Mr. Grabauskas said he wished Lance Wilhelm well in his future endeavors. He expressed confidence in Kiewit's ability to keep moving forward on the rail project.

HART Board of Directors Meeting
November 13, 2014

IX. Executive Session

There was no need for executive session.

X. Adjournment

With no further business before the Board, Mr. Lui-Kwan adjourned the meeting at 10:58 a.m.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Ivan Lui-Kwan, Esq.
Board Chair

DEC 18 2014

Date



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
VICE CHAIR

George I. Atta
Robert Bunda
Michael D. Formby
Ford N. Fuchigami
William "Buzz" Hong
Keslie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

Board of Directors Meeting
Kapolei Hale, Conference Room B
1000 Uluohia Street, Kapolei, Hawaii
Thursday, December 18, 2014 9:30 am

Agenda

- I. Call to Order by Chair
- II. Public Testimony on All Agenda Items
- III. Approval of the Minutes
 - A. October 23, 2014 Board of Directors Meeting
 - B. November 13, 2014 Board of Directors Meeting
- IV. Report on the Independent Financial Audit
- V. Right of Way Update
- VI. Construction and Traffic Update
- VII. November Monthly Progress Report
- VIII. Fare Structure Permitted Interaction Group
- IX. Project Risks Update
- X. Executive Director and CEO's Report
- XI. Executive Session

Pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4), the Board may enter into Executive Session to consult with its attorneys on questions and issues on a matter pertaining to the Board's powers, duties, privileges, immunities and liabilities.
- XII. Adjournment

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulustransit.org website. Each speaker is limited to a **two-minute** presentation. Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

If you require special assistance, auxiliary aid and/or service to participate in this event (i.e. sign language interpreter; interpreter for language other than English, or wheelchair accessibility), please contact Cindy Matsushita at 768-6258 or email your request to cmatsushita@honolulu.gov at least three business days prior to the event.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

**Board of Directors Meeting
Kapolei Hale, Conference Room B
1000 Uluohia Street
Kapolei, Hawaii 96707
Thursday, December 18, 2014 9:30 am**

MINUTES

PRESENT:

Ivan Lui-Kwan
Donald G. Horner
Michael Formby
Keslie Hui
Carrie Okinaga

William "Buzz" Hong
Damien Kim
Robert "Bobby" Bunda
Ford Fuchigami
George Atta

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

Daniel Grabauskas
Brennon Morioka
Diane Arakaki
David Sagherian
Gary Takeuchi
Lorenzo Garrido
Tom LeBeau
Elizabeth Scanlon
Morris Atta
Rey Alconcel
Jeanne Mariani-Belding
Scott Ishikawa

Wills Choi
Robert Freitas
Wendell Lum
John Bond
Glenn Oamilda
Victoria Cannon
Mel Kahele
L. Gary Bautista
Valerie Sadural
Joyce Oliveira
Cindy Matsushita
Andrea Tantoco

I. Call to Order by Chair

HART Board Chair Ivan Lui-Kwan called the meeting to order at 9:33 a.m.

II. Public Testimony on All Agenda Items

Mr. Lui-Kwan called for public testimony.

Wendell Lum provided testimony regarding the virtues of solid oxide fuel cell technology.

HART Board of Directors Meeting
December 18, 2014

John Bond testified expressing his concern that HART had not followed the Programmatic Agreement with regard to an ancient trail system in Ewa and Traditional Cultural Properties (TCPs).

Mel Kahele of the Ironworkers Stabilization Fund provided testimony regarding the need for a contract administrator to enforce the project labor agreement (PLA), and to provide resolution for disputes.

Board member William "Buzz" Hong said that the hiring process for the PLA administrator was delayed due to the existence of two PLAs, which needed to be reconciled. Mr. Kahele responded that the two agreements were almost identical, and that he believed that all trades should be subject to the same agreement.

Glenn Oamilda, the president of the Ewa Beach Community Association, testified regarding the rail project's disruptive effects on Waipahu. He also echoed Mr. Bond's sentiments regarding TCPs. Board member Donald G. Horner asked if Mr. Oamilda's views were that of the association, and Mr. Oamilda confirmed they were.

Makakilo resident Victoria Cannon provided testimony echoing Mr. Bond and Mr. Oamilda's remarks regarding the PLA and construction impacts.

Mr. Lum provided further information that the solid oxide fuel cell system could be leased on a ten-year contract.

III. Approval of the Minutes

A. October 23, 2014 Board of Directors Meeting

B. November 13, 2014 Board of Directors Meeting

Mr. Lui-Kwan noted a change to the November 13, 2014 minutes: the length of the executive session was changed to twelve minutes.

He called for the approval of the October 23, 2014 minutes and the November 13, 2014 minutes as amended. There being no other changes or objections, the minutes were approved.

IV. Report on the Independent Financial Audit

Board member Robert "Bobby" Bunda said that the Government Affairs/Audit/Legal Matters Committee had held a meeting that morning to hear the report on the Independent Financial Audit by KMH LLP, a copy of which is attached hereto as Attachment A. He reported that there were no material findings, and thanked KMH.

HART Chief Financial Officer Diane Arakaki reminded the Board that the contract for independent audit services had been assigned from PKF to KMH. See introduced Wills Choi and Robert Freitas of KMH, who would be presenting the audit report.

Mr. Choi said that he served as the audit partner, and Mr. Freitas served as the audit manager on HART's financial audit, which were based on Generally Accepted Accounting Principles. He said that the report gives an unqualified opinion, and that there were no material or significant deficiencies in HART's internal controls. Additionally, the prior year's finding regarding an accrual to federal reimbursements had been corrected.

Mr. Freitas reviewed the Statement of Accounting Standards letter 114, which relates to governance. He noted that there had been no changes in HART's accounting policies. Mr. Freitas recommended that HART monitor management accounting estimates of federal grant receivables and construction delay costs. Lastly, he reported that no audit adjustments had been recorded.

Mr. Choi reported two items for future consideration in HART's financial reporting. Government Accounting Standards Board (GASB) Statement No. 68 regarding financial and accounting reporting for pensions will require government entities to report future obligations for pensions. This standard would be effective as of June 30, 2015, and will significantly affect accounting for pensions. Mr. Choi also reported on GASB Statement No. 45, which will similarly require government agencies to record future obligations for Other Post Employment Benefits.

Board member William "Buzz" Hong asked about any effects of the underfunding of the Employee Retirement System on HART. Mr. Choi responded that there was an underfunded pension obligation, and that the new guidelines would impact government agencies in that the unfunded amounts would not be reflected in their financial statements. Mr. Hong asked about the impact on the bonding capacity of government agencies. Mr. Choi said that the ERS would be better able to address that. However, he pointed out that the underfunded amount was based on employee demographics. As HART may have different demographics from other city agencies, HART was requesting that the ERS allow HART to be based on a separate actuarial report.

Mr. Horner asked whether the audit opinion was clean, with no findings. Mr. Choi responded that it was. He clarified that there were two opinions: one that addresses the fairness of the financial statement, and one that addresses internal controls. The report on internal controls revealed no material weakness or significant deficiency. Mr. Horner asked Mr. Choi's opinion of HART's transparency vis-à-vis the cooperation of management. Mr. Choi responded that there were no areas of concern.

Board member Michael Formby asked Ms. Arakaki to follow up on the actuarial report, and she agreed.

Mr. Lui-Kwan acknowledged Ms. Arakaki, Mr. Bunda, Mr. Grabauskas, and KMH LLP, particularly in light of the previous year's transition in auditors. He invited Mr. Bunda to make the motion for acceptance of the independent financial auditor's report. Mr. Bunda so moved, and Mr. Horner seconded the motion. All being in favor, the motion carried unanimously.

V. Right of Way Update

HART Director of Planning and Right of Way (ROW) Elizabeth Scanlon and Deputy Director of ROW Morris Atta made a PowerPoint presentation updating the Board on ROW activities. A copy of the presentation is attached hereto as Attachment B.

Ms. Scanlon reported that there was no delay to construction due to ROW actions, and that shifts in the procurement schedule allowed more time for ROW acquisitions. In particular, this allowed more time for negotiations on parcels that may have otherwise gone through eminent domain. She reported that cost savings measures were being employed, and that HART was forecasting substantial completion of acquisitions in early 2015.

She reported on the status of total acquisitions by land area and section, with 73% of the required square feet now being available to HART's contractors.

Mr. Atta reported that HART was close to obtaining all of the required survey maps, with a significant portion of outstanding maps being for government properties. Ms. Scanlon acknowledged R.M. Towill's efforts in performing the mapping work. She explained that the government parcels include properties owned by the Department of Accounting and General Services, the Department of Land and Natural Resources, and the University of Hawaii.

Mr. Atta reported that for privately owned parcels, 42 appraisals had been completed, with 77 more in progress. Thirty-eight offers had been made on privately owned parcels, with 76 in progress. He reported that 26% of the outstanding parcels were owned by five owners, with a significant portion of the remainder being strip takings.

Mr. Atta reported that two more parcels had been acquired since his last report to the Board, and that HART remained under budget by approximately \$12.5 million. Ms. Scanlon reported on the recent closing of the sale of a commercial property on Dillingham Boulevard in which there were residences. Relocation of those residents was proceeding well.

Mr. Horner pointed out that the \$12.5 million under budget amount included more acquisitions that originally planned for. He noted that there would likely be excess land that could later be sold, and requested the value of those lands in future presentations.

Mr. Bunda asked whether the \$804,000 paid for the property on Dillingham Boulevard would change, and Ms. Scanlon said that figure was the final acquisition cost.

Mr. Atta concluded by saying that the trend of being under the Full Funding Grant Agreement budget continues.

Mr. Horner expressed his concern over reports he had received concerning HART's recording methods. Mr. Atta assured him that HART's contractor primarily employed Title Guaranty, who utilized standard closing methods. Mr. Horner asked if HART was paying conveyance taxes, and Mr. Atta said he would report back on that.

Mr. Hong requested information on properties and their respective dates of construction. Ms. Scanlon agreed to do so.

Mr. Formby asked about the total number of privately owned parcels required, to provide perspective to the slide that indicates offers on private property. Mr. Atta responded that the slide does not include a small number of properties that were not identified in the Environmental Impact Statement, and therefore require Federal Transit Administration approval prior to their acquisition.

Mr. Horner asked about condemnations. Mr. Atta responded that to date, no properties had been acquired by eminent domain. Two properties were going through the eminent domain process, and two properties had been submitted to the City Council in anticipation of condemnation. Mr. Horner recalled that the owners had requested that title be cleared for the second two properties. He asked how many condemnations were friendly. Mr. Atta replied that one of the two active condemnations involved a valuation dispute, and that HART had reached a tentative settlement with the landowner in the other. Mr. Horner remarked that out of 72 acquisitions, only two were in condemnation.

VI. Construction and Traffic Update

HART Director of Design and Construction Lorenzo Garrido, Deputy Director of Construction Tom LeBeau, and Information Specialist Scott Ishikawa provided an update on construction and traffic, a copy of which is attached hereto as Attachment C.

Mr. LeBeau reported that at the Rail Operations Center (ROC), 52% of physical construction was complete, with 58.5% of the contract billed to date. Construction continues on the various structures, utilities, and yard. In the West Oahu/Farrington Highway (WOFH) section, 55% of construction was complete, with 55.5% billed. He noted that the WOFH section was tracking closely to the planned completion date. An event had been held in mid-November commemorating the completion of the first mile of elevated guideway. Balanced cantilever work continued, with an ongoing public information effort to keep the public abreast of construction.

In the Kamehameha Highway Guideway (KHG) section, 28% of the physical construction was complete. It remained in the utility relocation phase, with three shafts having been drilled in the previous month. KHG was tracking behind schedule six to seven months.

Mr. Hong asked how the delay could be made up, and Mr. LeBeau said HART was working with the contractor to determine that. Mr. Hong requested information on the mitigation plan in the next construction update. Board member George Atta asked what caused the delays. Mr. LeBeau responded that lack of access and slower production rates contributed to the delays, but that HART was working with its contractor to bring KHG back to the planned schedule. Mr. Formby asked about the cost impacts. Mr. LeBeau said that any cost impacts would be known after evaluations and discussions with the contractor regarding the schedule the following year. Mr. Formby asked if additional costs would come before the Board, and

Mr. LeBeau said they would. Mr. Hong asked if the contract contained a penalty clause, and Mr. LeBeau responded that it specified liquidated damages.

Mr. Ishikawa reported that the project hotline had received 101 phone calls in the previous month, 31 of which were general in nature, and 70 of which were construction-related. He detailed closures on Farrington Highway near Fort Weaver Road and in Waipahu, which includes left turn lane restrictions.

Mr. Bunda asked how HART could help Waipahu businesses impacted by construction. Mr. Garrido responded that HART had been engaging in community outreach to mitigate impacts. Mr. Bunda said that Tanioka's would be impacted by a complete shutdown of the left turn lane off Farrington Highway. Mr. Ishikawa and Mr. LeBeau indicated that HART staff had been in active communications with Tanioka's regarding the lane closures.

Mr. Atta said that Vancouver implemented a proactive business disruption mitigation plan. Mr. Ishikawa said that HART had reached out to businesses in Pearl City and Aiea, canvassed the area and held community meetings to hear concerns. The same is planned for Waipahu.

Mr. Formby asked if a turnaround could be provided for Ewa-bound motorists, and suggested working with the Department of Transportation Services and the State Department of Transportation (HDOT) on finding a resolution.

Mr. Ishikawa continued reporting on traffic modifications related to the balanced cantilever work. He detailed HART's public outreach efforts, which included a public service announcement and an informational article in the Star Advertiser. Mr. Garrido added that staff would be making a presentation the following month on the construction method of the balanced cantilever.

Mr. Ishikawa reported that in the KHG section, in response to community requests, there would be no lane closures from the following week until January, during the holiday season. That week, lane closures would be limited to after 10:00 pm, with no daytime closures.

Mr. Garrido acknowledged HDOT for its cooperation in coordinating roadwork.

Mr. Hong asked how complaints were dealt with. Mr. Ishikawa said that all calls are responded to and information provided, and all contact is documented. Mr. Hong asked if HART was working with the police. Mr. Garrido said that HART was engaged in multiple coordination efforts, and had a police liaison. Mr. Hong asked if HART met regularly with neighborhood boards. Mr. Ishikawa said that staff representatives are assigned to the Pearl City, Aiea, Waipahu and Mililani Neighborhood Boards.

Board member Carrie Okinaga suggested sending representatives to the outlying neighborhood board meetings. She also suggested noting the end dates of construction on signage. Mr. Ishikawa agreed to look into it. He said that HART had been working on signage with regards to business access.

VII. November Monthly Progress Report

HART Executive Director and CEO Daniel Grabauskas indicated that the Board members were provided the November Monthly Progress Report, a copy of which is attached hereto as Attachment D. He solicited questions from members.

Board member Damien Kim asked about the status of the PLA administrator position. Mr. Grabauskas responded that he would address the points brought up by Mr. Kahele. He said that the west side station procurement would be broken down into three groups, the first of which would go out to bid the following day. Additionally, the PLA administrator Terry Solis would be starting with HART in January.

Mr. Hong suggested that the points made by testifiers be included in the monthly report.

VIII. Fare Structure Permitted Interaction Group

Mr. Lui-Kwan recalled that at the last meeting of the Board, members had come to a consensus that they would commence a new Fare Policy Permitted Interaction Group (Group). He invited a motion to establish same. Board member Keslie Hui so moved, and Mr. Bunda seconded the motion. All being in favor, the motion carried unanimously.

Mr. Lui-Kwan then suggested members of the Group, with the caveat that membership may be modified by members. He named Mr. Horner as chair, and Ms. Okinaga, Mr. Bunda, Mr. Formby, and himself as members. At Deputy Corporation Counsel Gary Takeuchi's suggestion, Mr. Lui-Kwan called for a motion for the scope of the group's tasks to include matters remaining for investigation and action after the report of the first fare policy permitted interaction group, including but not limited to, farebox recovery ratios and possible alternative sources of revenue. Mr. Bunda so moved, and Mr. Hui seconded the motion, which carried unanimously.

IX. Project Risks Update

Mr. Grabauskas provided a presentation updating the Board on project risks. A copy of the presentation is attached hereto as Attachment E.

Mr. Grabauskas provided a brief status of construction, including the completion of the first mile of guideway and the manufacture of the train cars in Italy.

He also reported on the financial status of the project, with nearly 60% of contracts in place. The risk update would focus on the remaining 40% of contracts yet to be made. Mr. Grabauskas outlined the positive financial factors, which include \$360 million cash on hand, receipt of federal monies as anticipated, a favorable lending environment, and property acquisitions remaining under budget.

However, risks to the project remain that had previously been reported, but which would be brought together in the form of three main indicators. First, with the notice to proceed (NTP) and delay claims mostly settled, the total budget impact can now be estimated with more accuracy. Second, general excise tax (GET) revenues remain under plan by 3%, or \$41 million. Lastly, the bids for the west side station group came in significantly higher than budgeted, a trend that was expected to continue in future procurements.

Mr. Grabauskas outlined the NTP delay times for each section of the alignment, which range from nine months to 23.5 months. The claims had been negotiated with contractors over the last two years, and settled for 70 cents on the dollar, for which Mr. Grabauskas complimented Mr. Garrido and his staff. The attendant costs for the West Oahu/Farrington Highway (WOFH), Kamehameha Highway Guideway (KHG) and Rail Operations Center (ROC) projects total \$77 million.

Mr. Grabauskas detailed the costs of both the state and federal lawsuits, which totaled \$75.9 million, including additional right of way staffing. Mr. Hong asked Mr. Grabauskas to explain the impacts of the state lawsuit. Mr. Grabauskas said that HART had decided with Kiewit that it would be more cost efficient to partially demobilize following the *Kaleikini* decision. The total of actual delay costs, legal delay as well as escalation costs (the increased cost of services and goods as a result of delays), plus a few outstanding matters, is estimated to total approximately \$190 million.

Regarding the second indicator, the GET revenue deficit totaled \$41 million, or 3% behind the FFGA financial plan. Although there had been past fluctuations, recent quarters had shown an increasing trend in GET revenues. Mr. Bunda asked whether HART had been in discussion with the State Department of Taxation (DOTAX) regarding the shortfall. Mr. Grabauskas said that it had not recently, but said that it would be prudent do so. He recalled that the DOTAX Director had previously attributed the lag in GET revenue reporting due to understaffing.

Lastly, Mr. Grabauskas said that the most significant indicator, which was being monitored most closely, was in procurement. He recalled that the west side station bids came in 63% over plan, including contingency. This trend would likely continue in future contracts. He explained the timeline of the west side station procurement, saying that staff was only able to fully evaluate the cause of the high bids following the withdrawal of a bid protest in early October, after which various industry members were interviewed. In response, HART staff has reduced the scope of the contracts, grouped stations into smaller clusters of three, and pushed out the interim opening date to relieve schedule compression. Because of current market conditions, staff believes that even with these changes some cost escalation is to be expected in future procurements, but expects that the escalation can be reduced from the 63% above the project estimate experienced with the prior procurement to 35% above the estimate.

In summary, the total project cost is projected to be 10 – 15% higher than planned, or \$550 – 700 million. The unknown indicator is the remaining procurements for the stations and

guideway. Also, although Section 5307 funds had not been utilized to date, a substitute source of funding may be necessitated if adverse market conditions continue and these funds are not used for the rail project as currently provided for in the financial plan.

Mr. Grabauskas outlined HART's action plan to address the situation, which includes reducing costs and identifying additional sources of revenue to replenish the contingency fund. First, staff has already repackaged the nine station west side group into three packages, and reduced the projected costs of future packages via value engineering and scope reduction. Contractors will be provided more time to complete contracts to relieve schedule compression and reduce costs by moving the interim opening date to 2018. The remaining 12 stations and 10 miles of guideway will also be repackaged; the current solicitation for the last 10 miles of guideway had been canceled in anticipation of the current cost reducing strategy. Where appropriate, the design-build method will be utilized on future contracts to further reduce costs. HART will take advantage of low interest rates and an improved financial plan to save \$60 – 75 million in financing costs. Alternative financing such as public-private partnerships for project components such as the Pearl Highlands Parking Garage will be explored. HART will explore partnerships with other public entities, and leverage transit oriented development opportunities to offset costs. Lastly, HART will discuss the extension or elimination of the sunset of the GET surcharge. This action plan will require close collaboration with the City Council, Mayor, Legislature, Governor, FTA, and Congress.

Mr. Lui-Kwan commended Mr. Grabauskas for his transparency. He noted that three of the four contracts for which delay claims have been experienced were let prior to the establishment of HART and Mr. Grabauskas' hiring. Additionally, the federal and state lawsuits were filed before HART's creation. He noted the importance of Mr. Grabauskas' accomplishments, including limiting the period of construction suspension to 13 months and coming in under the \$7 – 10 million monthly cost estimate for that period of delay.

Mr. Formby said that Mayor Caldwell does not support the use of Section 5307 funds for rail, and commended Mr. Grabauskas for his commitment to avoid its use. Mr. Formby also stressed that an intermodal system was being built, with bus and rail working together.

Mr. Horner said that the options in the action plan could serve to replenish the contingency of \$550 million. He asked whether the project was on schedule regarding procurement, as 60% of the contracts had already been awarded, and Mr. Grabauskas said it was. Mr. Horner said that although the FFGA financial plan provided for utilization of Section 5307 funds, the HART Board had elected not to use them in accordance with the Mayor and Council's wishes. He said that in 2022 when the GET surcharge sunsets, GET revenues are estimated to be \$300 million; an extension or elimination of the sunset date would accordingly provide a tremendous benefit to the project.

Mr. Hong also complimented Mr. Grabauskas on his transparency. Mr. Grabauskas replied that none of this information presented was new, but felt it was important to present them in their totality.

Mr. Hui thanked Mr. Grabauskas and staff for the presentation, and said that he appreciates the opportunity to be proactive in finding solutions.

Ms. Okinaga also thanked Mr. Grabauskas and HART staff, and inquired about the status of the updated financial plan. Mr. Grabauskas replied that HART had already been mitigating by canceling solicitations. He opined that some savings would result in the first set of station bids, but that the greatest savings would be realized in the remaining 12 stations and remaining 10 miles of guideway. He said smaller packages would be better for Hawaii business, and would allow a greater opportunity for local contractors to compete. Mr. Grabauskas said he would report back in early 2015.

Mr. Horner said that the public would likely be concerned about the numbers, and wonder whether more overages would ensue. He noted that the cost of the ROC was locked in, and that portion of the project was under budget and on schedule, and Mr. Grabauskas agreed. Mr. Horner said that the first ten miles of guideway was also on budget and schedule, and Mr. Grabauskas agreed.

Mr. Horner said that the final 10 miles of guideway and the 21 stations were at risk. He noted that a 13% escalation was built in, but that turned out to be an underestimation because of market conditions. He said that within the past two years, the region has seen a 19% increase in construction costs due to the market. Mr. Grabauskas noted that the original schedule provided for the first five miles of guideway to be finished by this time. Mr. Horner noted that although some of these causes for overages did not occur on the Board's watch, it took responsibility for all of it. He also noted that \$1.3 billion of \$3.3 billion expected in GET revenue had been collected, and of the \$1.55 billion expected from the federal government, \$1 billion had already been received. He noted that this was only about 2% off the planned revenues. Mr. Horner said that the \$41 million in GET that is under plan is not due to DOTAX, but due to HART's estimation.

Mr. Bunda emphasized the need to maintain safety and quality standards while cost reducing measures were being implemented. Mr. Grabauskas assured the Board that safety would not be compromised as it was HART's top priority.

Mr. Atta said that the financial situation creates the opportunity for building a better system. It places the focus on building a quality system, as well as on other areas such as transit oriented development (TOD).

Mr. Horner acknowledged the opportunity for capturing value through TOD. He said that the train, which will have the capacity of 200 buses, is a significant investment for Honolulu, which is expected to grow substantially by 2030.

Board member Damien Kim said that he appreciated HART's efforts to be inclusive of the local construction industry. He also echoed Mr. Bunda's comments on safety.

Mr. Lui-Kwan echoed Mr. Horner's comments on the rail being an investment by saying that 68% percent of the island's population would be served by the rail. He asked when staff would have a more accurate projection of the total cost. Mr. Grabauskas said that the GET revenues would be key to the evaluation, as would the reduced station bid packages. He said this would occur over the next year.

X. Executive Director and CEO's Report

Mr. Grabauskas said that his risk update presentation would serve as the Executive Director and CEO's Report.

XI. Executive Session

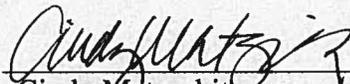
Mr. Horner moved to enter into executive session to discuss the project risks as reported by Mr. Grabauskas, and Mr. Kim seconded the motion. The motion carried, and the Board entered into executive session at 12:25 p.m.

The Board re-opened the public meeting at 1:02 p.m.

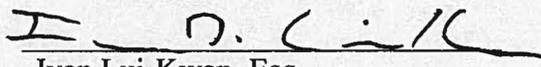
XII. Adjournment

Mr. Lui-Kwan adjourned the meeting at 1:03 p.m.

Respectfully Submitted,


Cindy Matsushita
Board Administrator

Approved:


Ivan Lui-Kwan, Esq.
Board Chair

JAN 29 2015
Date



HONOLULU AUTHORITY for RAPID TRANSPORTATION

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.

Finance Committee Meeting
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
(meeting room entrance on Richards Street)
Thursday, October 9, 2014 9:30 A.M.

Agenda

- I. Call to Order by Chair
- II. Public Testimony on all Agenda Items
- III. Approval of the November 21, 2013 Minutes of the Finance Committee Meeting
- IV. FY2016 Operating and Capital Budget and Six-Year Capital Program
 - A. Presentation
 - B. Public Hearing
 - C. Approval
- V. Executive Session

Pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4), the Board(s) may enter into Executive Session to consult with its attorneys on questions and issues on a matter pertaining to the Board's powers, duties, privileges, immunities and liabilities.
- VI. Adjournment

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulustransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

MINUTES

Finance Committee Meeting
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
Thursday, October 9, 2014 9:30 A.M.

PRESENT:

Keslie Hui
Donald G. Horner
Robert "Bobby" Bunda
George Atta

Ivan Lui-Kwan
Carrie Okinaga
Ford Fuchigami
Michael Formby

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

Daniel Grabauskas
Diane Arakaki
Jeanne Mariani-Belding
Michael McGrane
Cindy Matsushita

Ron Amemiya
Lori Hiraoka
Joyce Oliveira
Andrea Tantoco

I. Call to Order by Chair

HART Finance Committee Chair Keslie Hui called the meeting to order at 9:37 a.m.

II. Public Testimony on all Agenda Items

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

III. Approval of the November 21, 2013 Minutes of the Finance Committee Meeting

Mr. Hui called for the approval of the November 21, 2013 minutes of the Finance Committee. There being no objections, the minutes were unanimously approved as circulated.

IV. FY2016 Operating and Capital Budget and Six-Year Capital Program

A. Presentation

HART Chief Financial Officer Diane Arakaki and Budget and Grants Manager Michael McGrane made a PowerPoint presentation of the FY2016 (FY16) Operating and Capital Budget and Six-Year Capital Program, a copy of which is attached hereto as Attachment A.

HART Finance Committee Meeting Minutes
October 9, 2014

Ms. Arakaki said that the FY16 operating budget totaled \$27.2 million, which represented a decrease of 1.2% from the current fiscal year. The FY16 Capital Improvement Program (CIP) totaled \$422.2 million. The Revised Charter of the City and County of Honolulu requires that the budgets be transmitted to the City by December 1, 2014.

Ms. Arakaki said that the Finance Committee would be conducting a public hearing that day on the FY16 Operating and Capital Budgets, and would then make its recommendation to the full Board. The Finance Committee would also review and transmit the Six-Year Capital Program to the full Board.

The requested FY16 Operating Budget was detailed. Labor costs would increase by \$675,575. Other Personnel Employee Benefits (OPEB), a new line item for retiree health benefit costs mandated by recent legislation of all government employers totals \$195,000.

She said that the costs for legal expenses and city professional services decreased. Other building repairs, which represent HART's on-call contractor, also decreased as it was transferred to the CIP budget.

Committee member Donald Horner asked how much the capital budget would increase, and Ms. Arakaki said that the contract was for amounts up to \$1 million. Mr. Grabauskas added that the contract was for the life of the project. Mr. Horner requested that capital and operating costs be included in the correct categories, as he noted that there may still be some capital items in the operating budget. He requested that be done by the end of the year.

Ms. Arakaki said that the Other Fixed Costs item also decreased, as HART did not anticipate awarding any design-build contracts during FY16. Mr. Hui pointed out that this was another instance in which an operating budget item may have been more properly characterized as capital. Mr. Grabauskas said that HART was assessing its procurement strategy, which would resolve that issue going forward.

Ms. Okinaga asked how much was spent on Other Fixed Costs in the current fiscal year, and Ms. Arakaki said HART had spent no monies. Mr. Grabauskas said that for the currently active Pearl Highlands Garage procurement, it was anticipated that a \$175,000 stipend would be paid to the unsuccessful bidders. Mr. Horner requested an update on the Pearl Highlands Garage.

Ms. Arakaki said that Rental Costs would increase by 2.8%. She said that a transfer of \$42,000 would occur from Communications Services to Software Maintenance, to more accurately reflect the character of the item. Mr. Horner remarked that the overall marketing and communications costs in both the operating and capital budgets would be less than they were two years ago, as HART transitions from consultants to City staff. Mr. Grabauskas recalled that the public relations budget was pared back \$14 million over the life of the project in 2012, and the public relations staff went from 19 people to five people. Ms. Arakaki said that the operating budget request overall decreased 1.25% from the current fiscal year.

Mr. Horner pointed out that the staffing levels have not increased. Ms. Arakaki agreed but said that labor costs were increasing because of OPEB and contract adjustments, not due to staffing numbers.

HART Finance Committee Meeting Minutes
October 9, 2014

Ms. Okinaga asked about the increase in labor between FY14 and FY15. Ms. Arakaki said that labor increased during that time period about 6%, and included additional full-time positions. Mr. Grabauskas said that it also included a roughly 4% salary adjustment mandated by contract.

Ms. Arakaki detailed the FY16 capital budget. The \$172 million total budget included \$144 million in construction costs. The total also included contracting costs for existing contracts, which did not represent an increase. She pointed out the amount for contingency and recertifications of \$250 million. Mr. Horner clarified that approximately \$1 billion was being refunded, and the contingency was being added, and Ms. Arakaki agreed. She said that the contingency was currently \$559 million, and that the plan provides for the contingency to be drawn down approximately \$175 million to \$375 million during FY 2016. She pointed out that all contingency drawdowns \$1 million and over would be reviewed by the Board. Mr. Grabauskas pointed out that other drawdowns are contained in the monthly progress report.

Mr. Horner said that he was reluctantly supportive. Mr. Hui said that HART had an agreement with the FTA on contingency, and that the request was an appropriation. However, any actual action would be subject to the Board's approval. Mr. Grabauskas and Ms. Arakaki said that this appropriation had been made for the current fiscal year. Ms. Arakaki pointed out in the supporting documents where the Board had adopted and approved \$161 million in contingency for the current fiscal year. Mr. Hui added that staff was including a more detailed explanation of certain line items than it had in previous years.

Ms. Arakaki said that the recertification represents the formal approval of the internal transfer of funds between sub-funds to pay vendors during the fiscal year, and does not represent an additional expenditure. Mr. Hui clarified that up to \$172 million in CIP in FY16, and appropriating all of contingency according to the drawdown chart for the fiscal year per HART's FTA. He said that the Board was appropriating the contingency so that it was able to authorize drawdowns up to the appropriated amounts. He said that since the contingency drawdowns had not occurred at the planned rate in the past, the FY16 contingency appropriation request contained some of the unspent contingency that was appropriated for FY15. Mr. Horner pointed out that HART did not spend the entire \$161 million contingency in the FY15 budget.

Mr. Hui asked about the HDOT coordination consultant line items in the CIP budget. Mr. Garrido said that the HDOT contracts were ongoing, for design and construction oversight. He said that HART had been proactively managing the budget with HDOT. Mr. Garrido said that he would provide a breakdown by contract. He said that 53% of the West Oahu/Farrington Highway costs had been incurred. For the Kamehameha Highway Guideway, 22% had been incurred. In the Airport/City Center section, 20% of the costs had been incurred. The contracts were expected to continue through construction.

Mr. Hui asked for clarification on the scope of the HDOT consultant contracts. Mr. Garrido said that they cover both design and construction oversight within the State of Hawaii right of way, to ensure that plans and maintenance of traffic comply with HDOT standards. Mr. Grabauskas said that these consultant contracts do not cover areas of State rights of way for which HART was responsible for maintenance. Mr. Garrido agreed, and distinguished those joint use and occupancy agreements from the HDOT consultant contracts.

HART Finance Committee Meeting Minutes
October 9, 2014

Mr. Lui-Kwan asked about debt service, and Ms. Arakaki indicated that it was located on page 3 of the budget submittal documents. He asked Ms. Arakaki to advise the Board at the appropriate time the delta between the debt service plan and the FFGA. Mr. Lui-Kwan acknowledged Ms. Arakaki, Mr. Hui, and Mr. Horner for their hard work on the matter. Mr. Horner said that the Mayor had tasked HART with building rail better, and suggested that the Department of Budget and Fiscal Services make the presentation, as they would be making the budget request. Ms. Arakaki said that the information would be provided.

Mr. Bunda asked whether the FY16 budget item on OCIP would be the last budget appropriation, and Ms. Arakaki said it would not, as future payments would depend on different project variables, and therefore not be fixed. She said that OCIP costs are provided for in the Six-year Capital Program.

Ms. Okinaga asked about the duties of the OCIP consultant. Ms. Arakaki said that one consultant administers the OCIP, and the other provides the actual coverage, under two separate line items.

Ms. Okinaga asked Mr. Garrido why the HDOT Coordination Consultant for the City Center section was not included in the FY16 budget request, as it had in the previous year. He said that the City Center and Airport sections were grouped together in the FY16 budget request. He said that HART was working with HDOT to reduce costs.

Mr. Formby pointed out that the HDOT consultant contract for WOFH was increasing. He asked whether they were multi-year appropriations that would be drawn down over time. Mr. Garrido said that the contract had a fixed price, so no further budget requests were expected after FY16. The total budget of \$10.5 million included prior budget years' requests. Mr. Hui distinguished between appropriations and actual expenditures. Mr. Fuchigami said that HDOT continues to work closely with HART on these necessary coordination services in a fiscally prudent manner.

Ms. Arakaki said that most of the Six-Year Capital Program was made up of construction costs. The FY16 reappropriation amount assumes no changes to the existing contract grouping plans, for previously appropriated amounts that may lapse. Specific contracts included in the reappropriation request were on page seven of the budget submittal packet, and included the Pearl Highlands Parking Structure and the second half of the guideway.

Mr. Hui pointed out that HART was only three months into FY15, and asked how much HART had spent from that appropriation. Ms. Arakaki said that HART had committed approximately \$500 million of the FY15 \$1.6 billion CIP appropriation. She said that \$1 billion of that amount was being requested for reappropriation in FY16 in case those amounts were not committed in the following nine months.

Ms. Okinaga pointed out that HART approves its budget annually for reasons of transparency, hence the discussion of reappropriations. She contrasted it with the City's two-year process.

Mr. Horner said that clearly HART had been underestimating its costs based on the recent bids. He asked whether the FY16 budget request had been adjusted to reflect current market conditions. Mr. Grabauskas said that the current market analysis was ongoing, and that the FY16 budget request was based on the 2012 FFGA numbers. He said that the revised

financial plan, which would be presented to the Board at the end of 2014 or the beginning of 2015, would include HART's best estimates of its capital program. Mr. Horner expressed his concern over the use of the FFGA numbers.

Mr. Hui pointed out that any procurement variances that result in change orders would come before the Board.

Mr. Horner asked about the status of the Pearl Highlands Parking Structure procurement. Mr. Grabauskas said that prospective bidders had been advised to suspend work pending HART's analysis of the westside station group package. Mr. Horner expressed his approval of that action.

Ms. Arakaki said that HART anticipates borrowing in FY16, based on cash flow projections. Mr. Horner asked whether the estimates were conservative, and Ms. Arakaki said they were. She said that they are based on actual GET revenues received. Mr. Horner asked what HART's cash position was, and she said \$355 million. She said that the next GET revenue figures were expected in the next few days.

Mr. Hui called for the public hearing of the FY2016 Operating and Capital Budget, which was being considered for recommendation to the full Board.

B. Public Hearing

Russell Honma provided testimony regarding the Council of Revenue's projections with regard to the GET.

C. Approval

Mr. Hui called for a motion to recommend approval of the FY2016 Operating and Capital Budgets to the full Board. Mr. Lui-Kwan so moved, and Mr. Horner seconded the motion. All being in favor, the motion carried unanimously.

Ms. Arakaki continued with the discussion of the Six-Year Capital Program request. She said that the FY16 request would be the largest request in the life of the program. The majority of the costs were associated with construction.

Mr. Hui asked for clarification on whether there would be additional capital OCIP expenses beyond appropriated amount of approximately \$5 million. Ms. Arakaki responded that the amounts appropriated were for administrative OCIP costs, and that there were other associated costs not included in that line item. Mr. McGrane said that HART's exposure is capped, but that reserves could include additional amounts in the future based on HART's safety record. Mr. Grabauskas said that HART had a very good safety record, so no further increase was expected at that time.

Mr. Bunda clarified that future amounts were unknown, and Ms. Arakaki confirmed that the insurance carrier did not know those amounts either. Mr. Bunda asked about the \$5 million in administrative costs, and Mr. McGrane said that the \$5 million is the full contractual amount for the life of the project.

HART Finance Committee Meeting Minutes
October 9, 2014

Mr. Hui said that it would be helpful to see the Six-Year Capital Program in the context of spending, to put the annual appropriations in context. Mr. Grabauskas agreed to present that information, and said that the information on spending per contract was also available in the monthly progress report.

Mr. Hui called for a public hearing on the Six-Year Capital Program. There was no testimony. Mr. Hui called for a motion to approve the Six-Year Capital Program. Mr. Horner so moved, and Mr. Bunda seconded the motion, which carried unanimously.

V. Executive Session

There was no need for executive session.

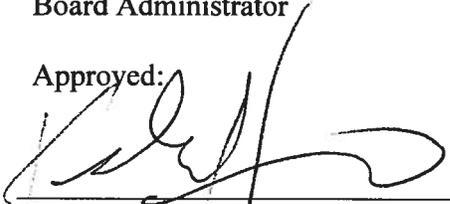
VI. Adjournment

Mr. Hui adjourned the meeting at 10:35 a.m.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:


Kestlie W.K. Hui
Chair, Finance Committee

MAR 12 2015

Date

Honolulu Authority for Rapid Transportation

FY 2016 Requested Capital and
Operating Budgets, and
Six-Year Capital Program

October 9, 2014

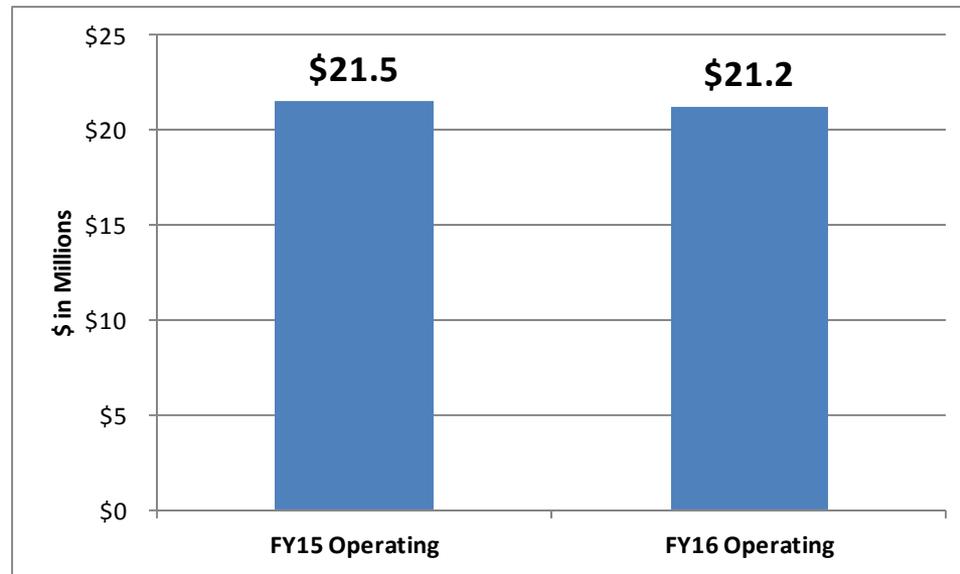
FY 2016 Budget Summary

- Requested FY 2016 Operating Budget
 - Totals \$21.2 million, a 1.2% decrease from FY 2015
- Requested FY 2016 Capital Improvement Program
 - FY 2016 CIP Totals \$422.2 million
 - CIP Re-Appropriation from FY 2015
- Budgets to be transmitted to the City by December 1, 2014

Today's Finance Committee Action:

- Conduct Public Hearing on the FY 2016 Operating & Capital Budgets
- Committee budget recommendations sent to the full HART Board
- Committee review and transmittal of 6-Year Capital Program to the Board
- Note: Full Budget schedule is listed on Page 2 of the Budget Submittal

Requested FY 2016 Operating Budget



- FY 2016 Operating decreases by 1.2% from FY 2015 Operating

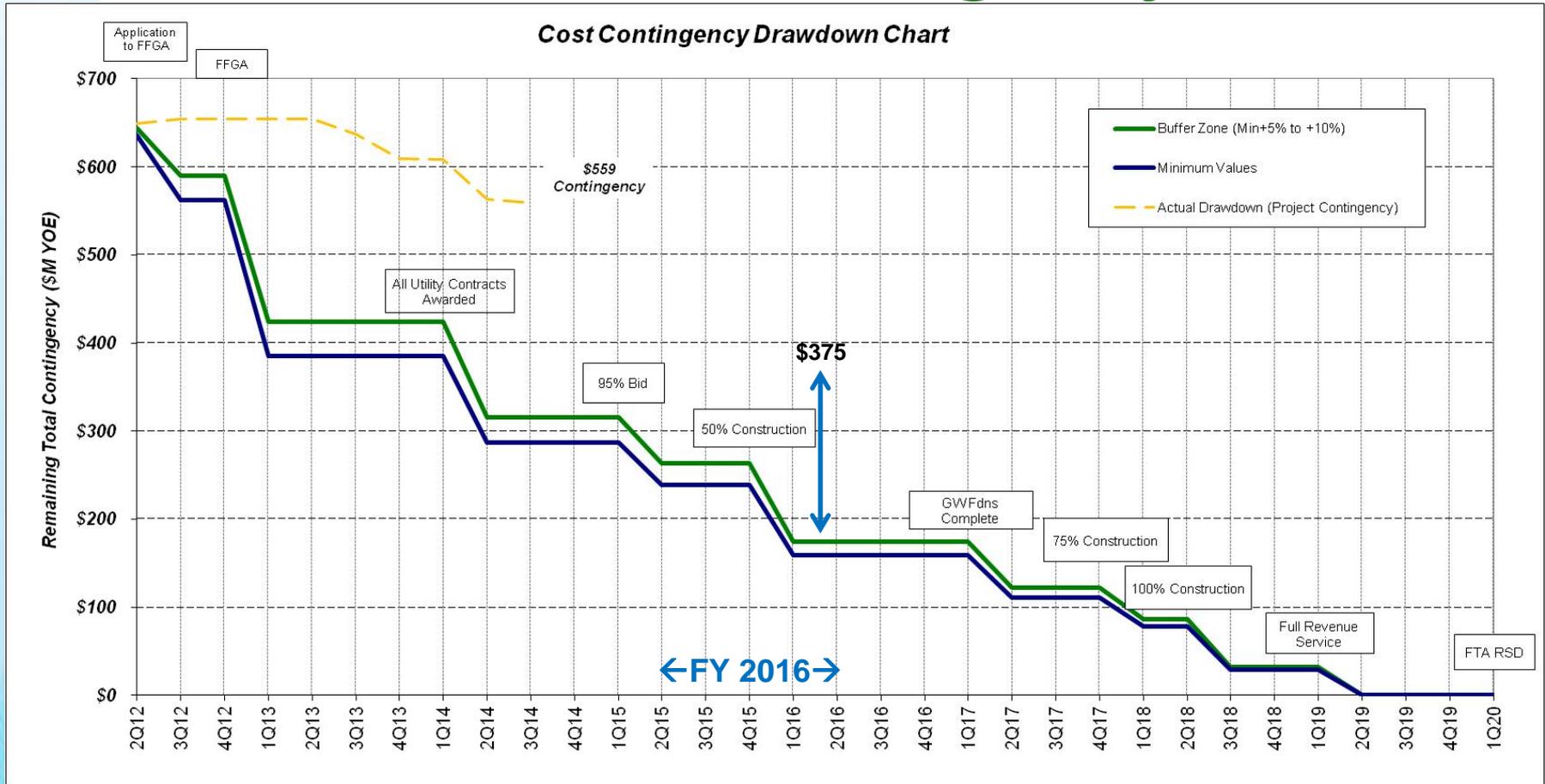
Comparison of the Approved FY 2015 and Requested FY 2016 Operating Budgets

	FY 2015	FY 2016	Change	% Change	Comment
Labor Costs:					
Salary & Benefits	13,747,425	14,228,000	480,575	3.5%	Contract Adjustment
OPEB Trust	0	195,000	195,000	N/A	Legal Mandate
All Other	96,000	96,000	0	0.0%	No Change
Total Labor	13,843,425	14,519,000	675,575	4.9%	
Other Costs:					
Legal Services	1,202,354	1,000,000	(202,354)	-16.8%	Legal expenses
City Prof. Services	2,044,307	2,031,500	(12,807)	-0.6%	Decrease due to lower Budget
Other Building Repairs	300,000	5,000	(295,000)	-98.3%	Repairs now in CIP Budget
Other Fixed Cost	500,000	0	(500,000)	-100.0%	No Stipend in FY 2016
Rentals	2,378,643	2,445,000	66,357	2.8%	Annual cost adjustment
Communication Svcs	170,000	128,000	(42,000)	-24.7%	Transfer to Software Maint.
Software Maintenance	58,000	100,000	42,000	72.4%	Transfer from above
All Other	984,300	984,300	0	0.0%	No Change
Total Other Costs	7,637,604	6,693,800	(943,804)	-12.4%	
Total Budget	21,481,029	21,212,800	(268,229)	-1.25%	Net Decrease from FY 2015

Requested FY 2016 CIP Projects

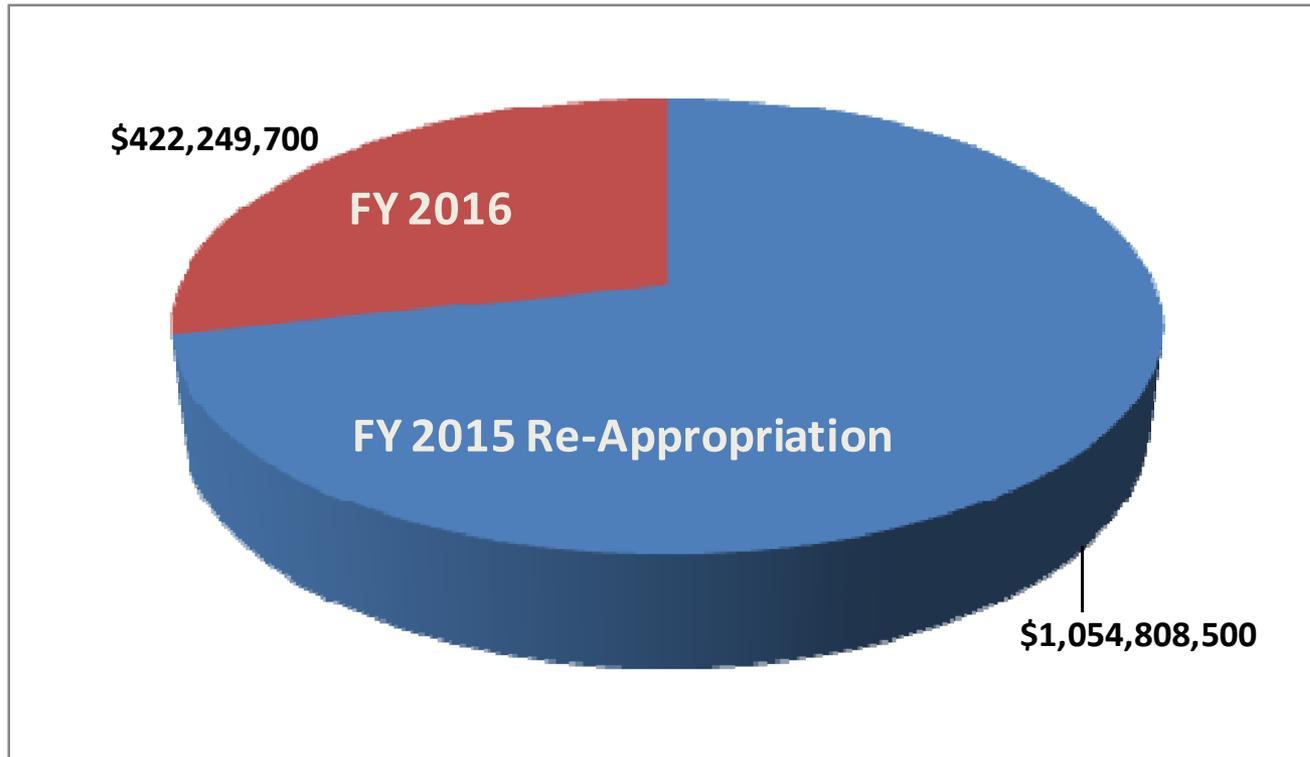
		Proposed FY 2016
Construction		\$143,976,100
DBB-580	Dillingham SG, Kaka`ako SG Construction	\$122,502,100
MI-930	Elevators and Escalators	\$16,474,000
MM-951	Owner-Controlled Insurance Program (OCIP)	\$5,000,000
Consultants		\$27,953,600
MM-913	Gen Engineering Consultant	\$8,233,500
MM-920	HDOT Coordination Consultant - West Oahu/Farrington Section	\$5,613,000
MM-921	HDOT Coordination Consultant – Kamehameha Section	\$2,600,000
MM-922	HDOT Coordination Consultant - Airport Section	\$1,400,000
MM-930	HDOT State Safety Oversight Agency (SOA) Manager	\$421,000
MM-950	Owner-Controlled Insurance Program (OCIP) Consultant	\$208,100
MM-962	Core Systems Support	\$8,078,000
MM-964	Safety and Security	\$1,400,000
Programmatic Agreements		\$300,000
MM-940	Kako'o Consultant	\$100,000
PA-102	Programmatic Agreement–Historic Preservation Committee	\$200,000
Quality Audits		\$20,000
Subtotal		\$172,249,700
Contingency		\$200,000,000
Recertifications		\$50,000,000
Total		\$422,249,700

FY 2016 Contingency



- Contingency: Appropriation request reflects current contingency draw down schedule

Requested FY 2016 Capital Budget Summary



Total Requested CIP Budget = \$1,477,058,200

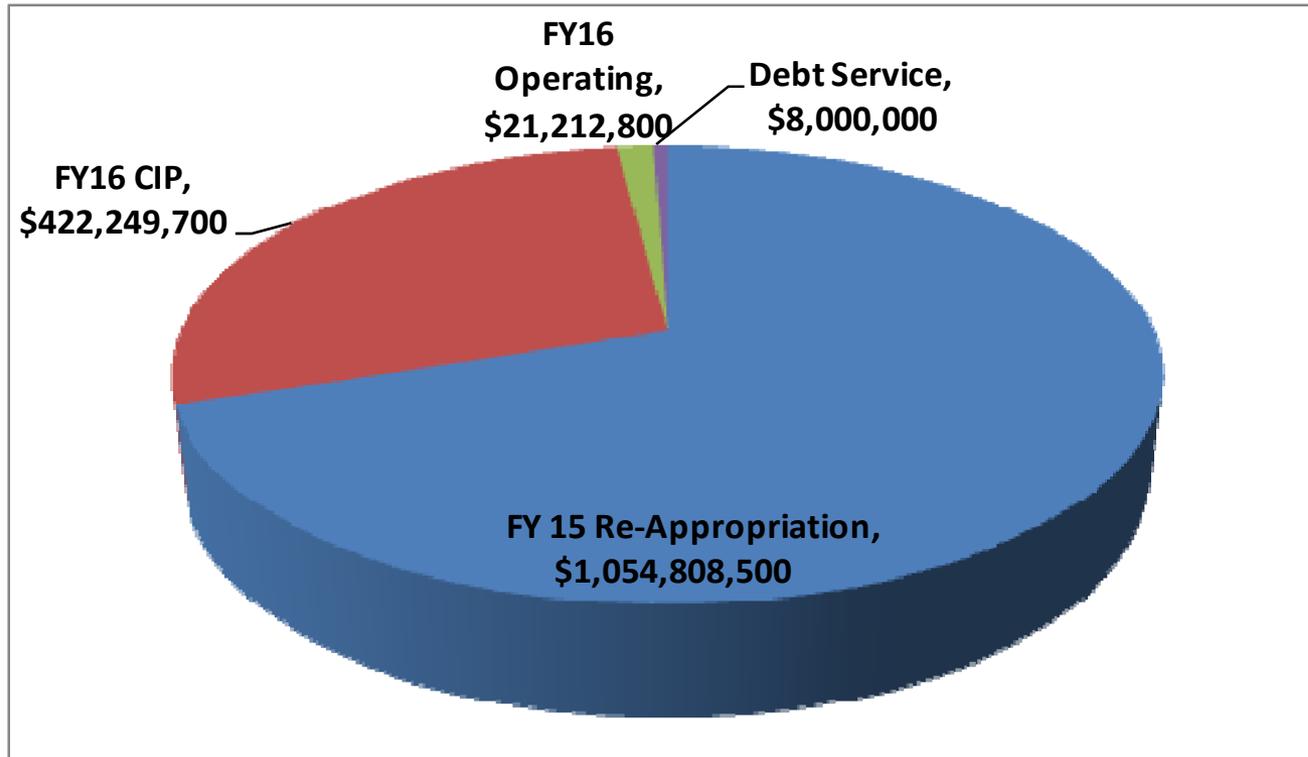
Debt Service Begins in FY 2016

(\$ in millions)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
Debt Proceeds	\$370	\$473	\$248	\$272	\$0	\$0	\$0	\$0	\$0	\$1,363*
Interest	\$0	\$8	\$30	\$38	\$46	\$35	\$26	\$15	\$5	\$203
Principal	\$0	\$0	\$0	\$0	\$203	\$291	\$316	\$290	\$207	\$1,307
	\$0	\$8	\$30	\$38	\$249	\$326	\$342	\$305	\$212	\$1,510

- Based on cash flow projections, debt service payments begin in 2016

* The difference between debt proceeds and principal repayment reflects premium pricing of bonds.

Requested FY 2016 Capital & Operating Budget



Total Requested Budget = \$1,506,271,000

Requested 6-Year Capital Program

Requested 6-Year Capital Program

	Proposed FY 2016	Proposed FY 2017	Proposed FY 2018	Proposed FY 2019	Proposed FY 2020	Proposed FY 2021	Total 6 Year CIP
Construction	\$143,976,100	\$27,380,200	\$8,598,000	\$0	\$0	\$0	\$179,954,300
Dillingham SG, Kaka'ako SG Construction	\$122,502,100	\$0	\$0	\$0	\$0	\$0	\$122,502,100
UH West Oahu Park-and-Ride and Ho'opili Station	\$0	\$13,059,200	\$0	\$0	\$0	\$0	\$13,059,200
Elevators and Escalators	\$16,474,000	\$14,321,000	\$8,598,000	\$0	\$0	\$0	\$39,393,000
Owner-Controlled Insurance Program (OCIP)	\$5,000,000	\$0	\$0	\$0	\$0	\$0	\$5,000,000
Consultants	\$27,953,600	\$17,011,000	\$16,311,000	\$16,310,000	\$0	\$0	\$77,585,600
Gen Engineering Consultant FD-Construction	\$8,233,500	\$8,233,000	\$8,233,000	\$8,233,000	\$0	\$0	\$32,932,500
HDOT Coordination Consultant - West Oahu/Farrington	\$5,613,000	\$0	\$0	\$0	\$0	\$0	\$5,613,000
HDOT Coordination Consultant – Kamehameha Section	\$2,600,000	\$0	\$0	\$0	\$0	\$0	\$2,600,000
HDOT Coordination Consultant - Airport Section	\$1,400,000	\$0	\$0	\$0	\$0	\$0	\$1,400,000
HDOT State Safety Oversight Agency (SOA) Manager	\$421,000	\$0	\$0	\$0	\$0	\$0	\$421,000
Owner-Controlled Insurance Program (OCIP) Consultant	\$208,100	\$0	\$0	\$0	\$0	\$0	\$208,100
Core Systems Support	\$8,078,000	\$8,078,000	\$8,078,000	\$8,077,000	\$0	\$0	\$32,311,000
Safety and Security	\$1,400,000	\$700,000	\$0	\$0	\$0	\$0	\$2,100,000
Programmatic Agreements	\$300,000	\$100,000	\$100,000	\$0	\$0	\$0	\$500,000
Kako'o Consultant	\$100,000	\$100,000	\$100,000	\$0	\$0	\$0	\$300,000
Programmatic Agreement– Historic Preservation Com.	\$200,000	\$0	\$0	\$0	\$0	\$0	\$200,000
Quality Audits	\$20,000	\$20,000	\$20,000	\$0	\$0	\$0	\$60,000
Subtotal	\$172,249,700	\$44,511,200	\$25,029,000	\$16,310,000	\$0	\$0	\$258,099,900
Contingency	\$200,000,000	\$53,000,000	\$36,000,000	\$86,000,000	\$0	\$0	\$375,000,000
Recertifications	\$50,000,000	\$0	\$0	\$0	\$0	\$0	\$50,000,000
Total FY 2016	\$422,249,700	\$97,511,200	\$61,029,000	\$102,310,000	\$0	\$0	\$683,099,900
Re-Appropriations FY 2015	\$1,054,808,500	\$0	\$0	\$0	\$0	\$0	\$1,054,808,500
Grand Total	\$1,477,058,200	\$97,511,200	\$61,029,000	\$102,310,000	\$0	\$0	\$1,737,908,400

- Excluding Re-Appropriations from FY 2015, Six Year CIP totals \$683 million of which \$422 million is in FY 2016

Mahalo

Questions?



HONOLULU AUTHORITY for RAPID TRANSPORTATION

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
Ivan M. Lui-Kwan, Esq.
Glenn M. Okimoto, Ph.D.
Carrie K.S. Okinaga, Esq.

**Joint Meeting of
Finance Committee and
Project Oversight Committee**
Kapolei Hale, Conference Room A
1000 Uluohia Street, Kapolei, Hawaii
Thursday, February 13, 2014, 9:30 am

Agenda

- I. Call to Order by Chair
- II. Public Testimony on all Agenda Items
- III. Approval of the December 19, 2013 Minutes of the Joint Meeting of the Finance Committee and Project Oversight Committee
- IV. Discussion of the January Monthly Progress Report
- V. Change Order Review
- A. Maintenance and Storage Facility Yard Layout Reconfiguration and Automated Train Operation Design
 - B. Maintenance and Storage Facility Insurance Coverage Requirements through June 2014
 - C. Kamehameha Highway Guideway Insurance Coverage Requirements through June 2014
 - D. West Oahu/Farrington Highway Guideway Insurance Coverage Requirements through June 2014
- VI. Executive Session
Pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4), the Board(s) may enter into Executive Session to consult with its attorneys on questions and issues on a matter pertaining to the Board's powers, duties, privileges, immunities and liabilities.
- VII. Adjournment

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulustransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

MINUTES

**Joint Finance Committee and Project Oversight Committee Meeting
Kapolei Hale, Conference Room A
1000 Uluohia Street, Kapolei, Hawaii
February 13, 2014, 9:30 A.M.**

PRESENT:	Ivan Lui-Kwan Don Horner Keslie Hui Damien Kim	Robert "Bobby" Bunda William "Buzz" Hong Carrie Okinaga Michael Formby
ALSO IN ATTENDANCE: (Sign-In Sheet and Staff)	Dan Grabauskas Lisa Hirahara Gary Takeuchi Barbra Armentrout Rose Pou Russell Honma Lee Zink Mun-Wong Chang Paul Migliorato	Henry Oviedo Trevor Findley Roger Morton Michael Iosu Robert Yu Joyce Oliveira Andrea Tantoco Cindy Matsushita
EXCUSED:	George Atta	Glenn Okimoto

I. Call to Order

Project Oversight Committee Chair Damien Kim called the meeting to order at 9:37 a.m.

II. Public Testimony on all Agenda Items

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

III. Approval of the December 19, 2013 Minutes of the Joint Meeting of the Finance Committee and Project Oversight Committee

Mr. Kim called for the approval of the December 19, 2013 minutes of the joint meeting of the Finance and Project Oversight Committees. There being no objections, the minutes were unanimously approved.

Joint Finance Committee and Project Oversight Committee Meeting Minutes
February 13, 2014

IV. Discussion of the January Monthly Progress Report

Mr. Grabauskas reported that an archaeological find had been made the previous weekend in the Chinatown area in the data recovery trenching effort. He also reported that the U.S. District Court held a hearing in the *Honolulutraffic.com* case on February 6, 2014.

Regarding the monthly progress report, a copy of which is attached as Attachment A, he said that the project was proceeding on pace.

Board member Robert "Bobby" Bunda asked about transit oriented development (TOD) staffing. Mr. Grabauskas replied that HART was recruiting for a TOD coordinator, and had recently hired a planning specialist.

Mr. Bunda asked about the calculation of risk on the table on page 62. Mr. Grabauskas replied that items with a high degree of probability highlight areas that require attention.

V. Change Order Review

Director of Design and Construction Lorenzo Garrido, Maintenance and Storage Facility (MSF) Project Manager Akira Fujita, and MSF Assistant Project Manager Brent Uechi made a PowerPoint presentation on change orders. The presentation is attached as Attachment B.

A. Maintenance and Storage Facility Yard Layout Reconfiguration and Automated Train Operation Design

Mr. Garrido reminded the joint committees that they had previously approved a change order for the MSF regarding changes to the Operating and Servicing Building. That prior change order improved safety in the yard by eliminating tracks between the buildings. The change order being presented, by contrast, related to functionality and operations.

Mr. Grabauskas added that the MSF design work had been underway at the time of the bid protest over the core systems contract. As a result, HART staff were unable to communicate with Ansaldo during the bid protest, so the determination was made to continue with design in the interest of time. The change order being presented represents Ansaldo's redesigns once the bid protest was resolved and communications were allowed. Some changes were due to the conversion of the yard to full automation, resulting in greater cost and operational efficiencies.

Committee member William "Buzz" Hong asked about the previous MSF change order. Mr. Garrido explained that the October 2013 change order reoriented the MSF building and eliminated the yard tower and tracks between the parking lot and the building. The change order being presented was in addition to the October change order.

Mr. Bunda asked about the total for both change orders, and Mr. Garrido said that the total was approximately \$6 million.

Board member Damien Kim asked if the previous change order included electrical work, and Mr. Garrido said that it included electrical work related to that change. The change order

Joint Finance Committee and Project Oversight Committee Meeting Minutes
February 13, 2014

being presented contained electrical work related to the Ansaldo redesign. Mr. Formby asked if the change order being presented was completely separate from the previous change order. Mr. Garrido responded that it was tracked, negotiated, and priced separately. It was not brought before the joint committee at the same time as the previous MSF change order because it was still being negotiated at that time.

Committee member Keslie Hui asked about the total MSF design cost. Mr. Garrido said that the design portion is \$10 million. The change order represents approximately 40% of the total design cost. Mr. Hui asked if there would be a change order for final design once the MSF was complete, and Mr. Garrido confirmed there would be. Mr. Hui asked about operational savings, and Mr. Grabauskas stated that the MSF yard would be safer and more efficient, and the change order would result in a net cost decrease.

Mr. Horner applauded the team for the improvements, which will reduce operating costs for taxpayers in the future.

Ms. Okinaga thanked Mr. Garrido for the improved format of the presentation, and asked about the contingency budget as it related to the change order. Mr. Garrido said that \$2.5 million of the change order would be drawn down from the allocated, known contingency, leaving the balance of the known contingency at \$2.8 million.

Mr. Lui-Kwan asked if there were any other similar issues anticipated, and Mr. Grabauskas said there were none.

Mr. Hong asked if there would be any other related construction costs. Mr. Garrido said that there would be construction costs related to the change order that would be presented to the joint committee in the future.

Mr. Garrido and Mr. Fujita indicated areas on the map that were being converted from manual to automated operation.

Mr. Hui asked about the time difference as a result of the decision to continue design despite the bid protest. Mr. Grabauskas said that HART had learned not to issue contracts without all the parts in place.

Mr. Formby asked about the activities in the City Center area, given the current legal restrictions. Mr. Grabauskas replied that HART was prohibited from engaging in construction and property acquisitions, but that geotech and design work were allowed.

Mr. Kim called for public testimony.

Barbra Armentrout asked whether another yard would be required. Mr. Grabauskas replied that an extension might necessitate another yard. Ms. Armentrout asked if the change order would impact section 5307 funds, and Mr. Grabauskas said it would not.

Mr. Horner asked about the capacity of the yard. Mr. Fujita said that the yard could accommodate 20 more rail cars above the current number planned. Mr. Garrido added that

Joint Finance Committee and Project Oversight Committee Meeting Minutes
February 13, 2014

the plans accommodate additional storage tracks that are not being built now; he said that he would provide the Board with information on the additional capacity.

Russell Honma provided testimony regarding the need for energy efficient power sources.

Mr. Kim called for a motion to approve the change order. Mr. Hong so moved, with Ms. Okinaga seconding the motion. All being in favor, the change order was unanimously approved.

- A. Maintenance and Storage Facility Insurance Coverage Requirements through June 2014
- B. Kamehameha Highway Guideway Insurance Coverage Requirements through June 2014
- C. West Oahu/Farrington Highway Guideway Insurance Coverage Requirements through June 2014

Mr. Garrido introduced three related change orders for provisional sums, based on man hours of work. Costs would be validated as amounts are invoiced. He explained that due to the procurement protest for the owner-controlled insurance program (OCIP), staff is seeking to have contractor coverage extended through June 2014 on a provisional sum basis. Costs are currently being drawn down from the allocated contingency at no net cost to the project, as OCIP costs had already been contemplated.

Mr. Hui asked about the bid process, and Mr. Grabauskas said that because it is preferable to have OCIP in place, HART planned to again solicit bids for OCIP. At that time, staff would be able to calculate the difference between the cost of OCIP and contractor coverage.

Mr. Bunda asked about the OCIP procurement protest, and Mr. Grabauskas replied that due to the potential for litigation, it was an item for executive session.

Deputy Corporation Counsel Gary Takeuchi said that the procurement process is stayed until the appeal process is complete. The appeal would be decided by HART, whose decision could be appealed to the Department of Commerce and Consumer Affairs, and then to the courts. Mr. Bunda asked about whether HART would be reimbursed for coverage during the construction suspension period. Mr. Grabauskas replied that staff was working with the contractor on the issue.

Mr. Hui asked why the change order was being paid from the allocated contingency. Mr. Grabauskas responded that the choice to pay it from the allocated contingency is an internal process. Mr. Garrido added that staff wanted to execute the change order as expeditiously as possible.

Mr. Kim called for a motion to approve all three OCIP change orders. Mr. Lui-Kwan so moved, and Mr. Hong seconded the motion, which carried unanimously.

V. Executive Session

There was no reason for executive session.

Joint Finance Committee and Project Oversight Committee Meeting Minutes
February 13, 2014

VI. Adjournment

Mr. Kim adjourned the meeting at 10:40 am.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Kesslie Hui
Chair, Finance Committee

APR 24 2014

Date



Damien Kim
Chair, Project Oversight Committee

APR 24 2014

Date

H O N O L U L U R A I L T R A N S I T P R O J E C T

January 2014

Cost, Schedule, Risk data date 12/27
Other Activities 1/31



MONTHLY PROGRESS REPORT



HONOLULU AUTHORITY for RAPID TRANSPORTATION

www.HonoluluTransit.org

2.3 Project Contingency (data as of December 27, 2013)

- \$609.7M = Current Project Contingency Balance
 - \$0.3M = December 2013 drawdown to Project Contingency

*Current Contingency
Balance = \$609.7M*

- The \$0.3M contingency drawdown resulted from the following contract amendments processed during the December 2013 reporting period:
 - \$.25M contingency drawdown from executed contract amendment No. 05 for Ulena St. redesign for the Airport Sections Guideway Utilities FD (FD-430);
 - \$0.02M contingency drawdown from contract amendment No. 03 for design relocation of HECO 46kV and Fiber Optic lines for West O’ahu Stations Group FD (FD-140).
- As of this reporting period, none of the executed change orders reduced the Baseline Budget Contingency amount below the buffer zone.
- \$32.5M = Current Known Changes Balance (down from the original amount of \$73.9M)
 - There were no drawdowns from Known Changes Contingency from last period.

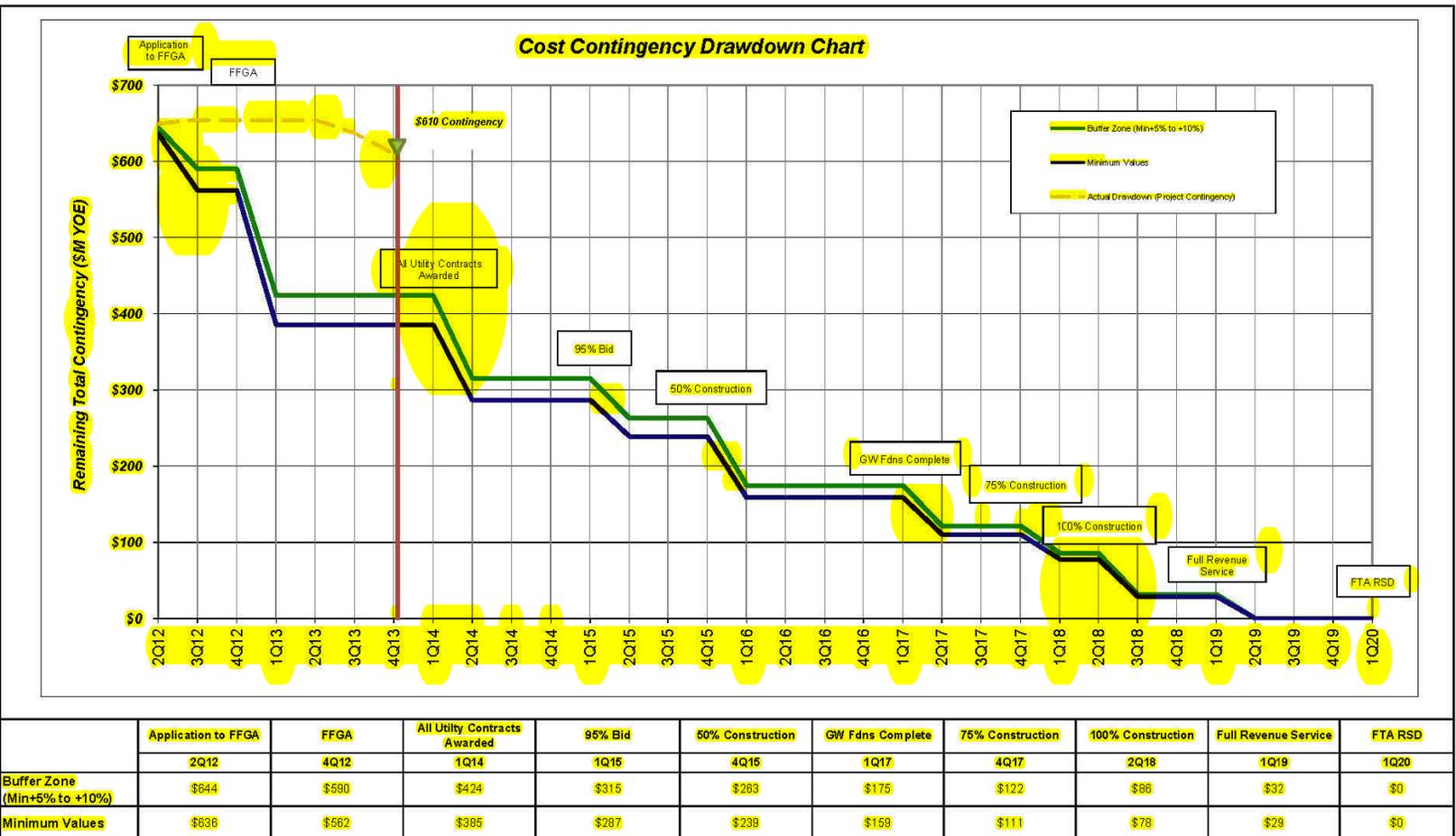
Figure 6. Project Contingency Budget

Project Contingency Budget		
Contingency	SCC Code	Budget (\$M)
Unallocated Contingency	90.01	\$101.9
Allocated Contingency	90.02	\$540.1
Allowances	90.03	\$1.6
Baseline FFGA Project Contingency Budget	90.01 - 90.03	\$643.6
Contingency Transfers to date	90.02 & 90.03	(\$33.8)
Current FFGA Project Contingency	90.01 - 90.03	\$609.7

Figure 7. FFGA Project Contingency Current Budget

FFGA Project Contingency Current Budget			
Report Month	Period Beginning: Current Budget Contingency (\$M)	Contingency Drawdown (\$M)	Period Ending: Current Budget Contingency (\$M)
	[a]	[b]	[c] = a + b
July '13 Monthly Progress Report	\$654.3	\$0.0	\$654.3
August '13 Monthly Progress Report	\$654.3	(\$5.3)	\$649.0
September '13 Monthly Progress Report	\$649.0	(\$5.8)	\$643.2
October '13 Monthly Progress Report	\$643.2	(\$6.1)	\$637.1
November '13 Monthly Progress Report	\$637.1	(\$22.1)	\$615.0
December '13 Monthly Progress Report	\$615.0	(\$5.0)	\$610.0
January '14 Monthly Progress Report	\$610.0	(\$0.3)	\$609.7

Figure 8. Draft Cost Contingency Drawdown Chart



Note: Cost contingency details and contingency management are discussed in further detail in Appendix B.

- Full Funding Grant Agreement (FFGA)
 - No New Starts drawdowns received in December.
 - New Starts drawdown for \$34,011,286 was submitted at the end of December and recorded on January 2, 2014. The amount will be reflected in the next monthly report.
 - FTA approved the application for \$236,277,358 in FY 2013 New Starts allocation on September 24 and the grant award was executed on October 4.
 - Although the \$236.3M is less than the \$250M FY 2013 increment identified in the FFGA, it will not negatively impact the Project’s cash flow. The \$14M shortfall (\$250M minus \$236M) will be recovered in a future year’s allocation.

Total Cash Received Since PE = \$1,249M

GET Received Since PE = \$765M

GET Received Since 2007 = \$1,143M

Figure 11. New Starts Drawdown by Federal Fiscal Year

New Starts Drawdown by Federal Fiscal Year			
Federal Fiscal Year Allocation	Obligation Amounts	Drawdown Amounts	Available Balance
2008	\$ 15,190,000	\$ 15,190,000	---
2009	\$ 19,800,000	\$ 19,800,000	---
2010	\$ 30,000,000	\$ 30,000,000	---
2011	\$ 55,000,000	\$ 55,000,000	---
2012	\$200,000,000	\$ 59,542,736	\$140,457,264
2013	\$236,277,358	---	\$236,277,358
	\$556,267,358	\$179,532,736	\$376,734,622

- General Excise Tax (GET) surcharge
 - \$765M = amount received as of Q2, FY 2014, since the Project’s entry into FTA’s Preliminary Engineering phase of project development.
 - \$898M = Projected Net GET Surcharge Revenue for FYs 2010-2014, as stated in FFGA Financial Plan (Table A-1 Capital Plan Cash Flows)
 - No county General Excise Tax (GET) surcharge was received in December.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
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Glenn M. Okimoto, Ph.D.
Carrie K.S. Okinaga, Esq.

February 7, 2014

TO: HART Board of Directors

FROM: Daniel A. Grabauskas
Executive Director and CEO

SUBJECT: Contract Change Order
Yard Layout Reconfiguration and Automated
Train Operation Design Integration- RFCC 00023
Maintenance and Storage Facility
Contract CT-HRT-10H0449

Overview

This Contract Change Order is a bilateral agreement between HART and the Maintenance and Storage Facilities' Design Build Contractor, Kiewit Kobayashi, a Joint Venture (KKJV), for a Contract Sum increase of \$4,250,000.

The Scope of Work for this Contract Change Order includes the Final Design services for reconfiguration of the Maintenance and Storage Facility yard and track layout to accommodate Automated Train Operations as well as for operational efficiency improvements. The reconfiguration was in coordination with the Core Systems Contractor and includes revisions to the Operations & Servicing Building equipment and Maintenance of Way Building equipment, addition of an on-site test track, the design of storage track S8, the redesign of the west yard lead, the redesign of MSF track geometry, the design of a car unloading dock, and the design for automated train operations and the redesign of the train control bungalow.

Work associated with this Contract Change Order is inclusive of all final design services and deliverables by KKJV including value engineering interface with other contractors, project management, all markup, all applicable taxes, bonds, insurance and fees. The associated cost for construction is currently being negotiated and will be presented to the Board for approval in the near future.

Recommendation

HART to approve this Contract Change Order in the amount of \$4,250,000

Justification

The MSF contract requires KKJV to interface with the Core Systems Contract (CSC) Design Build Maintain Operate (DBOM) contractor, Ansaldo Hawaii, Joint Venture (AHJV), and KKJV as part of their design efforts. This interface requirement was to ensure that the CSC contractor had opportunity to provide input to the MSF design that would be consistent with their operational and maintenance plan. In order to improve the operations and maintenance functionality and efficiency in the Maintenance and Storage Facility yard, several design changes were considered as a result of the interface coordination. Agreement was reached on these design changes which is described in the Scope of Work of this Contract Change Order.

Fiscal Impact

The cost was not part of the awarded MSF contract. Funds will be covered from the contracts "known" contingency budget as well as the allocated contingency budget.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

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Carrie K.S. Okinaga, Esq.

February 6, 2014

TO: HART Board of Directors

FROM: Daniel A. Grabauskas
Executive Director and CEO

SUBJECT: Contract Change Order
Insurance Coverage Requirements thru June 2014 - Issue 00118
Maintenance and Storage Facility
Contract CT-HRT-10H0449

Overview

This Contract Change Order would further extend insurance coverage provided in Change Orders 13 & 15. The Design-Builder to provide insurance coverage in compliance with the requirements of SP-3.1 for the period of January 1, 2014 to June 30, 2014 (6 months). The amount of \$1,112,000 is a provisional sum to reimburse the Design-Builder on a monthly basis for the time period set forth above. The reimbursed amount will include the Design-Builder's self performed work and all estimated subcontract work.

Recommendation

HART to approve the Contract Change Order for the Provisional Sum in the amount of \$1,112,000.00

Justification

The Contract included Owner Controlled Insurance Program (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 six months beginning January 1, 2014 through June 30, 2014. It is anticipated that HART controlled OCIP will be in place prior to June 30, 2014. The provisional sum allows the Design-Builder to be reimbursed for actual cost incurred and the remainder would be returned to the contingency.

Fiscal Impact

The cost was not part of the awarded Maintenance and Storage Facility contract. Funds will be covered from the contracts allocated contingency budget.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

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Carrie K.S. Okinaga, Esq.

February 6, 2014

TO: HART Board of Directors

FROM: Daniel A. Grabauskas
Executive Director and CEO

SUBJECT: Contract Change Order
Insurance Coverage Requirements thru June 2014
Kamehameha Highway Guideway
Contract CT-HRT-11H0195

Overview

This Contract Change Order would further extend insurance coverage provided in Change Orders 7 and 8. The Design-Builder to provide insurance coverage in compliance with the requirements of SP-3.1 for the period of September 1, 2013 to June 30, 2014 (10 months). The amount of \$1,400,000 is a provisional sum to reimburse the Design-Builder on a monthly basis for the time period set forth above. The reimbursed amount will include the Design-Builder's self performed work and all estimated subcontract work.

Recommendation

HART to approve the Contract Change Order for the Provisional Sum in the amount of \$1,400,000.00

Justification

The Contract included Owner Controlled Insurance Program (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 ten months beginning September 1, 2013 through June 30, 2014. It is anticipated that HART controlled OCIP will be in place prior to June 30, 2014. The provisional sum allows the Design-Builder to be reimbursed for actual cost incurred and the remainder would be returned to the contingency.

Fiscal Impact

The cost was not part of the awarded Kamehameha Highway Guideway contract. Funds will be covered from the contracts allocated contingency budget.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

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Glenn M. Okimoto, Ph.D.
Carrie K.S. Okinaga, Esq.

February 6, 2014

TO: HART Board of Directors

FROM: Daniel A. Grabauskas
Executive Director and CEO

SUBJECT: Contract Change Order
Insurance Coverage Requirements thru June 2014- Issue 00287
West Oahu/Farrington Highway Guideway
Contract CT-HRT-10H0137

Overview

This Contract Change Order would further extend insurance coverage provided in Change Orders 4, 26 & 38. The Design-Builder to provide insurance coverage in compliance with the requirements of SP-3.1 for the period of January 1, 2014 to June 30, 2014 (6 months). The amount of \$3,400,000 is a provisional sum to reimburse the Design-Builder on a monthly basis for the time period set forth above. The reimbursed amount will include the Design-Builder's self performed work and all estimated subcontract work.

Recommendation

HART to approve the Contract Change Order for the Provisional Sum in the amount of \$3,400,000.00

Justification

The Contract included Owner Controlled Insurance Program (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 six months beginning January 1, 2014 through June 30, 2014. It is anticipated that HART controlled OCIP will be in place prior to June 30, 2014. The provisional sum allows the Design-Builder to be reimbursed for actual cost incurred and the remainder would be returned to the contingency.

Fiscal Impact

The cost was not part of the awarded West Oahu/Farrington Highway Guideway contract. Funds will be covered from the contracts allocated contingency budget.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

FINANCE
COMMITTEE MEMBERS

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Carrie K.S. Okinaga, Esq.

**Joint Meeting of
Finance Committee and
Project Oversight Committee**
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
(meeting room entrance on Richards Street)
Thursday, May 15, 2014, 8:30 am

Agenda

- I. Call to Order by Chair
- II. Public Testimony on all Agenda Items
- III. Approval of the April 24, 2014 Minutes of the Joint Meeting of the Finance Committee and Project Oversight Committee
- IV. Change Order Review
- A. Maintenance and Storage Facility Amendment I – Non-Rail Escalation
 - B. Maintenance and Storage Facility Amendment I – Part A Markup
 - C. West Oahu/Farrington Highway Guideway Delay of Notice to Proceed 2, 3 & 4 – Design-Build Impacts
 - D. Kamehameha Highway Guideway Delay in Issuance of Notice to Proceed 2 & 3
 - E. Maintenance and Storage Facility Yard Layout Reconfiguration and Automatic Train Operation Construction
- V. Executive Session
Pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4), the Board(s) may enter into Executive Session to consult with its attorneys on questions and issues on a matter pertaining to the Board's powers, duties, privileges, immunities and liabilities.
- VI. Adjournment

PROJECT OVERSIGHT
COMMITTEE MEMBERS

Damien T.K. Kim
CHAIR

William "Buzz" Hong
VICE CHAIR

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

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulustransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

**Joint Meeting of
Finance Committee and
Project Oversight Committee**
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
Thursday, May 15, 2014, 8:30 am

MINUTES

PRESENT:	Donald Horner Michael Formby George Atta	William "Buzz" Hong Carrie Okinaga Ivan Lui-Kwan Damien Kim
ALSO IN ATTENDANCE: (Sign-In Sheet and Staff)	Daniel Grabauskas Diane Arakaki Michael McGrane Duane Sayers David Sagherian Gary Takeuchi Lisa Hirahara Lisa Barnett Paula Youngling Joyce Oliveira Lorenzo Garrido	Cindy Matsushita Joyce Oliveira Andrea Tantoco Corey Ellis Karley Halsted Matt Scanlon Akira Fujita Brent Uechi Rainer Hombach Lance Wilhelm Gary Omori
EXCUSED:	Keslie Hui Robert "Bobby" Bunda	Ford Fuchigami

I. Call to Order by Chair

Project Oversight Chair Damien Kim called the joint meeting of the Finance and Project Oversight Committees to order at 8:56 a.m.

II. Public Testimony on all Agenda Items

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

Joint Finance Committee and Project Oversight Committee Meeting Minutes
May 15, 2014

III. Approval of the April 24, 2014 Minutes of the Joint Meeting of the Finance Committee and Project Oversight Committee

Mr. Kim called for the approval of the April 24, 2014 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

HART Executive Director and CEO Daniel Grabauskas introduced HART Director of Design and Construction Lorenzo Garrido and HART Deputy Director of Project Management John Moore, who would be making a PowerPoint presentation on change orders to the joint committee. The presentation is attached hereto as Attachment A.

Mr. Garrido said that the change orders being presented that day were related to delays for three design-build contracts, each of which contained several notices to proceed (NTP). The NTPs were tied to FTA-approved milestones; the delays resulted in milestones not being reached prior to August 24, 2012. The change orders being presented focused on clearing delay impacts in order to focus on building the project.

- A. Maintenance and Storage Facility Amendment I – Non-Rail Escalation
- B. Maintenance and Storage Facility Amendment I – Part A Markup
- C. West Oahu/Farrington Highway Guideway Delay of Notice to Proceed 2, 3 & 4 – Design-Build Impacts
- D. Kamehameha Highway Guideway Delay in Issuance of Notice to Proceed 2 & 3

Mr. Garrido gave an overview of the original request for proposals (RFP) dates, contract dates and award values for the Maintenance and Storage Facility (MSF), West Oahu/Farrington Highway (WOFH), and Kamehameha Highway Guideway (KHG) contracts.

Mr. Garrido gave a brief background of the project timeline, including the authorization to enter into preliminary engineering in October 2009, the Record of Decision in January 2011, entry into final design in December 2011, and the execution of the Full Funding Grant Agreement (FFGA) in December 2012. Additionally, HART applied for and was granted a Letter of No Prejudice in May 2011, allowing pre-FFGA work to proceed.

Project Oversight Committee Chair Damien Kim asked for the budgeted value of each contract. Mr. Garrido responded that the awarded value of the WOFH contract was \$90 million less than originally estimated, KHG was \$53 million more than estimated, and MSF was \$60 million less than estimated. The net result for all three contracts was \$97 million less than originally budgeted.

Joint Finance Committee and Project Oversight Committee Meeting Minutes
May 15, 2014

Committee member Donald Horner pointed out that the change orders being presented that day totaled \$34.4 million, for which approximately \$32 million had already been allocated out of contingencies. He expressed his approval that the estimates were so close to the actual settlement amounts. Mr. Garrido confirmed that \$32.5 million had been allocated to known contingencies as a forecast.

Mr. Grabauskas confirmed that the total amount set aside for the changes was \$32.5 million, and the actual change orders totaled approximately \$34 million. He said that approximately \$28 million will come out of the known changes fund, while the remainder will come out of the main fund. However, Mr. Grabauskas noted that the entire amount of \$32.5 million had already been set aside, separate from the \$643 million FTA-required unallocated contingency.

Mr. Horner asked how long the delay was. Mr. Grabauskas distinguished the current Notice to Proceed delays associated with the change orders from the 13-month Archaeological Inventory Survey (AIS) delay associated with the *Kaleikini* lawsuit, which had previously been resolved. He stated that the change orders being presented that day predated the existence of HART and its Board of Directors, and were based on contracts that were awarded by the City and County of Honolulu in 2009 and 2011. The contracts contained different NTP dates for the contractors to start work. However, HART could not give the NTP to commence work until February 2012, as it did not have the necessary approvals. The cutoff date for the NTP delay claims was August 2012, when the *Kaleikini* decision stopped construction. The NTP claims being presented that day dealt with the time frame between the contract award dates to August 2012. He noted that approximately \$80 million had been set aside for these changes.

Mr. Grabauskas also noted that HART had already made some payments relative to the NTP delays, such as the payments for steel escalation, so that the total net value of the NTP claims is approximately \$76 million. He also noted that there was still a possibility of future escalation claims for increased cost in goods, materials, and other things.

Committee member Ivan Lui-Kwan thanked Mr. Garrido for his presentation, and asked about HART and Kiewit's starting positions in negotiation. Mr. Grabauskas said that the information would be presented in the next few slides.

Committee member Michael Formby requested that staff provide a running balance for change orders approved by the Board of Directors in the past for tracking purposes. Mr. Grabauskas confirmed that staff would do so, and pointed out that if the change orders were approved that day, the known changes contingency fund would be exhausted.

Mr. Lui-Kwan asked about the negotiation process, to ensure that the settlement amounts were fair. Mr. Garrido explained the change order negotiation process, beginning with the contractor submission of cost proposal, HART's analysis and evaluation, discussions, and adjustments. Some of the steps require significant time and resources. He said that HART's focus is on being firm, fair and consistent with contractors.

Joint Finance Committee and Project Oversight Committee Meeting Minutes
May 15, 2014

Mr. Garrido said that the MSF Rail Mark-Up change order was tied to the rail escalation change order brought before the joint committee in April 2012 for \$15.9 million. It was not included in the previous change order because of a disagreement with contractor Kiewit on the dollar amount of mark-up. Although Kiewit had requested a 20% markup, the agreement reached was for 10%, or \$1.59 million.

Mr. Garrido said that the MSF Non-Rail Escalation change order contemplates NTP delay impacts in the amount of \$10 million. It excludes rail materials, and includes such items as equipment, labor and subcontractors. HART negotiated the settlement down from the contractor's initial proposal of \$17.8 million.

Regarding the WOFH NTP Delay change order, Mr. Garrido detailed the various delays associated with this change order. The contractor's proposal of \$28.4 million was based on a delay period of 13 months. Kiewit and HART settled at \$20.8 million based on a 10.5 month delay. Mr. Garrido reminded the joint committees that the delay claim took into account two prior change orders: one for delay, and the other for a design change. Mr. Moore added that after protracted negotiations, HART negotiated 10% [escalation?] settlement that precludes any future impacts.

Mr. Garrido said that the KHG NTP Delay change order was settled in the amount of \$1.8 million, in contrast to the contractor proposal of \$3.6 million.

Mr. Formby asked about the NTP date on the MSF Non-Rail Escalation change order. Mr. Garrido said that the delay in awarding the MSF contract was partly due to the fact that HART was awaiting FTA approvals and the issuance of the core systems contract, which has a heavy interface with the MSF.

Mr. Kim called for testimony on all of the change orders. There was none. Mr. Kim called for a motion to approve the MSF Rail Mark-Up change order. Mr. Lui-Kwan so moved, and committee member William "Buzz" Hong seconded the motion, which carried unanimously.

Mr. Kim called for a motion to approve the MSF Non-Rail Escalation change order. Mr. Lui-Kwan made the motion, which Mr. Hong seconded. The motion carried unanimously.

Committee member William "Buzz" Hong moved for approval of the WOFH NTP change order, and Mr. Lui-Kwan seconded the motion. All being in favor, the motion carried unanimously.

Mr. Lui-Kwan made a motion to approve the KHG NTP change orders. Mr. Hong seconded the motion, which carried unanimously.

Mr. Lui-Kwan thanked the HART staff, Executive Director, Kiewit and its Vice President Lance Wilhelm, and Mr. Garrido.

Joint Finance Committee and Project Oversight Committee Meeting Minutes
May 15, 2014

Mr. Grabauskas thanked the joint committees, and commended Mr. Moore, Mr. Garrido and Mr. Wilhelm, remarking on HART's successful partnership with Kiewit.

E. Maintenance and Storage Facility Yard Layout Reconfiguration and Automatic Train Operation Construction

Mr. Garrido introduced Akira Fujita, HART's Project Manager for the MSF, with whom he would be making the PowerPoint presentation on the MSF Yard Layout Reconfiguration and Automatic Train Operation Construction change order. A copy of the presentation is attached hereto as Attachment B.

Mr. Garrido said that the amount for the change order is \$22.5 million, which was agreed upon with Kiewit/Kobayashi Joint Venture (KKJV). It was a follow up to the design change order approved in February 2014 for yard reconfiguration and expansion of automatic train operations in the amount of \$4.25 million. The change order being brought before the joint committee, however, represented the related construction costs.

Mr. Garrido said that the changes, which were the result of coordination between KKJV and Ansaldo Hawaii JV (AHJV), would enhance yard safety, while minimizing the number of staff needed. He said that the long-term operational cost savings would be \$2.5 million annually, with a ten-year return on investment. Additionally, the changes would increase operational efficiency by adding yard capacity. The scope of the work covered by the change order is additional train control equipment and circuitry, as well as interface coordination with KKJV and AHJV. The contractor's proposal was \$41 million, and HART's initial estimate was \$13 million. Mr. Garrido said that he was confident that the agreed-upon amount of \$22.5 million was fair and reasonable.

Mr. Garrido reminded the joint committee that HART staff had learned from their trip to Europe that many of the safety improvements included in the change order, such as automatic yard operations and a test track at the service facility, were strongly recommended by the transit agencies they visited.

Mr. Formby asked about the agreement of a three and a half month time frame. Mr. Garrido said that was the extended time period agreed for substantial completion; the contractor will only get paid for that time period if the work takes longer than originally contracted for. Mr. Formby asked about the test track, and Mr. Garrido said that the previous plans did not contain a dedicated test track in the yard. Any testing would have been done on the mainline after revenue service. Mr. Grabauskas added that they learned from the European rail authorities that any problems testing on the mainline after hours could jeopardize the opening of revenue service the following morning.

Mr. Formby asked about additional storage capacity with the proposed changes. Mr. Fujita confirmed that the changes would provide additional storage, should the Board authorize the purchase of more trains in the future. Mr. Grabauskas said that the changes would enable HART to store about 50% more vehicles than currently planned, enabling future fleet expansion. Mr. Formby commended staff.

Joint Finance Committee and Project Oversight Committee Meeting Minutes
May 15, 2014

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

Ms. Okinaga asked if the change order was the last one for the design of the MSF, and Mr. Garrido said it was. Mr. Horner asked about funding, and Mr. Garrido said that the majority of the change order would be drawn against unallocated contingency, with some of it drawing from known contingency. Mr. Horner asked if the change order was within the 15% contingency target, and HART Chief Financial Officer Diane Arakaki said she believed so. Mr. Grabauskas said that the contingency fund would be at \$576 million, well within the "safe zone" of \$424 million.

Ms. Okinaga suggested including contingency information in the updated financial plan, and emphasized the importance of communicating the financial effect on contingency drawdowns. Mr. Grabauskas agreed and said that in the upcoming risk overview, staff would include a review of anticipated change orders.

Mr. Formby asked about the balance of the known contingency. Mr. Grabauskas confirmed that he would provide that information.

Mr. Horner asked about operational cost savings. Mr. Grabauskas said that the savings for staff would be \$2.5 million annually. Mr. Horner asked whether the FFGA budget should accordingly be reduced by \$2.5 million, and Mr. Grabauskas confirmed that it should.

Mr. Horner asked HART Budget Analyst Michael McGrane if the \$2.5 million would come from the operating budget. Mr. McGrane said it would. Mr. Horner emphasized that the capital investment of \$20 million was paid in part with federal funds, and would save local taxpayer dollars needed to pay for operations. Mr. Grabauskas added that the safety benefits, which had not been quantified, were also notable, as workers compensation claims in rail yards are usually high.

Mr. Kim called for a motion to approve the change order. Mr. Horner so moved, and Ms. Okinaga seconded the motion. All being in favor, the motion carried unanimously.

Mr. Grabauskas thanked HART MSF Project Manager Akira Fujita and his staff.

Mr. Hong commended Mr. Garrido, Mr. Moore and staff, as well as Kiewit. He cautioned them against any future NTP delays.

V. Executive Session

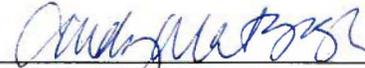
There was no reason for executive session.

Joint Finance Committee and Project Oversight Committee Meeting Minutes
May 15, 2014

VI. Adjournment

Mr. Kim adjourned the meeting at 10:05 a.m.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Damien Kim
Chair, Project Oversight Committee



Keshie Hui
Chair, Finance Committee

JUL 17 2014

Date

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

MSF Contract Change Order May 15, 2014

H O N O L U L U R A I L T R A N S I T P R O J E C T

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HONOLULU AUTHORITY for RAPID TRANSPORTATION

Maintenance and Storage Facility

Yard Layout Reconfiguration and Automatic Train Operations Construction

Overview:

- **Change Order for \$ 22.5 M** to the Maintenance and Storage Facility (MSF) Design Build Contractor, Kiewit Kobayashi, a Joint Venture (KKJV).
- Change Order is for the construction of the redesign to the MSF Yard Layout and Automatic Train Operations (ATO). This is the complement to the design Change Order that was presented at the February 13, 2014 HART Board.
- The redesign was a joint effort by HART, Design Build Contractor (KKJV) and Core Systems Contractor (Ansaldo Honolulu Joint Venture, AHJV).
- The redesign of the Maintenance and Storage Facility yard changes will improve operations and maintenance functionality.

Maintenance and Storage Facility

Yard Layout Reconfiguration and Automatic Train Operations Construction

Cost (cont.):

- In April 2014, lump sum agreement was reached between HART and KKJV for \$22.5 M.

Schedule:

- Contractor's original schedule impact for this scope of work was a 6.5 month substantial completion extension.
- As part of final lump sum agreement, a 3.5 month substantial completion extension was agreed to.

Maintenance and Storage Facility

Yard Layout Reconfiguration and Automatic Train Operations Construction

Summary:

- **Cost of Contract Change Order is for \$ 22.5 M**
- **MSF site will have enhanced safety**
- **MSF will have operational cost savings**
- **MSF will operate more efficiently**

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Design Build Contracts Delay Change Order May 15, 2014

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Delay Change Order Summary

- **Delays on the Project that prevented Work to Proceed**
 - **Design Build Contracts Bid and Awarded with Multiple Notices to Proceed (NTPs)**
 - **Tied to Federal Transit Administration (FTA) Approvals**
 - **Delay Impacts prior to AIS suspension on August 24, 2012**

Delay Change Order Summary

Original Contract Dates

Contract	RFP Date	Award Date	Award Value
MSF	July 2009	June 2011	\$195,258,000
WOFH	April 2009	Nov 2009	\$ 482,924,000
KHG	Mar 2010	June 2011	\$372,150,000

Delay Change Order Summary

Contract	Description	Amount
MSF	Rail Mark-Up	\$ 1,591,096
MSF	Non-Rail Escalation	\$ 10,087,325
WOFH	NTP Delay	\$ 20,855,423
KHG	NTP Delay	\$ 1,828,208
Total		\$ 34,362,052

MSF Rail Mark-Up

- **\$1,591,096**
 - Applied Markup of 10% to previously settled Rail Material Cost of \$15,910,959
 - Complies with Contract Provision for Delay Markup of 10% on Contractor Direct Costs
 - This markup was in disagreement with Contractor and excluded from previous Rail Material Contract Change Order approved by Board on April 12, 2012
 - Contractor Cost Proposal \$3,182,192
 - Based on Markup of 20%

MSF Non-Rail Escalation

- **\$10,087,325**
 - Recognizes impacts due to Delayed Issuance of Notice-to-Proceed (NTP)
 - NTP 1: Jul 25, 2011 – Preliminary Design
 - NTP 2: Jan 10, 2012 – Final Design
 - NTP 3: Feb 7, 2012 – Construction
 - Based on 22 Months of Delay
- Contractor Cost Proposal \$17,822,058
 - Equipment, Materials, Labor and Subcontractors
 - Excludes Rail Materials

WOFH NTP Delay

- **\$20,855,423**
 - **Impacts due to Delayed Issuance of Notice-to-Proceed (NTP)**
 - NTP 1: Dec 1, 2009 – Preliminary Design
 - NTP 1A: Mar 11, 2010 – Geotechnical Investigations
 - NTP 1B: Mar 23, 2010 – Interim Design
 - NTP 1C: Jun 4, 2010 – Design Investigations (Test Shafts)
 - NTP 2: Mar 3, 2011 – Utility Relocation
 - NTP 3: May 24, 2011 – Final Design (LONP1)
 - NTP 4a: Feb 6, 2012 – Construction (LONP2a)
 - NTP 4b: May 17, 2012 – Construction (LONP2b)
 - **Actual Delay impacts prior to AIS Suspension on August 24, 2012**
 - **Based on 10.5 Months of Delay**
- **Contractor Cost Proposal \$28,485,292**
 - **Based on 13 Months of Delay**
 - **Staff, Equipment, Extended Overhead and Inefficiencies**

KHG NTP Delay

- **\$1,828,208**
 - **Impacts due to Delayed Issuance of Notice-to-Proceed (NTP)**
 - NTP 1: Jul 12, 2011 – Preliminary Design and Util Reloc
 - NTP 2: Jan 10, 2012 – Final Design
 - NTP 3a: Feb 7, 2012 – Construction (LONP2a)
 - NTP 3b: May 22, 2012 – Construction (LONP2b)
 - **Based on 7.5 Months of Delay**
- **Contractor Cost Proposal \$3,656,417**
 - **Staff, Equipment, Extended Overhead and Inefficiencies**



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

FINANCE
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PROJECT OVERSIGHT
COMMITTEE MEMBERS

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

May 15, 2014

TO: HART Board of Directors

THROUGH: Daniel A. Grabauskas 
Executive Director and CEO

FROM: Lorenzo Garrido 
Officer-in-Charge

Akira Fujita, Project Manager 
Brent Uechi, Deputy Project Manager

SUBJECT: Amendment 1 Non-Rail Escalation
Maintenance and Storage Facility
Contract No.: CT-HRT-10H0449
RFCR 00010

Overview

This Request for Change (RFC) was submitted by the Contractor, Kiewit Kobayashi, a Joint Venture (KKJV). This change, MSF Amendment 1 Non-Rail Escalation (RFCR 00010), is to provide a contract price adjustment relating to the MSF Contract Amendment No. 1, dated June 30, 2011.

Amendment No. 1 contained a table of Schedule Milestone dates referred to as SP 4.1 Time is of the Essence. The planned Schedule Milestone dates were delayed. The Contractor's delay is approximately 22 months.

This Change will be for the entire MSF Contract (except for rail materials and design) to account for current prices and current market conditions.

Recommendation

HART to approve change order in the amount of \$10,087,325.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

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Robert Bunda
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Ivan M. Lui-Kwan, Esq.
Glenn M. Okimoto, Ph.D.
Carrie K.S. Okinaga, Esq.

Justification

The Contract includes Amendment No. 1 issued on June 30, 2011, which recognizes impacts associated with delayed Contract execution and revised Schedule Milestones.

Fiscal Impact

Funds will be covered from the MSF "Known" and Allocated Contingency.

**PROJECT OVERSIGHT
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May 15, 2014

TO: HART Board of Directors

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

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

Akira Fujita, Project Manager *af*
Brent Uechi, Deputy Project Manager

SUBJECT: Amendment 1 – Part A Markup
Maintenance and Storage Facility
Contract No.: CT-HRT-10H0449
RFCC 00017

Overview

This Request for Change (RFC) was submitted by the Contractor, Kiewit Kobayashi, a Joint Venture (KKJV). This Change (RFCC 00017) requests a Contract Change Order (CCO) based upon delay markup rates (10%) to be applied to the Contract Price adjustment of \$15,910,959. which was established in MSF CCO 00002 Revised Rail Procurement.

Recommendation

HART to approve change order in the amount of \$1,591,096.

Justification

In accordance with MSF Contract SP-5.6, the markup rate for delays shall be 10% to the Contractor for self performed work (KKJV) and 5% to 1st Tier Subcontractors.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Fiscal Impact

Funds will be covered from the MSF "Known" Contingency.

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

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HONOLULU AUTHORITY for RAPID TRANSPORTATION

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Carrie K.S. Okinaga, Esq.

May 15, 2014

TO: HART Board of Directors

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

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

Karley Halsted, Project Manager *KH*

SUBJECT: Delay of NTP #2, 3, and 4
West Oahu Farrington Highway Design-Build (WOFH)
Contract No. CT-HRT-10H0137
RFCR 00034

Overview

The issuance of NTP 2, NTP 3, and NTP 4 has been delayed from the timeframes specified in the Agreement for Design-Build Services for this Contract. Per SP-5.3(b) Kiewit Infrastructure West Co (KIWC) submitted detailed cost breakdown that assessed the impacts of these NTP delays up to August 24, 2012. This request for change covers the NTP delays not previously addressed. Kiewit has agreed that they will make no other claims for delay for events prior to August 24, 2012.

The timeframe associated with the delay was negotiated to duration of 10.5 months.

Recommendation

HART to approve a Contract Change Order in the amount of \$20,855,423.



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Carrie K.S. Okinaga, Esq.

Justification

In accordance with SP-5.3(b), due to delay impacts associated with the late issuance of NTP 2, 3, and 4, a change order is necessary to adjust the contract cost and time.

Fiscal Impact

The cost was not anticipated by the WOFH contract. The funding source has been identified as the allocated contract contingency "Known Changes."



HONOLULU AUTHORITY for RAPID TRANSPORTATION

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Carrie K.S. Okinaga, Esq.

May 15, 2014

TO: HART Board of Directors

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

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

Matt Scanlon *MS*
Project Manager

SUBJECT: Delay in Issuance of NTP 2 and 3
Kamehameha Highway Guideway Design-Build (KHG)
Contract No. CT-HRT-11H0195
RFCC 00027

Overview

This request for change (RFC) was submitted by the Contractor, Kiewit Infrastructure West Co (KIWC). This change, Delay in Issuance of NTP 2 and 3 (RFCC 00027), is to provide a contract price adjustment to cover the Contractor's impacts due to the delay in issuance of NTP 2 & 3. This change also takes into consideration the time impact of the Archaeological Inventory Survey (AIS). Kiewit agrees that they will not make any other claims for delay events prior to August 24, 2012.

Recommendation

HART to approve change order in the amount of \$1,828,208.

Justification

In accordance with SP-5.3(b), due to delay impacts associated with the



HONOLULU AUTHORITY for RAPID TRANSPORTATION

late issuance of NTP 2 & 3, a change order is necessary to adjust the contract cost and time.

Fiscal Impact

The cost was not part of the awarded KHG contract. Funds will be covered as a budget transfer to the contract's contingency.

Daniel A. Grabauskas
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Carrie K.S. Okinaga, Esq.

May 15, 2014

TO: HART Board of Directors

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

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

Akira Fujita, Project Manager *AF*
Brent Uechi, Deputy Project Manager

SUBJECT: Maintenance and Storage Facility Yard Layout Reconfiguration
and Automatic Train Operations Construction
Maintenance and Storage Facility
Contract No.: CT-HRT-10H0449
RFCR 00043

Overview

This Contract Change Order is a bilateral agreement between HART and the Maintenance and Storage Facilities' Design Build Contractor, Kiewit Kobayashi, a Joint Venture (KKJV), for a Contract Sum increase of \$ 22,500,000.

The scope of work for this change to the contract is for the construction cost associated with the design reconfiguration of the MSF yard and track layout to accommodate Automated Train Operations as well as for operational efficiency improvements. The reconfiguration was in coordination with the Core Systems Contractor, Ansaldo Hawaii, Joint Venture (AHJV), and includes revisions to the Operations & Servicing Building equipment and Maintenance of Way Building equipment, addition of an on-site test track, the redesign of the west yard lead, and the design for automated train operations and the redesign of the train control bungalow.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

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This change is the compliment to MSF Change Order 00017 (See attached Contract Change Order) wherein the Contractor was issued a bilateral lump sum one-time adjustment in contract price for the design elements described in the MSF RFCR 00043. (See attached Scope of Work Details)

Recommendation

HART to approve change order in the amount of \$22,500,000.

Justification

The MSF contract requires KKJV to interface with the Core Systems Contract (CSC) Design Build Maintain Operate (DBOM) contractor, Ansaldo Hawaii, Joint Venture (AHJV), and KKJV as part of their design efforts. This interface requirement was to ensure that the CSC contractor had opportunity to provide input to the MSF design that would be consistent with their operational and maintenance plan. In order to improve the operations and maintenance functionality and efficiency in the Maintenance and Storage Facility yard, several design changes were considered as a result of the interface coordination. Agreement was reached on these design changes which is described in the Scope of Work for Contract Change Order 00017. (See attached Contract Change Order)

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Ivan M. Lui-Kwan, Esq.
Carrie K.S. Okinaga, Esq.

Fiscal Impact

Funds will be transferred from Unallocated Contingency to MSF Contingency

MSF RFCR 00043 CSC Consolidated Changes Construction
Scope of Work Details

The scope of work includes the following bilateral agreement:

- Work associated with this CCO is inclusive of all services and deliverables to construct the redesign work provided by Change Order 00017, executed on April 14, 2014. It provides a twenty two million five hundred thousand dollar (\$22,500,000.00) Contract Sum increase.

A general summary of the scope of work includes:

TRACK

Construct revised track elements due to engineering changes in the West Yard Lead (WYL), changes in track geometry (to facilitate the larger than contracted vehicle car length and clearance requirements), and the addition of a Test Track.

SITWORK

Perform grading activities associated with the revised track geometry, provide a retaining wall attributed to the Test Track, provide lighting to support the Test Track and incorporate other associated revisions to the site layout and civil infrastructure.

EQUIPMENT

Incorporate revisions to the shops including relocation of certain equipment, walls, and associated infrastructure. Procure and install equipment per the additions, deletions and modifications in RFCR 00043.

ELECTRICAL TROUGHS & BOXES

Construct fixed facility raceways to support the addition of an Automatic Train Control (ATC) system in the yard to enable Automatic Train Operations (ATO). The "ATO Raceways" generally include cable troughs, ductbanks, and pullboxes to permit the installation of train control cables by the Core Systems Contractor (CSC). The work also includes site electrical work associated with an additional HECO service, power distribution ductbanks, and site lighting.

TRAIN CONTROL BUNGALOW AND MISCELLANEOUS

Construct changes associated with CSC interfaces including increasing the size of the Train Control Bungalow (TCB), change in size of traction power conduits, and uninterruptible power supply (UPS) changes in the OSB, OCC and MOW. The work also includes changes to the MSF power distribution system due to the provision of a second HECO service and addition of a second generator.

- This agreement excludes the Contractor furnished insurance.
- In addition to the redesign work specified in Change Order 00017 this CCO funds Indirect Contract Sum increases specified in the Contractor Cost Proposal inclusive of Contractor identified Extended Time Related Overhead+ (TRO+); additional BIM Modeling; and Time Related Impacts, such as but not limited to contractor and sub-contractor escalation, equipment escalation, additional supervision, additional staff, and monthly expenses.

- The Contract Sum increase funds all necessary Contractor Work, coordination, interface management and project management required to achieve a revised Provisional Milestone 8 - MSF Substantially Complete and Turn-over to CSC (Full Access) date of April 15, 2016.
- The Providing Milestones listed in Contract Special Provision SP-4.1b will be revised.
- The Contract Sum increase includes all applicable markups, insurance, bond fees and taxes, in accordance with the Contract.
- Except as provided herein, all terms and conditions of the Contract, as modified by prior CCO, remain unchanged. This CCO constitutes a full and final accord and satisfaction of all costs and time of performance for the changes described or referenced herein.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

**Joint Meeting of
Finance Committee and
Project Oversight Committee
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
(meeting room entrance on Richards Street)
Thursday, July 17, 2014, 9:00 am**

Agenda

- | | | |
|------|--|---|
| I. | <u>Call to Order by Chair</u> | Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO |
| II. | <u>Public Testimony on all Agenda Items</u> | FINANCE
COMMITTEE MEMBERS |
| III. | <u>Approval of the May 15, 2014 Minutes of the Joint Meeting of the Finance Committee and Project Oversight Committee</u> | Keslie W.K. Hui
CHAIR |
| IV. | <u>Change Order Review</u> | Donald G. Horner
VICE CHAIR |
| | A. <u>West Oahu/Farrington Highway Standard Specification Revision 2.0</u> | George I. Atta
Robert Bunda |
| | B. <u>Right of Way Consultant Contract Amendment</u> | Michael D. Formby
Ford N. Fuchigami |
| V. | <u>Executive Session</u>
Pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4), the Board(s) may enter into Executive Session to consult with its attorneys on questions and issues on a matter pertaining to the Board's powers, duties, privileges, immunities and liabilities. | Ivan M. Lui-Kwan, Esq.
Carrie K.S. Okinaga, Esq. |
| VI. | <u>Adjournment</u> | PROJECT OVERSIGHT
COMMITTEE MEMBERS |

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulustransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



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
Thursday, July 17, 2014, 9:00 a.m.**

PRESENT:	Keslie Hui Damien Kim Ivan Lui-Kwan Michael Formby	George Atta Carrie Okinaga William "Buzz" Hong Robert "Bobby" Bunda
ALSO IN ATTENDANCE: (Sign-In Sheet and Staff)	Daniel Grabauskas Diane Arakaki Michael McGrane Duane Sayers David Sagherian Gary Takeuchi Lisa Hirahara Lisa Barnett Paula Youngling Joyce Oliveira Lorenzo Garrido	Cindy Matsushita Joyce Oliveira Andrea Tantoco Corey Ellis Karley Halsted Matt Scanlon Akira Fujita Brent Uechi Rainer Hombach Lance Wilhelm Gary Omori
EXCUSED:	Donald G. Horner	Ford Fuchigami

I. Call to Order by Chair

Finance Committee Chair Keslie Hui called the meeting to order at 9:17 a.m.

II. Public Testimony on all Agenda Items

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

Joint Finance Committee and Project Oversight Committee Meeting Minutes
July 17, 2014

III. Approval of the May 15, 2014 Minutes of the Joint Meeting of the Finance Committee and Project Oversight Committee

Mr. Hui called for approval of the May 15, 2014 minutes of the Joint Meeting of the Finance Committee and Project Oversight Committee. There being no objections, the minutes were approved as circulated.

IV. Change Order Review

A. West Oahu/Farrington Highway (WOFH) Standard Specification Revision 2.0

HART Director of Design and Construction Lorenzo Garrido introduced HART Deputy Director of Design In-Tae Lee and WOFH Project Manager Karley Halsted, who would present the change order for standard specification revision. A copy of the presentation and change order documentation are attached hereto as Attachment A. The change order is for revised HART standard specifications for drilled concrete shaft foundations – the base that holds up the concrete columns. The new specifications include videographic requirements for wet and dry shafts, crosshole sonic logging (CSL) testing for dry shafts, and additional shaft bottom cleaning requirements. The contractor's cost proposal was \$5.2 million, which HART negotiated down to \$2.65 million.

Mr. Garrido said that HART had established a baseline quality standard regarding the shafts prior to the issuance of the WOFH contract. Once the contract was let, design discussions between HART and the contractor led to the interpretation and refinement of the baseline quality specifications, some of which were not within the scope of the WOFH contract. These revised specifications were then included in the scope of subsequent contracts. HART and Kiewit took quite some time to agree on the cost associated with this change, as the base scope requirements had to be separated from the additional requirements. He said that all columns since the start of construction had been built under this specification.

Ms. Halsted detailed the use of the shaft investigation device, a camera that verifies the cleanliness of the shaft bottom. She also explained the CSL process, which involves tying PVC pipes to rebar cages to accommodate probes that identify any anomalies in the column. Mr. Garrido said that anomalies can then be remedied by pressure injecting grout into the foundations, with the goal of having a solid foundation.

Mr. Garrido stated that the change order covered 164 dry shafts, rock shafts, and wet shafts. The cost of the change order would come out of project contingency.

Mr. Hui asked about the size of the change relative to the overall WOFH contract. Mr. Garrido responded that the total WOFH contract was \$84 million, so the \$2.6 million change order cost was a small percentage of that cost. He said that the average cost of the change order per shaft is \$9,500 per shaft, which is a small percentage of the \$150,000 total cost of construction for each shaft.

Joint Finance Committee and Project Oversight Committee Meeting Minutes
July 17, 2014

Committee member Robert “Bobby” Bunda asked whether testing of the shafts were included in the original budget. Mr. Garrido responded that testing was only a requirement for wet shafts, because the industry standard is to employ CSL for wet shafts, but not dry shafts.

Committee member Damien Kim asked how many columns had been constructed using this method. Mr. Garrido replied that all of them had, and that HART and the contractor had been negotiating on a fair and reasonable price for this effort.

Committee member George Atta asked about the impetus for the change. Mr. Garrido said that due to the large diameter of the shafts on the rail project – eight feet – HART wanted to ensure that every shaft that supports the guideway undergoes CSL testing. He stated that the testing should have been included from the beginning.

Mr. Atta asked if there was a reason for the change in the abandonment depth. Mr. Garrido said that method shafts and load tests were abandoned in place because of concerns over possible conflicts.

Committee member Michael Formby asked if the change order was for WOFH only, and Mr. Garrido confirmed it was, as CSL was included in the contracts for the remainder of the alignment. Mr. Formby asked for the breakdown of cost. Ms. Halsted said that 60% of the cost was for cleaning, 20% was for testing, and 20% was for CSL.

Mr. Bunda voiced his concern over potentially higher bids for future contracts because of untested soil content in other portions of the alignment. Mr. Hui acknowledged his concern, but said that the change cost is less than half a percent of the total contract value.

Mr. Hui said that he recognized the need for a safe system, but was concerned about seeing a return on investment. Mr. Grabauskas said that at the conclusion of the work, HART staff would report back on data collected. He said that HART could reconsider the requirement if there is no data on anomalies. However, he stressed the importance of the soundness of the columns that support the guideway. Mr. Lee said that because of Hawaii’s complex geology, one anomaly could jeopardize the integrity of the system, and that CSL would guarantee the soundness of underground foundations.

Mr. Bunda asked Mr. Garrido if he thought there would be more anomalies as work progresses eastward. Mr. Garrido confirmed that that was the purpose of the change order.

Committee member William “Buzz” Hong asked whether the Federal Transit Administration (FTA) had mandates regarding shaft testing. Mr. Garrido said that there is no specific FTA standard, and that design specifics vary from state to state. Mr. Lee said that HART follows the latest industry standards.

Mr. Formby said that while he agreed with the need for the change order, he echoed Mr. Bunda’s concern about its impact on the rest of the project in the form of higher bids in future contracts. Mr. Lee stated that he was not aware of any other future concerns.

Mr. Hui called for public testimony.

Joint Finance Committee and Project Oversight Committee Meeting Minutes
July 17, 2014

Barbra Armentrout expressed her concern about the effect of the decline in state tax revenues and General Excise Tax revenues on the project. Mr. Hui stated that the Board would be hearing a presentation on project risks later that day. Ms. Armentrout also opined that it would be more cost effective to construct two bathrooms at rail stations instead of one.

Rick Paulino of the Hawaii Sheet Metal Workers union testified on behalf of Art Tolentino, encouraging the Board to provide local jobs for local people on the project.

Mr. Hui called for a motion to approve the change order. Ms. Okinaga so moved, and Mr. Lui-Kwan seconded the motion. All being in favor, the motion carried unanimously.

B. Right of Way Consultant Contract Amendment

Mr. Grabauskas introduced HART Director of Planning, Utilities, Permits and Right of Way Elizabeth Scanlon and Deputy Director of Right of Way Morris Atta, who would be presenting the change order for the right of way consultant contract amendment. A copy of the change order documentation is attached hereto as Attachment B.

Ms. Scanlon reminded the joint committee that the partial injunction in the Federal lawsuit had halted certain real estate acquisition activities. Faced with a compressed timeframe as a result, HART's goal was to obtain site control of all properties by December 2014. She said that the change order cost of \$3.3 million was a not-to-exceed amount, as staff recognized the need for effective management of the contract. The change order includes acquisition and relocation agents, support staff, and their related expenses. Mr. Atta added that the change order would increase the level of the contractor's effort, to mitigate the effects of time lost as a result of the injunction. He said that additional staffing is required so that properties can be dealt with simultaneously. Ms. Scanlon said that the original contract value is \$3 million.

Mr. Hong asked whether the additional staff would be able to achieve HART's real estate acquisition goals. Ms. Scanlon replied that HART would be able to meet the December goal with the additional assistance.

Mr. Lui-Kwan voiced his concern over the contractor possibly taking advantage of HART's compromised position. He emphasized the need for staff to ensure that the work is performed adequately and on time. Ms. Scanlon said that as HART shared those concerns, it had included cost control measures, such as the advance approval of overtime requirement.

Mr. Lui-Kwan requested that the president and CEO of contractor Paragon Partners, Ltd., Neilia LaValle, address the joint committee. Ms. LaValle said that she had over 30 years of experience in right of way acquisitions, and Paragon had worked with such transit agencies as the California high speed rail, and BART. When Paragon initially submitted its bid for right of way consulting in 2010, it submitted its best and final offer based on a minimum of 40 hours per acquisition, and 80 hours per relocation. However, HART had instead requested the flat cost of a certain number of positions and hours instead of a per-parcel estimate, which Ms. LaValle felt was unrealistic. She said that the accelerated schedule would require even more time, particularly because Paragon strives to be sensitive to

Joint Finance Committee and Project Oversight Committee Meeting Minutes
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landowners. She said that Paragon and HART would work together as a team to fulfill its mission, which would also require the Board's support.

Mr. Lui-Kwan asked about Paragon's billing practices. Ms. LaValle responded that Paragon bills by the hour on a time and materials basis, including labor and overhead. Mr. Lui-Kwan asked if the cost of the property manager indicated in the proposal was part of the original contract, and Ms. LaValle said it was not. Mr. Lui-Kwan asked how that cost was broken down. Ms. Scanlon said that HART was working with Paragon on the number of individuals required to perform the property management task, which would occur after acquisition and relocation. She said that the "initial labor" and "additional labor" categories were based on actual salaries, overhead rates, and GET. She emphasized that HART would pay the actual costs as billed.

Mr. Hui also expressed his concern over personnel costs and expenses. Ms. Scanlon said that price is consistent with HART's existing professional services contract with Paragon. She said that HART was working with Paragon on cost effective travel and housing. Mr. Atta said that an additional cost saving measure was for Paragon to recruit locally when possible, to avoid incurring other direct costs. Mr. Kim asked whether acquisition agents would be mainland hires. Mr. Atta said that acquisition hires would be local if possible. Ms. Scanlon said that relocation agents, who must have FTA relocation regulation knowledge, would probably come from the mainland.

Mr. Lui-Kwan asked why HART didn't simply obtain rights of entry. Mr. Atta said that HART rights of entry were not the favored mechanism because they could be revoked. To the extent possible, HART was not utilizing rights of entry because of the level of risk.

Mr. Hong commended HART for hiring locally. He pointed out that property acquisitions, along with utility relocations and lawsuits, were the three things that could impact HART's ability to deliver the project on time and on budget.

Mr. Formby observed that it was difficult to discern the appropriateness of the amounts in the change order. Ms. Scanlon committed that HART would scrutinize every dollar, and would work with Paragon on its charges.

Mr. Hui asked if Corporation Counsel was prepared for the large number of right of way acquisitions. Mr. Atta said that HART had been working with Corporation Counsel, which has identified 13 deputies to assist HART with acquisitions.

Mr. Lui-Kwan asked Ms. LaValle what assurances Paragon could provide that the job will be done properly and timely, as it is the Board's duty to taxpayers to ensure public monies are spent wisely. Ms. LaValle committed that Paragon would do everything it could to make it happen. She said that HART had an aggressive schedule, which could be met if HART and Paragon worked together. She also said that political will would be required.

Mr. Hui emphasized that the acquisition and relocation must be done in a respectful manner. Ms. Okinaga agreed, and emphasized that the political will exists, but the change order is

Joint Finance Committee and Project Oversight Committee Meeting Minutes
July 17, 2014

putting a lot of faith on the frontline workers to get the job done. They must have good communication and work together.

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

Mr. Grabauskas thanked the Board, and said that staff would report back on costs. He said that the right of way change order is an additional cost that was the result of the federal lawsuit.

Mr. Hui called for a motion to approve the change order. Mr. Lui-Kwan moved to approve the change order with the proviso that staff ensures monies are effectively utilized. Mr. Bunda seconded the motion. All being in favor, the motion carried unanimously.

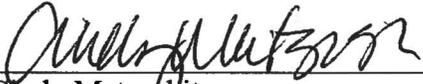
V. Executive Session

There was no need for executive session.

VI. Adjournment

Mr. Hui adjourned the meeting at 10:36 a.m.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Damien Kim
Chair, Project Oversight Committee



Keslie Hui
Chair, Finance Committee

OCT 23 2014

Date



HONOLULU AUTHORITY for RAPID TRANSPORTATION

**Change Order Review
West Oahu/Farrington Highway
Standard Specification Revision
July 17, 2014**

WOFH Change Order

- **\$2,650,000**
 - **Revision to Standard Specification for Drilled Concrete Shaft Foundations**
 - **Videographic requirement for wet and dry shafts**
 - **Non-destructive testing (CSL) for dry shafts**
 - **Additional Strain Gauge at Test Shaft #7**
 - **Shaft bottom cleaning requirements**
 - **Contractor Cost Proposal \$5,201,953**





H O N O L U L U R A I L T R A N S I T P R O J E C T

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HART

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Crosshole Sonic Logging (CSL)

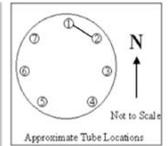
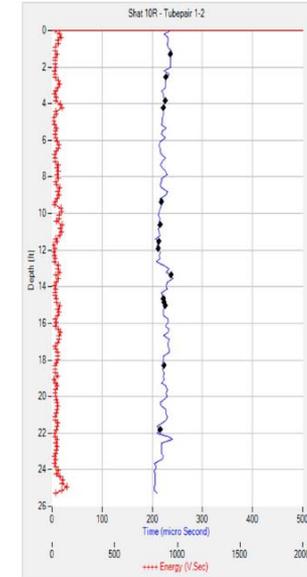
Report for Crosshole Sonic Logging In General Accordance to ASTM D 6760

General Information						
Date:	April 9, 2014					
AFT Project No.:	210070					
Project Description:	Farrington Guideway					
Client Name:	Kiewit Infrastructure Co. West					
Client Address:	94-235 Leoku St. Waipahu, HI 96797					
Client Contact:	Ms. Colleen Gould					
Test Date:	April 8, 2014					
AFT Field Personnel:	Justin Eason					
AFT Responsible Engineer:	Michael K. Muchard, P.E.					
Shaft Information						
Shaft Number	Diameter (feet)	Length (feet)			Installation Date	
10R	7.0	See Records by Others			See Records by Others	
As-Built Top of Concrete Elevation (ft)			As-Built Tip Elevation (ft)			
See Records by Others			See Records by Others			
CSL Tube Type						
PVC	1		3		5	
Steel	2		4		6	
Northernmost Tube						
Direction		Numbering				
1		clockwise				
Measured Tube Stickup Above Concrete (inches)						
Tube 1	Tube 2	Tube 3	Tube 4	Tube 5	Tube 6	Tube 7
106.00	107.50	108.00	107.00	106.00	106.00	106.00
Measured Tube Length (feet)						
Tube 1	Tube 2	Tube 3	Tube 4	Tube 5	Tube 6	Tube 7
34.75	34.75	34.75	34.75	34.75	34.75	34.75
Tube Pairs and Spacing (inches)						
Tube Pair:	Tube Pair:	Tube Pair:	Tube Pair:	Tube Pair:	Tube Pair:	Tube Pair:
1-2	2-3	3-4	4-5	5-6	6-7	7-1
31.50	22.00	25.00	25.00	25.00	25.50	32.00
Tube Pair:	Tube Pair:	Tube Pair:	Tube Pair:	Tube Pair:	Tube Pair:	Tube Pair:
1-4	1-5	2-5	2-6	3-6	3-7	4-7
60.25	61.00	60.00	63.00	61.00	62.75	60.75

Construction Information*	
Drilling Method	
Wet	<input type="checkbox"/> Natural Water <input type="checkbox"/> Bentonite <input type="checkbox"/> Polymer <input type="checkbox"/>
Dry	<input checked="" type="checkbox"/> *please refer to drilled shaft construction information for more detail.
Temporary Casing	
Yes	<input type="checkbox"/> Top Elev. (ft) <input type="text"/> Length (ft) <input type="text"/> Diameter (ft) <input type="text"/>
No	<input type="checkbox"/> *please refer to drilled shaft construction information for more detail.
Permanent Casing	
Yes	<input type="checkbox"/> Top Elev. (ft) <input type="text"/> Length (ft) <input type="text"/> Diameter (in) <input type="text"/>
No	<input type="checkbox"/> *please refer to drilled shaft construction information for more detail.
Installation Records provided to AFT	
Yes	<input type="checkbox"/> Attached <input type="checkbox"/>
No	<input checked="" type="checkbox"/> Attached <input type="checkbox"/>
Soil Boring provided to AFT	
Yes	<input type="checkbox"/> Attached <input type="checkbox"/>
No	<input checked="" type="checkbox"/> Attached <input type="checkbox"/>
Results	
Ultrasonic Profiles Attached	
FAT and Energy	<input checked="" type="checkbox"/> Velocity <input checked="" type="checkbox"/> Waterfall <input checked="" type="checkbox"/>
Velocity Variations Above 10 Percent ^{1,2}	
Tube Pair: 1-2	< 10 Percent
Tube Pair: 2-3	< 10 Percent
Tube Pair: 3-4	< 10 Percent
Tube Pair: 4-5	< 10 Percent
Tube Pair: 5-6	< 10 Percent
Tube Pair: 6-7	< 10 Percent
Tube Pair: 7-1	< 10 Percent
Tube Pair: 1-4	< 10 Percent
Tube Pair: 1-5	< 10 Percent
Tube Pair: 2-5	< 10 Percent
Tube Pair: 2-6	< 10 Percent
Tube Pair: 3-6	< 10 Percent
Tube Pair: 3-7	< 10 Percent
Tube Pair: 4-7	< 10 Percent

1. Depths referenced are below top of concrete.

2. Variations calculated using mean velocity for each tube pair.



Shaft Name - Shaft 10R
Test Date - 4/8/2014
Tube Spacing - 31.5
Tube pair Depth - 25.3 ft
Gain - 200

Figure 1

Mahalo!





HONOLULU AUTHORITY for RAPID TRANSPORTATION

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.

July 17, 2014

TO: HART Board of Directors
Finance and Project Oversight Committees

THROUGH: Daniel A. Grabauskas 
Executive Director and CEO

FROM: Lorenzo Garrido 
Officer-in-Charge

Karley Halsted 
Project Manager

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.

SUBJECT: West Oahu/Farrington Highway (WOFH)
Contract No.: CT-HRT-10H0137
Change Order for Standard Specification Revision

Overview

The WOFH Design-Build contract included Standard Specifications prepared by HART that were intended to be used as a basis for design and construction. After the WOFH contract was awarded, HART determined that the Standard Specifications for Drilled Concrete Shaft Foundations needed to be revised to ensure a higher level of confidence with the quality of the shafts. As a result, HART directed the WOFH Design-Builder to incorporate the revised Standard Specifications into the contract. The revisions to the Standard Specification reflected in this Change Order were incorporated into the Program Specifications.

HART issued a revision (Revision 2.0) to Standard Specification 31 63 30 Drilled Concrete Shaft Foundations to the Design-Builder directing modifications to Standard Specification 31 63 30 that was issued in the Request for Proposals (Original Contract). The modified scope consists of the following items:



FINANCE
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Ivan M. Lui-Kwan, Esq.
Carrie K.S. Okinaga, Esq.

PROJECT OVERSIGHT
COMMITTEE MEMBERS

Damien T.K. Kim
CHAIR

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VICE CHAIR

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Carrie K.S. Okinaga, Esq.

1. Clarification of the measurement and payment for HART directed verification concrete coring. Generally, this clarification identifies the cost of coring for verification to be the responsibility of the Design-Builder unless directed by HART;
2. Clarification on the close out documentation requirements for the visual assessment of the bottom of shaft clean out. Generally, this clarification captures the videographic requirement for wet and dry shafts, previously dry was not captured;
3. Addition of non-destructive testing requirement for all non-redundant drilled shafts. Generally, this additional requirement requires the Design-Builder to perform testing on all shafts, previously it was isolated to wet shafts;
4. Modification to the abandonment depth of all test and method shafts from two (2) feet to five (5) feet;
5. Modification for an additional strain gauge level at Test Site 7. Generally, this addition adds a third strain gauge at Test Site 7;
6. Modification to the shaft bottom cleaning requirements. Generally, this modification requires the Design-Builder to clean all shaft bottoms; and
7. Modification to the as-built non-destructive testing of shafts to delete the requirement for the surveyed location of each tube.

The impacts to incorporate the above requirements by the Design-Builder include the cost for additional materials, equipment and labor. There is no impact to the schedule.

HART and the Design-Builder reached a bilateral agreement on this Change Order.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

Recommendation

HART Board to approve this Change Order in the amount of \$2,650,000.

FINANCE COMMITTEE MEMBERS

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VICE CHAIR

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Ivan M. Lui-Kwan, Esq.
Carrie K.S. Okinaga, Esq.

Justification

This HART initiated Request for Change is to compensate the Design-Builder for impacts associated with revisions to the Contract Standard Specification Section 31 63 30 Drilled Concrete Shaft Foundations. HART determined that the specification revisions were needed in order to align this Contract to the overall Honolulu Rail Transit Project engineering objectives.

PROJECT OVERSIGHT COMMITTEE MEMBERS

Damien T.K. Kim
CHAIR

William "Buzz" Hong
VICE CHAIR

Fiscal Impact

The cost was not part of the awarded West Oahu/Farrington Highway Design-Build contract. Funds for this Change Order are covered in the contract's contingency.

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



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

FINANCE
COMMITTEE MEMBERS

July 17, 2014

Keslie W.K. Hui
CHAIR

TO: HART Board of Directors
Finance and Project Oversight Committees

Donald G. Horner
VICE CHAIR

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

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

FROM: Elizabeth Scanlon, Director *ES*
Planning and Right-of-Way

PROJECT OVERSIGHT
COMMITTEE MEMBERS

Morris Atta *MA*
Deputy Director of Right-of-Way

Damien T.K. Kim
CHAIR

William "Buzz" Hong
VICE CHAIR

SUBJECT: Real Estate Professional Services
Paragon Partners Ltd.
Contract No. SC-HRT-1200062
Contract Amendment for Increased Level of Effort Right-of-Way

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

Overview

With a few exceptions, HART was prohibited by a partial injunction entered by the United States District Court from pursuing any real estate acquisition and relocation activities from December 27, 2012, until February 18, 2014, for the City Center Section of the Honolulu Rail Transit Project. The delay caused by the injunction disrupted HART's ability, based on existing staffing, resources, and budgeted levels of effort, to deliver all of the acquisitions needed to support the Master Program Schedule for procurement, utility relocation, and construction of the City Center Section.

HART believes securing site access of the acquisitions needed for the City Center Section by December 2014 is in the best interest of the Project to most effectively mitigate this delay. The current Master Program Schedule provides Notice to Proceed to the Airport/City Center Guideway Construction Contractor on or about December 15, 2014. Therefore, HART must enable the contractor unimpeded access to required right-of-way at that time. This is now critical path effort aimed toward avoidance of incurring possible delay and other damages.

The City Center acquisitions were originally scheduled to be acquired over a period of about 18 months. HART is now required to obtain site access in approximately five months. There are currently 159 properties (12 full and 147 partial acquisitions), as well as 136 temporary construction and utility easements needed. It should be noted that follow-up for completion of title acquisition and relocation of occupants may be required through the first half of 2015.

A significant increase in the level of effort by HART's Real Estate Professional Services Consultant (Paragon Partners Ltd.) ("Consultant") is required to ensure delivery of all of the real estate needs in this very short timeframe. The Consultant will support HART staff in this endeavor, which will eliminate or mitigate any further delays, as well as properly carry out its obligations and responsibilities under the Uniform Relocation and Real Estate Acquisition Policy Act of 1970, as amended.

Recommendation

HART Board approval of an amendment to the Paragon contract in an amount not to exceed \$3,327,664.81.

Justification

The scope of work (tasks) under the contract remains the same. The requested amendment is for an increase in level of effort only. The acceleration of ROW activities results in an increase in the Consultant's level of effort and cost. The increase is driven primarily by two factors:

1. Fast tracking of property acquisition negotiations requires additional staff to effectively conduct the negotiations for all 159 acquisitions simultaneously.
2. Work that would have been performed jointly by HART staff and the Consultant will now be performed separately to manage the sheer number of simultaneous negotiations.

The proposed contract amendment funds costs for increased level of effort, which is comprised of the following components:

1. Consultant's three (3) existing staff assigned to the project full time
2. Four (4) additional full time acquisition agents (to be recruited locally)
3. Five (5) additional full time relocation agents
4. Overtime allowance (as needed and to be approved by HART)
5. Other direct costs associated with bringing on the additional staff

The primary duration of the increased level of effort is from August 1, 2014, to January 31, 2015. There will be Consultant support needed to finish title acquisition and the concurrent efforts for relocations from January 2015 through June 2015.

HART negotiated the cost of \$3,327,664.81. The requested additional funds are not a fixed price/lump sum amount but rather a not-to-exceed amount based on estimated needs at this point in time. HART will only pay for the actual time worked. Further, HART will use aggressive contract management to ensure effective use of Consultant time to ensure that costs are held to the minimum level to complete the services required. HART and the Consultant also agreed to revisit

HART Board of Directors
Page 3
July 17, 2014

this in November 2014 to assess the remaining level of effort needed at that time, and if deemed necessary, recalibrate the effort and commensurate budget.

Fiscal Impact

The cost was not part of the awarded Real Estate Professional Services Consultant contract. This contract amendment will be funded from the Real Estate/Right of Way Budget.

Summary of 7-3-14 Negotiations
HART PROPOSAL

Category	Cost (\$)
INITIAL LABOR	
Acquisition Agent	\$ 142,584.96
QA/QC Compliance	\$ 345,906.96
Project Manager	\$ 345,906.96
Extra Hours due to project acceleration	\$ 96,245.86
ADDITIONAL LABOR	
Acquisition Agents (up to 4)	\$ 427,754.88
Relocation Agents (up to 5)	\$ 750,508.08
Data Entry/Clerical	\$ 138,356.40
Extra Hours due to project acceleration	\$ 218,157.07
PROPERTY MANAGEMENT	
Property Manager	\$ 165,000.00
Incidentals Expenses (ie. maintenance)	\$ 55,000.00
SUBTOTAL OF LABOR & SUBS	
	\$ 2,685,421.17
TAX @4.712%	
	\$ 126,537.05
TOTAL LABOR & SUBS \$ 2,811,958.21	
Expenses for INITIAL LABOR	
Apartment Lease	\$ 33,000.00
Meals Project Manager	\$ 17,050.00
Meals QA/QC Compliance	\$ 17,050.00
Car Lease (PM & QA/QC)	\$ 11,000.00
Fuel	\$ 1,650.00
Travel (to and from mainland)	\$ 26,000.00
Expenses for ADDITIONAL Labor Force	
Apartment Leases (up to 5)	\$ 97,500.00
Apartment Utilities	\$ 9,750.00
Meals- up to 6 agents - 7 days/wk	\$ 60,450.00
Car Lease - Relocation Agents	\$ 39,000.00
Fuel - Relocation Agents	\$ 5,850.00
Mileage - Acquisition Agents	\$ 4,200.00
Travel (to and from mainland)	\$ 49,000.00
OFFICE COST	
Office Rent	\$ 82,500.00
Utilities	\$ 11,000.00
Supplies	\$ 27,500.00
SUBTOTAL OF ODC's	
	\$ 492,500.00
TAX @4.712%	
	\$ 23,206.60
TOTAL ODC's \$ 515,706.60	
GRAND TOTAL \$ 3,327,664.81	



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

FINANCE
COMMITTEE MEMBERS

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

**Joint Meeting of
Finance Committee and
Project Oversight Committee
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
(meeting room entrance on Richards Street)
Thursday, October 23, 2014, 9:30 am**

Agenda

I. Call to Order by Chair

PROJECT OVERSIGHT
COMMITTEE MEMBERS

Damien T.K. Kim
CHAIR

II. Public Testimony on all Agenda Items

William "Buzz" Hong
VICE CHAIR

III. Approval of the July 17, 2014 Minutes of the Joint Meeting of the Finance Committee and Project Oversight Committee

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

IV. Change Order Review

A. West Oahu/Farrington Highway Station Configuration and Modifications

B. Kamehameha Highway Guideway Station Configuration and Modifications

C. Maintenance and Storage Facility Escalation

V. Executive Session

Pursuant to Hawaii Revised Statutes Section 92-4 and Section 92-5(a)(4), the Committee may enter into Executive Session to consult with its attorneys on questions and issues on matters pertaining to the Committee's powers, duties, privileges, immunities and liabilities.

VI. Adjournment

Note: Persons wishing to testify on items listed on the agenda are requested to register by completing a speaker registration form at the meeting or online on the HART section of the www.honolulustransit.org website. Each speaker is limited to a **two-minute** presentation.

Persons who have not registered to speak in advance should raise their hands at the time designated for public testimony and they will be given an opportunity to speak following oral testimonies of the registered speakers.

Any physically challenged person requiring special assistance should call (808) 768-6258 for details at least three days prior to the meeting date.



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
Thursday, October 23, 2014, 9:30 am**

PRESENT:

Keslie Hui
Damien Kim
Michael Formby
Ford Fuchigami

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

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

Daniel Grabauskas
Diane Arakaki
Michael McGrane
Duane Sayers
David Sagherian
Gary Takeuchi
Lorenzo Garrido
Rose Pou
In-Tae Lee

Ann Kobayashi
Breene Harimoto
Cindy Matsushita
Joyce Oliveira
Andrea Tantoco
Barbara Armentrout
Russell Honma
John Moore
Tom LeBeau

EXCUSED:

George Atta

Ivan Lui-Kwan

I. Call to Order by Chair

Finance Committee chair Keslie Hui called the meeting to order at 9:33 a.m.

II. Public Testimony on all Agenda Items

Mr. Hui called for public testimony.

Barbara Armentrout testified regarding her concern over the number of change orders, her request for extra restrooms at rail stations, and her request that the rail project not utilize Section 5307 funds.

Joint Finance Committee and Project Oversight Committee Meeting Minutes
October 23, 2014

Rose Pou also requested extra restrooms at rail stations, and that the rail project not utilize Section 5307 funds. Ms. Pou also asked about whether the stations would have backup generators for elevators at rail stations.

III. Approval of the July 17, 2014 Minutes of the Joint Meeting of the Finance Committee and Project Oversight Committee

Mr. Hui called for approval of the minutes of the July 17, 2014 Minutes of the Joint Meeting of the Finance Committee and Project Oversight Committee. There being no comments or corrections, the minutes were approved as circulated.

IV. Change Order Review

HART Director of Design and Construction Lorenzo Garrido said that he, Deputy Director of Design In-Tae Lee, and new Deputy Director of Construction Tom LeBeau would be presenting three change orders to the joint committee for their approval. Mr. LeBeau provided a brief personal background, including his work on rail projects in California, Chicago, Florida, and Texas in both the public and private sectors.

A. West Oahu/Farrington Highway Station Configuration and Modifications

Mr. Garrido said that the first two change orders were similar in scope. He said that the West Oahu/Farrington Highway (WOFH) Stations Configuration and Modifications change order was for a requested amount of \$4.4 million. The design-build contractor Kiewit had incurred additional costs to interface and coordinate designs and perform additional structural analysis for changes to station configuration. Mr. Garrido said that the change included the reduced station footprint due to the change to a modular station design, as well as coordination with designers. A copy of the change order is attached hereto as Attachment A.

Kiewit's design, which commenced in late 2009, was based on preliminary engineering information with certain assumptions for station structural loads, which had been provided to all offerors during the procurement process. The scope of the contract had Kiewit providing the foundation, columns and support to build the platform, tie in to the guideway structure, and to connect at the station locations. Design and technical interface were required for the loads on the station platforms that would transfer to the columns and foundations.

In exploring value engineering options, HART reduced the footprint of the stations by incorporating utility and communications rooms into one modular structure separate from the station entrance, resulting in 30% relative savings. Station loading interface with the guideway was therefore changed, requiring a structural analysis, which resulted in the Kiewit designs requiring further coordination and interface with the station designs. Mr.

Garrido said that the change order included design analysis and interface for the six elevated WOFH stations, not including the at-grade Leeward Community College station.

Kiewit's cost proposal was initially \$5.5 million, and was settled for \$4.4 million.

Project Oversight Committee Chair Damien Kim asked about the net effect of the 30% savings. Mr. Garrido replied that there were overall savings. The average cost per station is \$19.5 million across 21 stations. The modular structure change saved approximately \$100 million over the twenty elevated stations. Increased design costs reflected in the change order amount would be offset by the expected construction cost reduction. Therefore, the cost of the change order was more than offset by the overall savings being realized.

Mr. Kim asked if the changes in station loads due to modular station design were incorporated in the last ten miles of the rail project. Mr. Garrido replied that for the Airport and City Center sections, the modifications were incorporated into the information for the guideway design contract procurements.

Mr. Kim asked if there were provisions for emergency generators. Mr. Garrido said that while the question of backup generators was outside the scope of the change order, the system would have sufficient power to bring elevators to the ground floor in the event of a power outage. He said that staff was also engaged in discussion regarding generators that would bring trains to the nearest stations. He noted, however, that the current station designs did not include backup generators.

Committee member William "Buzz" Hong asked who designed the project. Mr. Garrido responded that the station loading information was developed during the preliminary engineering stage by the general engineering consultant employed by HART at that time. Mr. Hong expressed his concern for the safety and security of riders without backup generators, and opined that the designers should share in the risk of cost increases.

Mr. Grabauskas said that HART intended to include a backup generator system for the project. He clarified that backup generators were not within the scope of the change order being discussed.

Mr. Grabauskas further explained that the change order was brought about because separate contracts went out for the guideway design and construction, and station design, in 2009. At that time, station load assumptions were provided to the guideway designers, which later changed when the station designs were made modular. For the second ten miles, however, the station and guideway designers would be doing their work concurrently to avoid such timing issues. Mr. Hong expressed his concern over the assumptions that were made.

Joint Finance Committee and Project Oversight Committee Meeting Minutes
October 23, 2014

Committee member Carrie Okinaga asked about the contingency information that used to be provided with change order documentation. Mr. Grabauskas said that the change orders were coming from allocated contingency. He said that staff could include the starting balance and the effect of the drawdown. Mr. Garrido further explained that \$4 million was coming from allocated contingency, while \$400,000 was coming from unallocated contingency. Overall project contingency prior to the change was \$550.1 million; it would be \$545.7 million after the change. The contract contingency was previously \$6.3 million, resulting in a \$2 million balance. Ms. Okinaga requested that the names of contractors be included in the interest of transparency.

Ms. Okinaga asked whether this would be the last change for the station designs in the WOFH section, and Mr. Garrido confirmed that it would be.

Committee member Robert "Bobby" Bunda asked about the type of backup power planned for the system. Mr. Grabauskas said that the matter was still being evaluated, but assured him that the system would have a backup solution.

Mr. Hong reiterated his view that the contractors and designers share in the risk, and acknowledged that the need for the change did not occur under either Mr. Grabauskas' or Mr. Garrido's supervision.

Mr. Hui noted the importance of backup power. He reiterated that the elevators as designed would have enough power to bring elevator cars to the ground in the event of a power outage. He pointed out that the station changes would have been greater if HART did not redesign them, particularly in light of the recent west side station bid package results. He said that it was important to continue to look for efficiencies. Mr. Hui asked HART staff to look into the expense of ADA accessible restrooms at stations, including operating costs.

Mr. Horner acknowledged Mr. Hong's concerns. He reminded the joint committee that the Board had approved standardization of the station designs two years ago; stations had originally been designed individually. He agreed with Mr. Hui that the overall savings benefited the project, and registered his support of the change order.

Mr. Hong said that he used to install elevators, and knew that gravity would bring the cars down to the ground floor. He asked if the doors would open, and Mr. Garrido said that the doors would open utilizing reserve power. Mr. Hong requested confirmation.

Mr. Hui called for public testimony.

Russell Honma provided testimony urging the Board to hold the contractors to the scope of work delineated in the contract.

Barbara Armentrout testified for the record that unlike what had been mentioned in discussions, it was not her but Rose Pou who had testified regarding elevators.

Councilmember Ann Kobayashi testified regarding her concern over HART's contingency fund and possible future change orders. She also registered her concern over the Ala Moana station, which would connect to the future extension to the University of Hawaii. She asked whether backup generators would allow trains to keep running.

Mr. Horner thanked Councilmember Kobayashi for her leadership and oversight, and Mr. Hui echoed the sentiment. Councilmember Kobayashi acknowledged the Board for its cooperation and thanked them for their responses to her inquiries.

Mr. Hui called for a motion to approve the change order. Mr. Horner so moved with the understanding that the cost was primarily coming from allocated contingency, and that this would be the last station design change order for the WOFH section. Ms. Okinaga seconded the motion. All being in favor, the motion carried unanimously.

B. Kamehameha Highway Guideway Station Configuration and Modifications

Mr. Garrido said that the Kamehameha Highway Guideway change order was similar to the WOFH change order. The change would affect two stations in the amount of \$1.35 million, which would come from allocated contingency. The contract contingency was \$17.7 million prior to the change, and \$16.3 million after the change. The overall project contingency after the WOFH change order was \$545.7 million; the balance following this change order would be \$544.35 million. A copy of the change order is attached hereto as Attachment B.

Mr. Hui asked for questions. There were none.

Mr. Hui called for a motion to approve the change order. Mr. Horner so moved, and Mr. Kim seconded the motion. All being in favor, the motion carried unanimously.

C. Maintenance and Storage Facility Escalation

Mr. Garrido introduced Deputy Director of Project Management John Moore, who would present the Maintenance and Storage Facility (MSF) Escalation change order with him. He noted that going forward, the MSF would be known as the Rail Operations Center, or ROC. A copy of the change order is attached hereto as Attachment C.

Following up on a previous question, Mr. Garrido confirmed that the station elevator doors would open in a power outage after the elevator goes down to ground.

Mr. Garrido said that the \$8.5 million change was related to the impacts to the MSF as a result of the Archaeological Inventory Survey (AIS) delay. He reminded the joint

Joint Finance Committee and Project Oversight Committee Meeting Minutes
October 23, 2014

committee that HART had previously received approvals for provisional sums during the suspension for actual costs incurred. The escalation change order before the joint committee represented the last AIS delay change for the MSF. The change order included costs for materials, supplies, equipment, and increased subcontractor award costs. The initial contractor settlement proposal was \$14.8 million, and the final settlement amount was \$8.5 million, which would come from unallocated contingency. The unallocated contract contingency balance prior to the change order was \$67 million; after the drawdowns for this change order as well as the \$400,000 for the previous WOFH change order, the unallocated balance would be \$58.1 million.

Committee member Michael Formby asked if there were any MSF reserved claims for delay. Mr. Garrido said that this change order fully settled the time impact. Mr. Formby sought clarification that the change order would settle escalation of materials and time with no reservations. Mr. Garrido confirmed that was correct.

Mr. Horner asked for clarification of whether this change was resolved out of allocated contingency previously. Mr. Grabauskas replied that the change before the joint committee would resolve all MSF costs related to litigation. Mr. Horner inquired about the unallocated contingency. Mr. Hui said that the allocated contingency was based on the FFGA Financial Plan, which was drafted while the lawsuits were pending. Mr. Grabauskas said that HART had delineated a "known changes" fund for delay claims, which had been exhausted.

Mr. Bunda asked whether the \$14.8 million came from the known changes fund. Mr. Garrido responded that the contractor originally proposed settlement for \$14.8 million, but that there was no set aside based on this proposal.

Mr. Hui asked how much the delay claims on this contract amounted to, and Mr. Garrido said that the total was \$32.1 million, including the \$4.1 million provisional sum that staff was in the process of reconciling. Mr. Garrido said that he would make a report to the joint committee on the reconciliation the following month.

Mr. Horner asked about the completion of construction at the MSF. Mr. Garrido reported that 28% of the physical work was done. Mr. Horner requested a presentation on change orders generated by HART, along with cost information aside from delay costs. He opined that HART was now ahead of many of the risks of change orders for the MSF. He asked when the MSF was scheduled to open, and Mr. Grabauskas said the MSF was scheduled to be substantially complete in 2016.

Mr. Hui called for public testimony.

Barbara Armentrout provided testimony regarding the need for audible announcements in the event of a power outage at stations, as well as the need for benches in TheHandiVan waiting areas.

Joint Finance Committee and Project Oversight Committee Meeting Minutes
October 23, 2014

Mr. Hui commended Mr. Garrido and his team, as well as Kiewit. He remarked that he appreciated the public input, and while he acknowledged the public's reticence to extend the General Excise Tax and to utilize Section 5307 funds, he also pointed out that the public was simultaneously asking for betterments for the rail project. The challenge was to balance such competing interests. He said that the expense of the change orders, although not easy to make, was necessary to move forward.

Mr. Hui called for a vote for approval of the change order. Mr. Hong so moved, and Ms. Okinaga seconded the motion. All being in favor, the motion carried unanimously.

V. Executive Session

There was no need for executive session.

VI. Adjournment

There being no further business before the joint committee, Mr. Hui adjourned the meeting at 10:38 a.m.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Damien Kim
Chair, Project Oversight Committee



Kestie Hui
Chair, Finance Committee

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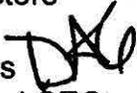
Date



HONOLULU AUTHORITY for RAPID TRANSPORTATION

October 23, 2014

TO: HART Board of Directors

THROUGH: Daniel A. Grabauskas 
Executive Director and CEO

FROM:  Lorenzo Garrido
Officer-in-Charge

 Karley Halsted, Project Manager

SUBJECT: Station Configuration & Modifications
West Oahu/Farrington Highway
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 Change Order covers costs associated with design efforts to align the West Oahu/Farrington Highway (WOFH) Guideway contract scope of work with the current designs developed by a separate consultant for the East Kapolei, UH West Oahu, Ho'opili, West Loch, Waipahu Transit Center, Leeward Community College and Pearl Highlands stations. The Change Order includes, but is not limited to, modification to station loads, bearing pads, pedestals, imbeds, and shears keys.

Recommendation

HART to approve Change Order in the amount of \$4,400,000.00.

Justification

To reduce future operations and maintenance costs, HART adopted a modular station design which provides station uniformity, eliminates potential maintenance issues and provides standardized loading for all aerial stations. The move to a modular design necessitated modifications to station design criteria and station loading. The WOFH Design-Builder was required to revise its guideway design at station locations. Further design refinements resulted from interface between the station designers and the WOFH Design-Builder. This Change Order compensates the WOFH Design-Builder for additional design activities related to the station design modifications.

Fiscal Impact

The cost was not part of the awarded West Oahu/Farrington Highway contract. Funds are covered in the contract's contingency.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

October 23, 2014

TO: HART Board of Directors

THROUGH: Daniel A. Grabauskas 
Executive Director and CEO

FROM:  Lorenzo Garrido
Officer-in-Charge

 Matt Scanlon, Project Manager

SUBJECT: Station Configuration & Modifications
Kamehameha Highway Guideway
Contract No.: CT-HRT-11H0195

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

Overview

This change order covers cost associated with design efforts to align the Kamehameha Highway Guideway (KHG) contract scope of work with the current designs developed by a separate consultant for the Pearl Ridge and Aloha Stadium stations. The Change Order includes, but is not limited to, station loads, bearing pads, pedestals, imbeds, and shear keys.

Recommendation

HART to approve Change Order in the amount of \$1,350,000.00.

Justification

To reduce future operations and maintenance costs, HART adopted a modular station design which provides station uniformity, eliminates potential maintenance issues and provides standardized loading for all aerial stations. The move to a modular design necessitated modifications to station design criteria and station loading. The KHG Design-Builder was required to revise its guideway design at station locations. Further design refinements resulted from interface between the station designers and the KHG Design-Builder. This Change Order compensates the KHG Design-Builder for additional design activities related to the station design modifications.

Fiscal Impact

The cost was not part of the awarded Kamehameha Highway Guideway contract. Funds are covered in the contract's contingency.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

October 23, 2014

FINANCE
COMMITTEE MEMBERS

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

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

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.

SUBJECT: Escalation Due to Schedule Impacts
Maintenance Storage Facility
Contract No.: CT-HRT-10H0449

Overview

This Contract Change will grant additional compensation for price increases incurred for all costs, including, but not limited to, materials, supplies and equipment, wage rate increases for labor, and increased subcontract awards resulting from the Archaeological Inventory Survey (AIS) delay which affected the project schedule.

Recommendation

HART to approve Change Order in the amount of \$8,500,000.00

Justification

The project schedule incurred a 13-month delay as a result of litigation related to the AIS work. Previously, Change Order No. 15 was issued to revise the Contract baseline schedule on a no cost basis with the expectation that any associated cost escalation would be addressed in a subsequent change order. The Contractor, Kiewit Kobayashi, a Joint Venture (KKJV) submitted a request seeking compensation for the delay. This change represents full and final settlement, release and discharge of all claims for increases related to escalation as a result of the AIS delay to the Contract.

Fiscal Impact

The cost will be covered as a budget transfer from unallocated contingency to the Contract's contingency.

Comments and Legend					
●	On track or ahead of plan.	●	Immediate attention needed; Requires recovery/resolution.		
●	Monitoring.	○	No current target/activity to date; Action pending.		
●	Monitoring; Requires special attention.	N/A	Not Applicable.	TBD	To be determined.
	New Balanced Scorecard items are shaded in blue for ease of identification.				Status color changes are shaded in yellow.

For Project Finances, reporting will be based on Current Quarter, Fiscal Year, FFGA Financial Plan and Inception to Date data as appropriate.

1	Project Finances	Time Period	Actual	Plan	Variance	Status	Comments and Legend
2	Operating Budget [Negative = below Plan]						
3	Operating Expenditures	Current Quarter (Q2 FY15) Oct., Nov., Dec. 2014	\$4.3	\$5.4	(\$1.1)	●	<p>For Current Quarter monitoring purposes: \$21.5M FY15 Total Budget/4 quarters = \$5.37M.</p> <p>The Plan number for Inception to Date = the FY12 to Q2 FY15 budgets + actual expenditures for fiscal years 2007 through 2011.</p> <p>The Plan number for the Financial Plan = the FY12 to Q2 FY15 budgets + actual expenditures for Oct. 16, 2009 through FY11.</p> <p>*Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund which also includes expenditures for other City Departments (e.g., DPP for TOD expenditures, BFS and City Council which were paid with GET surcharge revenues).</p>
4		FY2015 Total July 2014 - Dec. 2014	\$6.6	\$10.7	(\$4.1)	●	
5		FFGA Financial Plan Oct. 16, 2009 - Dec. 2014	\$67.4	\$86.3	(\$18.9)	●	
6		Inception* to Date Jan. 2007 - Dec. 2014	\$71.3	\$90.2	(\$18.9)	●	
7	Capital Budget [Negative = below Plan]						
8	Capital Expenditures	Current Quarter (Q2 FY15) Oct., Nov., Dec. 2014	\$138.6	\$236.8	(\$98.2)	●	<p>Plan amounts are per the Full Funding Grant Agreement Financial Plan.</p> <p>*Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund.</p> <p>The Plan numbers for Inception to Date = the Plan amounts from 10/16/2009 to 12/31/2014 + actual expenditures for fiscal year 2007 through 10/15/2009.</p> <p>The expenditures for fiscal years 2007 to 2011 were reconciled to the expenditures reported in the Transit Fund included in the City's CAFR report.</p> <p>The "Current Quarter" and "FY15 Total" actual amounts are on a cash basis. All audit adjustments for the previous years are now reflected in the "FFGA Financial Plan" and "Inception to Date" actual amounts.</p> <p>Actual expenditure amounts continue to be below plan due to contractor work lagging and schedule of milestones billing. HART is working with contractors to ensure timely payment. The rebaselining of the Master Project Schedule was completed in summer 2014. Due to unfavorable bids for the West Side Station Group package, HART is re-examining the packaging in the original plan and revamping the schedule. The procurement strategy is also being modified to improve bid response and quality.</p>
9		FY2015 Total July 2014 - Dec. 2014	\$275.2	\$459.6	(\$184.4)	●	
10		FFGA Financial Plan Oct. 16, 2009 - Dec. 2014	\$1,293.5	\$2,619.4	(\$1,326.0)	●	
11		Inception* to Date Jan. 2007 - Dec. 2014	\$1,377.0	\$2,703.0	(\$1,326.0)	●	
12	Revenues [Negative = below Plan]						
13	GET Collections						
14	Net GET Surcharge Receipts	Current Quarter (Q2 FY15) Oct., Nov., Dec. 2014	\$48.5	\$53.8	(\$5.3)	●	<p>GET receipts are reported on a cash basis. The \$49M received in October 2014 is for the July-September 2014 quarter. The Current Quarter plan is based on annual reporting.</p> <p>\$3,291M = Total Net GET Surcharge revenue forecast for FYs 2010-2023. Actual amounts from inception are the collections from January 2007 to 10/31/2014. The \$1,387M Plan amount is equal to the Financial Plan amount of \$1,009M from the Project Start date of 10/16/2009 to 10/31/2014 plus \$378M collected prior to the Project Start Date.</p> <p>GET surcharge revenue collected prior to October 16, 2009 is included in the Financial Plan as beginning cash balance of \$298M (actual GET collections of \$378M before October 16, 2009, less expenditures of \$80M during that same period).</p> <p>*Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund.</p>
15		FY2015 Total July 2014 - Dec. 2014	\$98.0	\$111.5	(\$13.5)	●	
16		FFGA Financial Plan Oct. 16, 2009 - Dec. 2014	\$967.8	\$1,008.7	(\$40.9)	●	
17		Inception* to Date Jan. 2007 - Dec. 2014	\$1,346.2	\$1,387.1	(\$40.9)	●	
18	Federal Grants						
19	Federal Grant Funds New Starts \$5309 (Reimbursed)	Current Quarter (Q2 FY15) Oct., Nov., Dec. 2014	\$56.4	\$0	+\$56.4	●	<p>Forecasted FTA Uses by fiscal years per HART's 6/2012 Financial Plan are FY2011 \$21M; FY2012 \$99M; FY2013 \$258M, FY2014 \$442M, and thru Q2 FY2015 \$0M: Total \$820M.</p> <p>The Q3 FY2015 New Starts award is expected to be \$250M.</p> <p>The variance for FFGA Financial Plan indicates the prior fiscal years' appropriated amounts not yet used.</p> <p>HART submitted a request for FTA reimbursement in Q2 FY2015 for delay claim payments.</p>
20		FY2015 Total July 2014 - Dec. 2014	\$56.4	\$0	+\$56.4	●	
21		FFGA Financial Plan Oct. 16, 2009 - Dec. 2014	\$312.3	\$820.0	(\$507.7)	●	
22	Federal Grant Funds \$5307 (Reimbursed)	Current Quarter (Q2 FY15) Oct., Nov., Dec. 2014	---	---	N/A	---	Total forecasted \$5307 funds per the plan is \$210M.
23		FY2015 Total July 2014 - Dec. 2014	---	---	N/A	---	
24		FFGA Financial Plan Oct. 16, 2009 - Dec. 2014	---	---	N/A	---	

Financials

	Activity	Current Quarter (Q2 FY15)				Inception to Date				Comments and Legend ● On track or ahead of plan. ● Immediate attention needed; Requires recovery/resolution. ● Monitoring. No current target/activity to date; Action pending. ● Monitoring; Requires special attention. N/A Not Applicable. TBD To be determined. New Balanced Scorecard items are shaded in blue for ease of identification. Status color changes are shaded in yellow.
		October, November, December 2014				January 2007 - December 2014				
		Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
For the remainder of the Balanced Scorecard, reporting will be based on Current Quarter and Inception to Date data.										
25	Project Budget									
26	FFGA Baseline Project Budget	N/A	N/A	N/A	○	\$5,122	\$5,122	N/A	●	\$M FFGA Baseline Project Budget (including contingencies and FTA-eligible finance charges), in accordance with FTA New Starts project guidelines.
27	Committed (\$)	\$40	---	---	●	\$2,930	\$4,425	(\$1,495)	●	\$M Total Committed (awarded Contract Values + approved Change Orders) this quarter and to date vs. the current Total FFGA Project Budget, excluding remaining contingencies and finance charges. Contract awards have been shifted to future years due to AIS delays and the repackaging of contracts. A new baseline budget is being created. HART is implementing mitigation measures to maintain a late 2019 full revenue service date.
28	Committed (%)	0.9%	---	---	●	66.2%	---	N/A	●	% \$M Committed of the Inception to Date current Plan FFGA Project Budget, excluding contingencies and finance charges.
29	Incurred (\$M)	\$171	---	---	●	\$1,341	\$4,425	(\$3,084)	●	\$M Incurred (Expenditures + approved Requests for Payment) this quarter and to date vs. the current Total FFGA Project Budget, excluding remaining contingencies and finance charges. The plan is based on the original program cost curve issued in 2009 and is projected to be rebaselined in mid-2015. HART is implementing mitigation measures to maintain a late 2019 full revenue service date. The amounts reflected are due in part to the construction delays.
30	Incurred (%)	4%	---	---	●	30%	---	---	●	% \$M Incurred (Expenditures + approved Requests for Payment) of the Inception to Date current Plan FFGA Project Budget, excluding contingencies and finance charges.
31	Estimate at Completion (EAC)	N/A	N/A	N/A	●	\$5,715	\$5,122	N/A	●	\$M current forecasted vs. original Estimate at Completion (EAC = contract values as budgeted or awarded + executed change orders + pending and potential changes). Forecast includes revised cost estimates for future construction contracts projecting higher than their respective FFGA Budget. Status for Inception to Date has changed from green to red.
32	Contingency									
33	Allocated Cost Contingency	(\$11)	N/A	N/A	●	\$472	\$542	(\$69)	●	Current Quarter = Allocated Project Contingency debited or credited for the quarter, Inception to Date = Current Budget Allocated Project Contingency vs. the Baseline Budget Allocated Project Contingency. Revised cost estimates for future construction contracts includes additional contingency required for those contracts. Status for Current Quarter and Inception to Date have changed from green to orange.
34	Unallocated Cost Contingency	(\$16)	N/A	N/A	●	\$51	\$102	(\$50)	●	Current Quarter = Unallocated Project Contingency debited or credited for the quarter, Inception to Date = Current Budget Unallocated Project Contingency vs. the Baseline Budget Unallocated Contingency. Revised cost estimates for future construction contracts includes additional contingency required for those contracts. Status for Current Quarter and Inception to Date have changed from green to orange.
35	Total Project Cost Contingency = Allocated + Unallocated	(\$26)	N/A	N/A	●	\$524	\$644	(\$120)	●	See the HART Monthly Progress Report for more detailed information on contingency. Current Quarter = Total Project Contingency usage, Inception to Date = Current Budget Project Contingency value vs. Baseline Budget Project Contingency. Revised cost estimates for future construction contracts includes additional contingency required for those contracts. Status for Current Quarter and Inception to Date have changed from green to orange.
36	Schedule Contingency	0	N/A	N/A	●	6	20	(14)	●	Schedule contingency has been depleted due to the postponement of guideway construction on the west caused by delays and due to the modification of the project delivery method on future construction contracts. Status for the Current Quarter and Inception to Date have changed from green to orange.
37	PROJECT DELIVERY - OVERALL									
38	Overall Progress [Positive = ahead of Late Plan; Negative = behind Late Plan]									
39	Overall Project Progress Completed	3.6%	5.0%	(1.4%)	●	31.0%	35.7%	(4.7%)	●	% Complete of Final Design and Construction contracts (FD, DBB-DBOM design levels-of-effort and DB, DBB, DBOM and E/E construction) actual vs. late plan. Revised project schedules for WOFH, MSF and KHG have been incorporated into the overall project progress curve and the interim opening will likely be 2018. HART has canceled the solicitation to build the first nine rail stations. The bids received came in higher than HART had budgeted. HART has repackaged the original contract into three smaller contracts. HART has canceled the solicitation for the Airport-City Center Guideway and Utilities Construction Contract and the delivery method for all construction on the east is under evaluation.
40	Overall Design Progress Completed	2.6%	5.5%	(2.9%)	●	82.0%	86.2%	(4.2%)	●	% Complete of Final Design contracts & DB-DBOM design levels-of-effort actual vs. late plan. Design is progressing satisfactorily in support of the planned bid dates. The design progress schedule has been rebaselined and the interim opening will likely be 2018. Due to bids coming in higher than HART had budgeted, HART has canceled the solicitation to build the first nine rail stations. Value Engineering and design modifications are being performed.
41	Overall Construction Progress Completed	3.8%	4.8%	(1.0%)	●	23.0%	27.9%	(4.9%)	●	% Completion of Construction (DB, DBB, DBOM & E/E) contracts vs. planned. The construction progress schedule has been rebaselined and includes revised project schedules for WOFH, MSF and KHG DB contracts. HART has canceled the solicitation to build the first nine rail stations due to the bids coming in higher than HART had budgeted. HART has repackaged the original contract into three smaller contracts. The change will likely delay by one year the planned opening of the first ten miles of the rail system between Aloha Stadium and east Kapolei. HART has canceled the solicitation for the Airport-City Center Guideway and Utilities Construction Contract and the delivery method for all construction on the east is under evaluation.
42	Overall Utility Progress Completed	1.6%	3.9%	(2.3%)	●	12.1%	13.8%	(1.7%)	●	% Completion of Utilities progress based on the weighted average progress of the Design-Build and Design-Bid-Build utilities level of effort.

	Activity	Current Quarter (Q2 FY15)				Inception to Date				Comments and Legend  On track or ahead of plan.  Immediate attention needed; Requires recovery/resolution.  Monitoring.  No current target/activity to date; Action pending.  Monitoring; Requires special attention. N/A Not Applicable. TBD To be determined.  New Balanced Scorecard items are shaded in blue for ease of identification.  Status color changes are shaded in yellow.
		October, November, December 2014				January 2007 - December 2014				
		Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
43	Contracts Awarded									
44	Total Number of Contracts Awarded	0	0	-0-		38	38	-0-		The plan numbers are based off of the FTA Full Funding Grant Agreement Contract Packaging Plan (CPP) contracts. Contracts awarded: N/A Note: HART has canceled the solicitation for the Westside Stations Group Construction Contract due to the bids coming in higher than budgeted. HART has repackaged the original contract into three smaller contracts. The change will likely delay the interim opening by one year.
45	Total Value of Contracts Awarded	\$0.00	\$0.00	\$0		\$3,173.77	\$3,240.17	(\$66.4)		\$M Awarded. Variance includes contingency. HART has canceled the solicitation for the Westside Stations Group Construction Contract due to the bids coming in higher than budgeted. HART has repackaged the original contract into three smaller contracts in order to reduce risk to the contractors and thereby reduce costs. For a full list of contracts awarded, please see the HART Monthly Progress Report.
46	Change Orders									
47	Change Orders (#)	24	N/A	N/A		171	N/A	N/A		# Change Orders executed this quarter (11 Final Design and 13 Construction). These change orders reflect the Notice to Proceed and AIS delays.
48	Change Orders (\$)	\$29.3	N/A	N/A		\$348.6	N/A	N/A		\$M Change Orders executed this quarter (\$3.5M Final Design and \$25.8M Construction). These change orders are reducing our allocated and unallocated contingency. The most significant changes during the second quarter were \$15M (DB-120) for Escalation due to schedule impact; (\$10.5M) (DBOM-920) Adjustment credit, the Deletion of Ticket Vending Machines (TVM); \$8.5M (DB-200) Escalation due to schedule impact.
49	Claims									
50	Claims Filed	0	0	N/A		0	0	N/A		# Claims filed vs. anticipated.
51	Claims Resolved	0	0	N/A		0	0	N/A		# Claims resolved vs. filed.
52	Agreements*									
53	Utility Agreements - Engineering Services	0	0	-0-		28	28	0		Inception to Date Plan = total number of agreements planned for the project WOFH - all 9 agreements executed. KHG - all 10 agreements executed. KHG/Airport/City Center - 1 agreement executed. Airport/City Center - all 8 agreements executed. Revised total number of agreements; determined that an Engineering Services Agreement with Sandwich Isle Communication was not necessary.
54	Utility Agreements - Construction Agreement	3	4	(1)		15	23	(8)		Inception to Date Plan = total number of agreements planned for the project WOFH - all 7 agreements executed. KHG - all 6 agreements executed. Airport - 2 of the 4 planned are executed. City Center - 0 of the 6 planned are executed. Revised planned number of construction agreements for City Center to 6, after review of plans and consultation with utility owners.
55	Total Utility Agreements	3	4	(1)		43	51	(8)		Inception to Date Plan = total number of agreements planned for the project WOFH - all 16 agreements executed. KHG - all 16 executed. KHG/Airport/City Center ESA - 1 agreement planned/executed. Airport/City Center ESA - all 8 agreements executed. Airport Construction - 2 agreements executed (4 agreements planned). City Center Construction - 0 agreements executed (6 agreements planned). The status is based on the potential for construction to be delayed.
56	HDOT Master Agreements/Joint Use & Occupancy	0	0	-0-		2	2	0		Inception to Date Plan = total number of agreements planned for the project WOFH and a combined Master Agreement for KHG, Airport and City Center sections are executed.

Project Progress (continued)

	Activity	Current Quarter (Q2 FY15)				Inception to Date				<p>Comments and Legend</p> <p>● On track or ahead of plan. ● Immediate attention needed; Requires recovery/resolution. ● Monitoring. ○ No current target/activity to date; Action pending. ● Monitoring; Requires special attention. N/A Not Applicable. TBD To be determined. ■ New Balanced Scorecard items are shaded in blue for ease of identification. ■ Status color changes are shaded in yellow.</p>
		October, November, December 2014				January 2007 - December 2014				
		Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
57	Third-Party Agreements	2	5	(3)	●	5	25	(20)	●	<p>Data is current as of Dec. 29, 2014. Inception to Date Plan = total number of agreements planned for the project. High priority agreements which could impact ongoing construction are in bold and in red. A master agreement and its ancillary agreements are counted as one entity. They were previously counted individually. City memorandum of agreements have also been included.</p> <p>AGREEMENTS NEEDED FOR CONSTRUCTION – YET TO BE COMPLETED</p> <p>WOFH, KHG, Airport:</p> <ul style="list-style-type: none"> -U.S. Navy Easement Agreements <p>WOFH:</p> <ul style="list-style-type: none"> -LCC (UH Leeward Community College) -UHWO (UH -West O'ahu) -DPP (City Parks & Recreation) for MSF drainage <p>KHG:</p> <ul style="list-style-type: none"> -UH Urban Gardens -Aloha Stadium <p>Airport:</p> <ul style="list-style-type: none"> -U.S. Post Office Honolulu Processing Center -DTS (City Dept. of Transportation Services) for Middle Street <p>City Center:</p> <ul style="list-style-type: none"> -HCC (UH Honolulu Community College) -OCCC (Dept. of Public Safety) -GSA/Federal Court House -HCDA (Hawaii Community Development Authority) -DAGS/DBEDT/HHFDC -DFM (City Dept. of Facility Maintenance) for N. King Street -DFM (City Dept. of Facility Maintenance) for Kohou Street -DTS (City Dept. of Transportation Services) for Kamehameha Hwy. <p>Additional joint development agreements needed prior to construction:</p> <ul style="list-style-type: none"> -Pacific Guardian Center -Howard Hughes Corporation -Sam House Development LLC -GGP Ala Moana LLC <p>AGREEMENTS FOR CONSTRUCTION – COMPLETED</p> <p>WOFH:</p> <ul style="list-style-type: none"> -D.R. Horton -DLNR (Dept. of Land & Natural Resources) for Kapolei Park & Ride -DOE (Dept. of Education)/DLNR for Waipahu High School -DHHL (Dept. of Hawaiian Home Lands) for MSF <p>AIRPORT:</p> <ul style="list-style-type: none"> -DLNR for Keehi Lagoon
58	Real Estate/Right-of-Way (ROW)									
59	Acquisitions*									
60	WOFH Full Acquisitions	0	0	-0-	●	14	14	-0-	●	HART has acquired all full acquisitions for the WOFH section.
61	WOFH Partial Acquisitions	0	3	(3)	●	0	3	(3)	●	Finalizing agreements for remaining partial acquisitions.
62	Summary WOFH Acquisitions (Full + Partial)	0	3	(3)	●	14	17	(3)	●	
63	KHG Full Acquisitions	1	1	-0-	●	3	3	-0-	●	HART has completed all full acquisitions for the KHG section.
64	KHG Partial Acquisitions	0	0	-0-	●	2	4	(2)	●	HART has secured rights of entry for construction for the remaining two partial acquisitions. HART has also tendered offer and is working to complete negotiations.
65	Summary KHG Acquisitions (Full + Partial)	1	1	-0-	●	5	7	(2)	●	
66	Airport Full Acquisitions	2	1	+1	●	3	5	(2)	●	One full acquisition is being prepared for eminent domain to address title and trustee issues, and one includes completion of relocation activities.
67	Airport Partial Acquisitions	0	3	(3)	●	0	3	(3)	●	HART has tendered offers on outstanding partial acquisitions and are in negotiations. HART will work to secure rights of entry, as appropriate, to ensure construction site access.
68	Summary Airport Acquisitions (Full + Partial)	2	4	(2)	●	3	8	(5)	●	

Project Progress (continued)

	Activity	Current Quarter (Q2 FY15)				Inception to Date				Comments and Legend  On track or ahead of plan.  Immediate attention needed; Requires recovery/resolution.  Monitoring.  No current target/activity to date; Action pending.  Monitoring; Requires special attention. N/A Not Applicable. TBD To be determined.  New Balanced Scorecard items are shaded in blue for ease of identification.  Status color changes are shaded in yellow.
		October, November, December 2014				January 2007 - December 2014				
		Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
69	City Center Full Acquisitions	4	13	(9)		8	19	(11)		Appraising properties and preparation of offers is ongoing. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties. Status for the Current Quarter and Inception to Date have changed from red to orange because the deadline for completion of acquisitions has changed due to design and construction timeline adjustments.
70	City Center Partial Acquisitions	0	66	(66)		0	66	(66)		Appraising properties and preparation of offers is ongoing. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties. Status for the Current Quarter and Inception to Date have changed from red to orange because the deadline for completion of acquisitions has changed due to design and construction timeline adjustments.
71	Summary City Center Acquisitions (Full + Partial)	4	79	(75)		8	85	(77)		Status for the Current Quarter and Inception to Date have changed from red to orange because the deadline for completion of acquisitions has changed due to design and construction timeline adjustments.
72	Expenditures for Acquisitions	N/A	N/A	N/A		\$70.1	\$80.8	(\$10.7)		\$M in expenditures.
73	Easements*									*Data is current as of Dec. 18, 2014. Inception to Date Plan numbers are the total number needed for the project and may vary each quarter due to advancement of design; Actual numbers are based on property availability for construction. Data is provided by the Real Estate Acquisition Database (READ)
74	WOFH Easements	0	1	(1)		1	2	(1)		Negotiations are ongoing on the remaining easement in WOFH.
75	KHG Easements	0	0	-0-		0	0	-0-		The numbers previously listed are now included in the Agreements section. Status for the Current Quarter and Inception to Date have changed from orange to green.
76	Airport Easements	0	11	(11)		0	11	(11)		Appraising properties and preparation of offers is ongoing. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties.
77	City Center Easements	0	25	(25)		0	25	(25)		Appraising properties and preparation of offers is ongoing. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties. Status for the Current Quarter and Inception to Date have changed from red to orange because the deadline for completion of easements has changed due to design and construction timeline adjustments.
78	Summary Easements	0	37	(37)		1	38	(37)		
79	Safety									
80	HART OSHA Reportable Injuries	0	0	-0-		0	0	-0-		HART # Occupational Safety and Health Agency (OSHA) Reportable Injuries to date. Reportable incidents, requiring OSHA to be notified within 8 hours, include the death of an employee or hospitalization of three or more employees. For additional information on recordable incidents, please see the HART Monthly Progress Report.
81	Contractor OSHA Reportable Injuries	0	0	-0-		0	0	-0-		Contractor's # Occupational Safety and Health Agency (OSHA) Reportable Injuries to date. Reportable incidents, requiring OSHA to be notified within 8 hours, include the death of an employee or hospitalization of three or more employees. For additional information on recordable incidents, please see the HART Monthly Progress Report.
82	Quality Assurance (QA)									
83	Completion of QA Audits	7	3	+4		65	55	+10		# QA Audits of HART, consultants, contractors and suppliers completed vs. planned.
84	Successful Closure of Design NCRs	0	5	(5)		26	31	(5)		# Design Non-Conformance Reports (NCRs) closed vs. issued. For more information on NCRs, please see the HART Monthly Progress Report.
85	Successful Closure of Construction NCRs	23	81	(58)		232	321	(89)		# Construction NCRs closed vs. issued. For more information on NCRs, please see the HART Monthly Progress Report.
86	Economic Multipliers [Negative = below plan]									
87	DBE Participation (%)	0.08%	0.13%	(0.05%)		1.16%	13%	(11.84%)		% actual vs. target participation rate of Disadvantaged Business Enterprises (DBE) to date since September 24, 2007. The planned DBE participation rate is an overall project goal.
88	DBE Participation (\$)	\$1.28	\$2.29	(\$1.01)		\$20.44	\$229	(\$208.56)		\$M actual vs. target participation of DBE to date since September 24, 2007. The planned DBE participation rate is an overall project goal.
89	PERSONNEL									
90	HART Staffing Level	2	0	+2		130	139	(9)		# Current HART Full-Time Equivalents (FTEs) vs. planned positions in the FY15 Operating Budget. There are currently 130 FTEs onboard. This includes 106 City employees and 24 Project Management Support Consultant (PMSC) employees. The actual number reported in "Current Quarter" reflects all new hires for the quarter. The "Inception to Date" numbers reflect the total number of employees onboard as of Dec. 31, 2014.
91	Direct Project Jobs Created	----	----	----		1,365	----	----		# Direct project jobs created. Actual number reflects input from all contractors and a calculated count for all agencies supporting HART's activities.

	Activity	Current Quarter (Q2 FY15)				Inception to Date				Comments and Legend	
		October, November, December 2014				January 2007 - December 2014					
		Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		
92	Transit-Oriented Development (TOD) Planning*	<i>*TOD planning is being overseen by the city Department of Planning and Permitting and the HCDA</i>									
93	Partnerships	City Department of Planning and Permitting Draft TOD Plans	0	0	N/A	●	10	14	N/A	●	City Department of Planning and Permitting (DPP) is responsible for TOD plans for 19 of the 21 stations. A total of 10 stations have Draft TOD neighborhood plans at this time. DPP started developing Draft TOD plans for the remaining 4 stations: Pearl Harbor Naval Base, Airport, Lagoon Drive and Aloha Stadium. The Ala Moana TOD plan is currently under public review. The remaining Draft TOD plans will be sent to City Council for review and adoption during the third and fourth quarters of 2015. In the interim, the Legislature has adopted Bill 71 Land Use Ordinance (LUO) Amendment Relating to Interim Plan Development Permits for TOD, which will allow for negotiations on TOD projects as per the Draft TOD plans before zoning is in place.
94		Hawai'i Community Development Authority Draft TOD Overlay Plan	0	0	N/A	●	2	2	N/A	●	HCDA developed a Draft TOD Overlay Plan for the areas around Kaka'ako and Civic Center Stations. It will be finalized in the Kaka'ako Environmental Impact Statement.
95		Stations with Final TOD Plans	0	0	N/A	●	5	5	N/A	●	The Waipahu Neighborhood TOD plan (Waipahu and West Loch Stations) and Aiea Pearl City TOD plan (LCC, Pearl Highlands and Pearlridge Stations) have been adopted.
96		Total Stations with Draft or Final TOD Plans	0	0	N/A	●	17	21	N/A	●	TOD plans are being created for 21 stations.
97		HART TOD Stakeholder Group	0	----	N/A	●	2	----	N/A	●	# of meetings held in 2014. Established in 2013, the TOD Stakeholder Group includes representatives from city, state, and private sector entities and organizations.
98	PUBLIC OUTREACH										
99	Customer Perspective	Build a Social Media Community	171	----	N/A	●	2,680	----	N/A	●	# of unique Facebook followers.
100		Proactive Community Outreach: Neighborhood Board Meetings	26	----	N/A	●	942	----	N/A	●	# Neighborhood Board Meetings in which HART has participated to date since 2006.
101		Proactive Community Outreach: Presentations/Events	40	----	N/A	●	1,744	----	N/A	●	# Events in which HART has participated to date since 2006.
102	SERVICE DELIVERY										
103	Fare Collection System				○					○	TBD in FY15.
104	Bus-Rail Integration Plan				○					○	In April 2014, Bus-Rail Integration Plans were issued. The plans are subject to change and do not reflect operating costs.
105	HART Operating Organization Plan				○					○	TBD
106	HART Service Policy/Standards				○					○	TBD
107	LIVABILITY										
108	HART Sustainability Policy				○					○	TBD

Activity	Time Period	Actual	Plan	Variance	Status	Comments and Legend
						<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>● On track or ahead of plan.</p> <p>● Monitoring.</p> <p>● Monitoring; Requires special attention.</p> <p> New Balanced Scorecard items are shaded in blue for ease of identification.</p> </div> <div style="width: 45%;"> <p>● Immediate attention needed; Requires recovery/resolution.</p> <p> No current target/activity to date; Action pending.</p> <p>N/A Not Applicable. TBD To be determined.</p> <p> Status color changes are shaded in yellow.</p> </div> </div>

For Project Finances, reporting will be based on Current Quarter, Fiscal Year, FFGA Financial Plan and Inception to Date data as appropriate.

1	Project Finances					
2	Operating Budget [Negative = below Plan]					
3	Operating Expenditures	Current Quarter (Q1 FY15) July, Aug., Sept. 2014	\$2.3	\$5.4	(\$3.1)	●
4		FY2015 Total July 2014-Sept. 2014	\$2.3	\$5.4	(\$3.1)	●
5		FFGA Financial Plan Oct. 16, 2009 - Sept. 2014	\$63.1	\$80.9	(\$17.8)	●
6		Inception* to Date Jan. 2007 - Sept. 2014	\$67.0	\$84.9	(\$17.8)	●
7	Capital Budget [Negative = below Plan]					
8	Capital Expenditures	Current Quarter (Q1 FY15) July, Aug., Sept. 2014	\$136.6	\$222.8	(\$86.2)	●
9		FY2015 Total July 2014-Sept. 2014	\$136.6	\$222.8	(\$86.2)	●
10		FFGA Financial Plan Oct. 16, 2009 - Sept. 2014	\$1,154.8	\$2,382.6	(\$1,227.8)	●
11		Inception* to Date Jan. 2007 - Sept. 2014	\$1,238.4	\$2,466.2	(\$1,227.8)	●
12	Revenues [Negative = below Plan]					
13	GET Collections					
14	Net GET Surcharge Receipts	Current Quarter (Q1 FY15) July, Aug., Sept. 2014	\$49.5	\$57.8	(\$8.3)	●
15		FY2015 Total July 2014-Sept. 2014	\$49.5	\$57.8	(\$8.3)	●
16		FFGA Financial Plan Oct. 16, 2009 - Sept. 2014	\$919.3	\$954.9	(\$35.6)	●
17		Inception* to Date Jan. 2007 - Sept. 2014	\$1,297.7	\$1,333.3	(\$35.6)	●
18	Federal Grants					
19	Federal Grant Funds New Starts \$5309 (Reimbursed)	Current Quarter (Q1 FY15) July, Aug., Sept. 2014	\$0	\$0	-0-	●
20		FY2015 Total July 2014-Sept. 2014	\$0	\$0	-0-	●
21		FFGA Financial Plan Oct. 16, 2009 - Sept. 2014	\$255.9	\$820.0	(\$564.1)	●
22	Federal Grant Funds \$5307 (Reimbursed)	Current Quarter (Q1 FY15) July, Aug., Sept. 2014	---	---	N/A	
23		FY2015 Total July 2014-Sept. 2014	---	---	N/A	
24		FFGA Financial Plan Oct. 16, 2009 - Sept. 2014	---	---	N/A	

For Current Quarter monitoring purposes: \$21.5M FY15 Total Budget/4 quarters = \$5.37M.
 The Plan numbers for Inception to Date and the Financial Plan = the FY12 to Q1 FY15 budgets + actual expenditures for fiscal years 2007 through 2011.
 *Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund which also includes expenditures for other City Departments (e.g., DPP for TOD expenditures, BFS and City Council which were paid with GET surcharge revenues).

Plan amounts are per the Full Funding Grant Agreement Financial Plan.
 *Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund.
 The Plan numbers for Inception to Date = the Plan amounts from 10/16/2009 to 09/30/2014 + actual expenditures for fiscal year 2007 through 10/15/2009.
 The expenditures for fiscal years 2007 to 2011 were reconciled to the expenditures reported in the Transit Fund included in the City's CAFR report.
 The "Current Quarter" and "FY15 Total" actual amounts are on a cash basis. All audit adjustments for the previous years are now reflected in the "FFGA Financial Plan" and "Inception to Date" actual amounts.
 Actual expenditure amounts continue to be below plan due to contractor work lagging and schedule of milestones billing. HART is working with contractors to ensure timely payment. The rebaselining of the Master Project Schedule was completed in summer 2014. Due to unfavorable bids for the West Side Station Group package, HART is re-examining the packaging in the original plan and revamping the schedule. This process will be completed in late 2014.

GET receipts are reported on a cash basis. The \$49M received in July 2014 is for the April-June 2014 quarter. The Current Quarter plan is based on annual reporting.
 \$3,291M = Total Net GET Surcharge revenue forecast for FYs 2010-2023. Actual amounts from inception are the collections from January 2007 to 07/31/2014. The \$1,333M Plan amount is equal to the Financial Plan amount of \$955M from the Project Start date of 10/16/2009 to 07/31/2014 plus \$378M collected prior to the Project Start Date.
 GET surcharge revenue collected prior to October 16, 2009 is included in the Financial Plan as beginning cash balance of \$298M (actual GET collections of \$378M before October 16, 2009, less expenditures of \$80M during that same period).
 *Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund.
 Status for the Current Quarter and FY2015 Total have changed from green to yellow.

Forecasted FTA receipts by fiscal years to 6/30/14 per the Plan are FY2011 - \$21M; FY2012 - \$99M; FY2013 - \$258M, FY2014-\$442M, Total \$820M.
 The FY2015 New Starts award is expected to be \$250M.
 The variance for FFGA Financial Plan indicates the available appropriation amount.
 Based on clarification received from FTA this quarter, HART will be submitting a request for FTA reimbursement in Q2 FY2015 for delay claim payments.

No \$5307 funds will be used in FY15.
 Total forecasted \$5307 funds per the plan is \$210M. The forecasted amounts by fiscal year are: FY16 - \$35M; FY17 - \$35M; FY18 - \$36M; FY19 - \$37M; FY20 - \$33M; FY21 - \$34M

Activity	Current Quarter (Q1 FY15)				Inception to Date				Comments and Legend	
	July, August, September 2014				January 2007 - September 2014					
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		
<p>For the remainder of the Balanced Scorecard, reporting will be based on Current Quarter and Inception to Date data.</p>										
25	Project Budget									
26	FFGA Baseline Project Budget	N/A	N/A	N/A	○	\$5,122	\$5,122	N/A	●	\$M FFGA Baseline Project Budget (including contingencies and FTA-eligible finance charges), in accordance with FTA New Starts project guidelines.
27	Committed (\$)	\$90	---	---	●	\$2,890	\$4,308	(\$1,418)	●	\$M Total Committed (awarded Contract Values + approved Change Orders) this quarter and to date vs. the current Total FFGA Project Budget, excluding remaining contingencies and finance charges. The contract awards have been shifted to future years due to AIS delays and the repackaging of contracts. A new baseline budget is being created. HART is implementing mitigation measures to maintain a late 2019 full revenue service date.
28	Committed (%)	2.1%	---	---	●	67.1%	---	N/A	●	% \$M Committed of the Inception to Date current Plan FFGA Project Budget, excluding contingencies and finance charges.
29	Incurred (\$M)	\$127	---	---	●	\$1,170	\$4,308	(\$3,138)	●	\$M Incurred (Expenditures + approved Requests for Payment) this quarter and to date vs. the current Total FFGA Project Budget, excluding remaining contingencies and finance charges. The plan is based on the original program cost curve issued in 2009 and is projected to be rebaselined in early 2015. HART is implementing mitigation measures to maintain a late 2019 full revenue service date. The amounts reflected are due in part to the construction delays.
30	Incurred (%)	3%	---	---	●	27%	---	---	●	% \$M Incurred (Expenditures + approved Requests for Payment) of the Inception to Date current Plan FFGA Project Budget, excluding contingencies and finance charges.
31	Direct Cost of Delay Due to Supreme Court Decision to Date	\$0.0	\$0.0	(\$0.0)	●	\$31.4	\$35.1	(\$3.7)	●	Direct costs incurred in \$M from AIS delay. Direct costs include equipment, manpower and subcontractor costs. Costs are already included in the incurred section above, not in addition to. Direct costs of the delay due to the Supreme Court decision were originally estimated at \$36.2M through September 2013. Actual amounts are through June 2014.
32	Escalation Costs Related to Supreme Court Decision to Date	\$0.0	N/A	N/A	●	\$0.0	N/A	N/A	●	Escalation value to be determined based on actual costs incurred.
33	Total Cost of Delay Due to Supreme Court Decision to Date	\$0.0	\$0.0	(\$0.0)	●	\$31.4	\$35.1	(\$3.7)	●	Actual and plan amounts are through June 2014.
34	Estimate at Completion (EAC)	N/A	N/A	N/A	●	\$5,122	\$5,122	N/A	●	\$M current vs. planned Estimate at Completion (EAC = contract values as budgeted or awarded + executed change orders + pending and potential changes).
35	Contingency									
36	Allocated Cost Contingency	(\$14)	N/A	N/A	●	\$483	\$542	(\$59)	●	Current Quarter = Allocated Project Contingency debited or credited for the quarter, Inception to Date = Current Budget Allocated Project Contingency vs. the Baseline Budget Allocated Project Contingency
37	Unallocated Cost Contingency	\$1	N/A	N/A	●	\$67	\$102	(\$35)	●	Current Quarter = Unallocated Project Contingency debited or credited for the quarter, Inception to Date = Current Budget Unallocated Project Contingency vs. the Baseline Budget Unallocated Contingency
38	Total Project Cost Contingency = Allocated + Unallocated	(\$13)	N/A	N/A	●	\$550	\$644	(\$94)	●	See the HART Monthly Progress Report for more detailed information on contingency. Current Quarter = Total Project Contingency usage, Inception to Date = Current Budget Project Contingency value vs. Baseline Budget Project Contingency The status is green because the Inception to Date actual number is above the FFGA minimum buffer value of \$424M.
39	Schedule Contingency	20	20	-0-	●	20	20	-0-	●	# Months Total Buffer Float used vs. planned in the Draft FFGA Risk and Contingency Management Plan [RCMP], June 2012 (Table 6-2). HART is still on track to maintain the 2019 full revenue service date.
40	PROJECT DELIVERY - OVERALL									
41	Overall Progress [Positive = ahead of Late Plan; Negative = behind Late Plan]									
42	Overall Project Progress Completed	2.4%	3.6%	(1.2%)	●	27.4%	30.7%	(3.3%)	●	% Complete of Final Design and Construction contracts (FD, DBB-DBOM design levels-of-effort and DB, DBB, DBOM and E/E construction) actual vs. late plan. Revised project schedules for WOFH, MSF and KHG have been incorporated into the overall project progress curve and the interim opening will likely be 2018. HART has canceled the solicitation to build the first nine rail stations. The bids received came in higher than HART had budgeted. HART plans to repackage the original contract into three smaller contracts.
43	Overall Design Progress Completed	2.4%	5.1%	(2.7%)	●	79.4%	80.7%	(1.3%)	●	% Complete of Final Design contracts & DB-DBOM design levels-of-effort actual vs. late plan. Design is progressing satisfactorily in support of the planned bid dates. The design progress schedule has been rebaselined and the interim opening will likely be 2018. Due to bids coming in higher than HART had budgeted, HART has canceled the solicitation to build the first nine rail stations. Value Engineering and design modifications will be performed. Status for the Current Quarter and Inception to Date have changed from green to yellow.
44	Overall Construction Progress Completed	3.0%	4.8%	(1.8%)	●	19.2%	23.1%	(3.9%)	●	% Completion of Construction (DB, DBB, DBOM & E/E) contracts vs. planned. The construction progress schedule has been rebaselined and includes revised project schedules for WOFH, MSF and KHG DB contracts. HART has canceled the solicitation to build the first nine rail stations due to the bids coming in higher than HART had budgeted. HART plans to repackage the original contract into three smaller contracts. The change will likely delay by one year the planned opening of the first ten miles of the rail system between Aloha Stadium and east Kapolei.

	Activity	Current Quarter (Q1 FY15)				Inception to Date				Comments and Legend
		July, August, September 2014				January 2007 - September 2014				● On track or ahead of plan. ● Immediate attention needed; Requires recovery/resolution. ● Monitoring. No current target/activity to date; Action pending. ● Monitoring; Requires special attention. N/A Not Applicable. TBD To be determined. New Balanced Scorecard items are shaded in blue for ease of identification. Status color changes are shaded in yellow.
		Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
45	Contracts Awarded									
46	Total Number of Contracts Awarded	2	3	(1)	●	38	39	(1)	●	The plan numbers are based off of the FTA Full Funding Grant Agreement Contract Packaging Plan (CPP) contracts. Contracts awarded: On-Call Construction Contractor and Airport Section Seven (7) Piers Construction Contract. Pending (not awarded yet): Westside Stations Group Construction Contract. Note: HART has canceled the solicitation for the Westside Stations Group Construction Contract due to the bids coming in higher than budgeted. HART plans to repackage the original contract into three smaller contracts. The change will likely delay the interim opening by one year. Status for the Current Quarter and Inception to Date have changed from green to yellow. \$M Awarded. Variance includes contingency. HART has canceled the solicitation for the Westside Stations Group Construction Contract due to the bids coming in higher than budgeted. HART plans to repackage the original contract into three smaller contracts in order to reduce risk to the contractors and thereby reduce costs. For a full list of contracts awarded, please see the HART Monthly Progress Report. Status for the Current Quarter and Inception to Date have changed from green to yellow.
47	Total Value of Contracts Awarded	\$4.97	\$188.97	(\$184.0)	●	\$3,173.77	\$3,424.17	(\$250.4)	●	
48	Change Orders									
49	Change Orders (#)	21	N/A	N/A	●	147	N/A	N/A	●	# Change Orders executed this quarter (13 Final Design and 8 Construction). These change orders reflect the Notice to Proceed and AIS delays.
50	Change Orders (\$)	\$12.9	N/A	N/A	●	\$319.3	N/A	N/A	●	\$M Change Orders executed this quarter (\$0.9M Final Design and \$12M Construction). These change orders are reducing our allocated, unallocated and known contingency. The most significant changes during the first quarter were \$3.4M (DB-120) for Insurance Coverage Rqmts 2014, \$1.4M (DB-320) Insurance Coverage Rqmts 9/1/13-6/30/14, \$2.7M (DB-120) Standard Specification Revision 2.0, and \$1.8M (DB-320) Delay in issuance of NTP 2 and 3.
51	Claims									
52	Claims Filed	0	0	N/A	○	0	0	N/A	○	# Claims filed vs. anticipated.
53	Claims Resolved	0	0	N/A	○	0	0	N/A	○	# Claims resolved vs. filed.
54	Agreements*									
55	Utility Agreements - Engineering Services	0	1	(1)	●	28	29	(1)	●	*Inception to Date Plan numbers vary each quarter due to advancement of design. Inception to Date Plan = total number of agreements planned for the project WOFH - all 9 agreements executed. KHG - all 10 agreements executed. KHG/Airport/City Center - 1 agreement executed. Airport/City Center - 8 of the 9 agreements executed. The status for the overall progress is green because the only agreement needed is in the Airport/City Center areas and it does not impede current construction.
56	Utility Agreements - Construction Agreement	1	4	(3)	●	12	26	(14)	●	Inception to Date Plan = total number of agreements planned for the project WOFH - 6 out of 8 agreements executed. KHG - 5 out of 6 agreements executed. Airport - 1 of the 4 planned are executed. City Center - 0 of the 8 planned are executed.
57	Total Utility Agreements	1	5	(4)	●	40	55	(15)	●	Inception to Date Plan = total number of agreements planned for the project WOFH - 2 agreements of 17 outstanding. KHG - 1 agreement of 16 outstanding. KHG/Airport/City Center ESA - 1 agreement planned/executed. Airport/City Center ESA - 8 of 9 agreements executed. Airport Construction- 1 agreement executed (4 agreements planned). City Center Construction- 0 agreements executed (8 agreements planned). The status is based on the potential for construction to be delayed.
58	HDOT Master Agreements/Joint Use & Occupancy	0	0	-0-	●	2	2	0	●	Inception to Date Plan = total number of agreements planned for the project WOFH and a combined Master Agreement for KHG, Airport and City Center sections are executed.

Project Progress (continued)

	Activity	Current Quarter (Q1 FY15)				Inception to Date				Comments and Legend On track or ahead of plan. Immediate attention needed; Requires recovery/resolution. Monitoring. No current target/activity to date; Action pending. Monitoring; Requires special attention. N/A Not Applicable. TBD To be determined. New Balanced Scorecard items are shaded in blue for ease of identification. Status color changes are shaded in yellow.
		July, August, September 2014				January 2007 - September 2014				
		Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
59	Other Agreements	0	5	(5)		10	21	(11)		Inception to Date Plan = total number of agreements planned for the project Agreements needed for the project (bold, red items are high priority agreements): WOFH, KHG, City Center: -University of Hawaii Master Agreement WOFH: -Leeward Community College Pre-Construction Right of Entry Agreement -- COMPLETED -Leeward Community College Construction Right of Entry Agreement -UH West Oahu Pre-Construction Right of Entry Agreement -- COMPLETED -Department of Land and Natural Resources -- COMPLETED -Department of Education Master Agreement and Consent to Construct -- COMPLETED -D.R. Horton Agreement for Construction -- COMPLETED -DHHL MOU -- COMPLETED -DHHL Consent to Construct -- COMPLETED -DHHL License or Property Transfer (near completion) KHG: -UH Urban Garden Pre-Construction Right of Entry Agreement -- COMPLETED -UH Urban Garden Construction Right of Entry Agreement -Aloha Stadium/Department of Accounting & General Services (DAGS) -- COMPLETED -Aloha Stadium Construction Right of Entry Agreement Airport: -U.S. Navy/General Services Administration (GSA) -U.S. Post Office Honolulu Processing Center City Center: -Honolulu Community College (HCC) Pre-Construction Right of Entry Agreement -- COMPLETED -HCC Construction Right of Entry Agreement -Federal Court House/GSA -Hawaii Community Development Agreement -DAGS The status is based on the agreements needed for WOFH and KHG, which could impact ongoing construction.
60	Real Estate/Right-of-Way (ROW)									
61	Acquisitions*									
62	WOFH Full Acquisitions	0	0	-0-		14	14	-0-		*Inception to Date Plan numbers vary each quarter due to advancement of design; Actual numbers are based on property availability for construction. Data is provided by the Real Estate Acquisition Database (READ) Inception to Date Plan = total number needed for project HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties.
63	WOFH Partial Acquisitions	0	3	(3)		3	6	(3)		Inception to Date Plan = total number needed for project Finalizing agreements for two partial acquisitions. In escrow on West Loch Station property. HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties.
64	Summary WOFH Acquisitions (Full + Partial)	0	3	(3)		17	20	(3)		Inception to Date Plan = total number needed for project HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties.
65	KHG Full Acquisitions	0	1	(1)		2	3	(1)		Inception to Date Plan = total number needed for project HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties.
66	KHG Partial Acquisitions	0	0	-0-		3	3	-0-		Inception to Date Plan = total number needed for project The contractor has access to all of the properties, but the acquisitions are not fully achieved as eminent domain on one partial is proceeding through the courts and two parcels require special attention or eminent domain action. HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties. Status for the Current Quarter and Inception to Date have changed from orange to red.
67	Summary KHG Acquisitions (Full + Partial)	0	1	(1)		5	6	(1)		Inception to Date Plan = total number needed for project HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties. Status for the Current Quarter and Inception to Date have changed from orange to red.

Project Progress (continued)

	Activity	Current Quarter (Q1 FY15)				Inception to Date				Comments and Legend  On track or ahead of plan.  Immediate attention needed; Requires recovery/resolution.  Monitoring.  No current target/activity to date; Action pending.  Monitoring; Requires special attention. N/A Not Applicable. TBD To be determined.  New Balanced Scorecard items are shaded in blue for ease of identification.  Status color changes are shaded in yellow.
		July, August, September 2014				January 2007 - September 2014				
		Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
68	Airport Full Acquisitions	0	1	(1)		1	5	(4)		Inception to Date Plan = total number needed for project The one full acquisition received right-of-entry, but requires eminent domain to clear title. Relocations remain on other Airport properties (Waiwai Loop). HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties. Status for the Current Quarter and Inception to Date have changed from yellow to orange.
69	Airport Partial Acquisitions	0	4	(4)		1	8	(7)		Inception to Date Plan = total number needed for project Four parcels in appraisal process. One parcel needs resolution or eminent domain action. HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties.
70	Summary Airport Acquisitions (Full + Partial)	0	5	(5)		2	13	(11)		Inception to Date Plan = total number needed for project HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties.
71	City Center Full Acquisitions	1	13	(12)		4	20	(16)		Inception to Date Plan = total number needed for project Appraising properties and advancing offers. HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties.
72	City Center Partial Acquisitions	0	70	(70)		0	79	(79)		Inception to Date Plan = total number needed for project Appraising properties and advancing offers. HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties.
73	Summary City Center Acquisitions (Full + Partial)	1	83	(82)		4	99	(95)		Inception to Date Plan = total number needed for project Appraising properties and advancing offers. HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties.
74	Expenditures for Full Acquisitions	N/A	N/A	N/A		\$56.2	\$61.9	(\$5.7)		\$M in expenditures.
75	Easements*	*Inception to Date Plan numbers vary each quarter due to advancement of design; Actual numbers are based on property availability for construction. Data is provided by the Real Estate Acquisition Database (READ)								
76	WOFH Easements	0	8	(8)		7	15	(8)		Inception to Date Plan = total number needed for project HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties.
77	KHG Easements	0	2	(2)		3	5	(2)		Inception to Date Plan = total number needed for project HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties.
78	Airport Easements	1	13	(12)		24	40	(16)		Inception to Date Plan = total number needed for project Easements in process of being appraised by Navy by the end of 2014. HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties.
79	City Center Easements	0	31	(31)		2	33	(31)		Inception to Date Plan = total number needed for project HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties.
80	Summary Easements	1	54	(53)		36	93	(57)		Inception to Date Plan = total number needed for project HART is implementing a recovery plan which includes adding acquisition and relocation agents to help accelerate right-of-way efforts. HART is also seeking approval from the FTA to utilize possession and use agreements in an effort to promptly obtain construction access to properties.
81	Safety									
82	HART OSHA Reportable Injuries	0	0	-0-		0	0	-0-		HART # Occupational Safety and Health Agency (OSHA) Reportable Injuries to date. Reportable incidents, requiring OSHA to be notified within 8 hours, include the death of an employee or hospitalization of three or more employees. For additional information on recordable incidents, please see the HART Monthly Progress Report.
83	Contractor OSHA Reportable Injuries	0	0	-0-		0	0	-0-		Contractor's # Occupational Safety and Health Agency (OSHA) Reportable Injuries to date. Reportable incidents, requiring OSHA to be notified within 8 hours, include the death of an employee or hospitalization of three or more employees. For additional information on recordable incidents, please see the HART Monthly Progress Report.

Project Progress (continued)

	Activity	Current Quarter (Q1 FY15)				Inception to Date				Comments and Legend ● On track or ahead of plan. ● Immediate attention needed; Requires recovery/resolution. ● Monitoring. ○ No current target/activity to date; Action pending. ● Monitoring; Requires special attention. N/A Not Applicable. TBD To be determined. New Balanced Scorecard items are shaded in blue for ease of identification. Status color changes are shaded in yellow.
		July, August, September 2014				January 2007 - September 2014				
		Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
84	Quality Assurance (QA)									
85	Completion of QA Audits	9	6	+3	●	58	52	+6	●	# QA Audits of HART, consultants, contractors and suppliers completed vs. planned.
86	Successful Closure of Design NCRs	8	0	+8	●	26	26	-0-	●	# Design Non-Conformance Reports (NCRs) closed vs. issued. For more information on NCRs, please see the HART Monthly Progress Report. Status for the Current Quarter and Inception to Date have changed from yellow to green.
87	Successful Closure of Construction NCRs	43	42	+1	●	209	240	(31)	●	# Construction NCRs closed vs. issued. For more information on NCRs, please see the HART Monthly Progress Report.
88	Economic Multipliers [Negative = below plan]									
89	DBE Participation (%)	0.17%	0.13%	+0.04%	●	1.09%	13%	(11.91%)	●	% actual vs. target participation rate of Disadvantaged Business Enterprises (DBE) to date since September 24, 2007. The planned DBE participation rate is an overall project goal.
90	DBE Participation (\$)	\$2.93	\$2.29	+\$0.64	●	\$19.16	\$229	(\$209.84)	●	\$M actual vs. target participation of DBE to date since September 24, 2007. The planned DBE participation rate is an overall project goal.
91	PERSONNEL									
92	HART Staffing Level	5	0	+5	●	129	139	(10)	●	# Current HART Full-Time Equivalents (FTEs) vs. planned positions in the FY15 Operating Budget. There are currently 129 FTEs onboard. This includes 105 City employees and 24 Project Management Support Consultant (PMSC) employees. The actual number reported in "Current Quarter" reflects all new hires for the quarter. The "Inception to Date" numbers reflect the total number of employees onboard as of September 30, 2014.
93	Direct Project Jobs Created	---	---	---	○	1,326	---	---	○	# Direct project jobs created. Actual number reflects input from all contractors and a calculated count for all agencies supporting HART's activities.
94	Transit-Oriented Development (TOD) Planning*									
95	City Department of Planning and Permitting Draft TOD Plans	0	0	N/A	●	10	14	N/A	●	*TOD planning is being overseen by the city Department of Planning and Permitting and the HCDA City Department of Planning and Permitting (DPP) is responsible for TOD plans for 19 of the 21 stations. A total of 10 stations have Draft TOD neighborhood plans at this time. DPP started developing Draft TOD plans for the remaining 4 stations: Pearl Harbor Naval Base, Airport, Lagoon Drive and Aloha Stadium. The Ala Moana TOD plan is currently under public review. The remaining Draft TOD plans will be sent to City Council for review and adoption during the first and second quarters of 2015. In the interim, the Legislature has adopted Bill 71 Land Use Ordinance (LUO) Amendment Relating to Interim Plan Development Permits for TOD, which will allow for negotiations on TOD projects as per the Draft TOD plans before zoning is in place.
96	Hawai'i Community Development Authority Draft TOD Overlay Plan	0	0	N/A	●	2	2	N/A	●	HCDA developed a Draft TOD Overlay Plan for the areas around Kaka'ako and Civic Center Stations. It will be finalized in the Kaka'ako Environmental Impact Statement.
97	Stations with Final TOD Plans	3	0	N/A	●	5	5	N/A	●	The Waipahu Neighborhood TOD plan (Waipahu and West Loch Stations) and Aiea Pearl City TOD plan (LCC, Pearl Highlands and Pearlridge Stations) have been adopted.
98	Total Stations with Draft or Final TOD Plans	3	0	N/A	●	17	21	N/A	●	TOD plans are being created for 21 stations.
99	HART TOD Stakeholder Group	0	---	N/A	●	2	---	N/A	●	# of meetings held in 2014. Established in 2013, the TOD Stakeholder Group includes representatives from city, state, and private sector entities and organizations.
100	PUBLIC OUTREACH									
101	Build a Social Media Community	142	---	N/A	●	2,509	---	N/A	●	# of unique Facebook followers.
102	Proactive Community Outreach: Neighborhood Board Meetings	32	---	N/A	●	916	---	N/A	●	# Neighborhood Board Meetings in which HART has participated to date since 2006.
103	Proactive Community Outreach: Presentations/Events	56	---	N/A	●	1,704	---	N/A	●	# Events in which HART has participated to date since 2006.
104	SERVICE DELIVERY									
105	Fare Collection System				○				○	TBD in FY15.
106	Bus-Rail Integration Plan				○				○	In April 2014, Bus-Rail Integration Plans were issued. The plans are subject to change and do not reflect operating costs.
107	HART Operating Organization Plan				○				○	TBD
108	HART Service Policy/Standards				○				○	TBD
109	LIVABILITY									
110	HART Sustainability Policy				○				○	TBD

Activity						Time Period						Actual						Plan						Variance						Status						Comments and Legend											
												● On track or ahead of plan.												● Immediate attention needed; Requires recovery/resolution.																							
												● Monitoring.												○ No current target/activity to date; Action pending.																							
												● Monitoring; Requires special attention.												N/A Not Applicable.												TBD To be determined.											
												■ New Balanced Scorecard items are shaded in blue for ease of identification.												■ Status color changes are shaded in yellow.																							

For Project Finances, reporting will be based on Current Quarter, Fiscal Year, FFGA Financial Plan and Inception to Date data as appropriate.

1 Project Finances												
2 Operating Budget [Negative = below Plan]												
Financials	Operating Expenditures	3 Current Quarter (Q4 FY14) Apr., May, Jun. 2014		\$5	\$5	(\$0)	●	<p>For Current Quarter monitoring purposes: \$20.9M Total Budget/4 quarters = \$5.23M.</p> <p>The Plan numbers for Inception to Date and the Financial Plan = the FY12 + FY13 + FY14 budgets + actual expenditures for fiscal years 2007 through 2011.</p> <p>*Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund which also includes expenditures for other City Departments (e.g., DPP for TOD expenditures, BFS and City Council which were paid with GET surcharge revenues).</p>				
		4 FY2014 Total July 2013-June 2014		\$16	\$21	(\$5)	●					
		5 FFGA Financial Plan October 16, 2009 - June 2014		\$60	\$75	(\$15)	●					
		6 Inception* to Date January 2007 - June 2014		\$64	\$79	(\$15)	●					
7 Capital Budget [Negative = below Plan]												
Financials	Capital Expenditures	8 Current Quarter (Q4 FY14) Apr., May, Jun. 2014		\$67	\$222	(\$155)	●	<p>Plan amounts are per the Full Funding Grant Agreement Financial Plan.</p> <p>*Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund.</p> <p>The Plan numbers for Inception to Date = the Plan amounts from 10/16/2009 to 06/30/2014 + actual expenditures for fiscal year 2007 through 10/15/2009.</p> <p>The expenditures for fiscal years 2007 to 2011 were reconciled to the expenditures reported in the Transit Fund included in the City's CAFR report.</p> <p>The "Current Quarter" and "FY14 Total" actual amounts are on a cash basis. All audit adjustments for the previous years are now reflected in the "FFGA Financial Plan" and "Inception to Date" actual amounts.</p> <p>Actual expenditure amounts are below plan due to the suspension of construction which resumed in mid-September 2013 and some contractors have not submitted timely, approved invoices since February 2014. As a result of the construction delay, we are currently rebaselining the master project schedule and the plan will be readjusted in summer 2014.</p>				
		9 FY2014 Total July 2013-June 2014		\$244	\$858	(\$614)	●					
		10 FFGA Financial Plan October 16, 2009 - June 2014		\$1,018	\$2,160	(\$1,142)	●					
		11 Inception* to Date January 2007 - June 2014		\$1,102	\$2,243	(\$1,142)	●					
12 Revenues [Negative = below Plan]												
13 GET Collections												
Financials	Net GET Surcharge Receipts	14 Current Quarter (Q4 FY14) Apr., May, Jun. 2014		\$62	\$53	+\$8	●	<p>GET receipts are reported on a cash basis. The \$62M received in April 2014 is for the January - March 2014 quarter. The Current Quarter plan is based on annual reporting.</p> <p>\$3,291M = Total Net GET Surcharge revenue forecast for FYs 2010-2023. Actual amounts from inception are the collections from January 2007 to 04/30/2014. The \$1,276M Plan amount is equal to the Financial Plan amount of \$897M from the Project Start date of 10/16/2009 to 04/30/2014 plus \$378M collected prior to the Project Start Date.</p> <p>GET surcharge revenue collected prior to October 16, 2009 is included in the Financial Plan as beginning cash balance of \$298M (actual GET collections of \$378M before October 16, 2009, less expenditures of \$80M during that same period).</p> <p>*Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund.</p> <p>Per the Department of Taxation, the \$62M included a one-time adjustment of \$6M for prior period receipts that previously had not been reported.</p> <p>Status for the Current Quarter and FY2014 Total have changed from yellow to green.</p>				
		15 FY2014 Total July 2013-June 2014		\$219	\$214	+\$6	●					
		16 FFGA Financial Plan October 16, 2009 - June 2014		\$870	\$897	(\$27)	●					
		17 Inception* to Date January 2007 - June 2014		\$1,248	\$1,276	(\$27)	●					
18 Federal Grants												
Financials	Federal Grant Funds New Starts \$5309 (Reimbursed)	19 Current Quarter (Q4 FY14) Apr., May, Jun. 2014		\$13	\$250	(\$237)	●	<p>Forecasted FTA receipts by fiscal years to 6/30/14 per the Plan are FY2011 - \$21M; FY2012 - \$99M; FY2013 -\$258M, FY2014-\$442M, Total \$820M.</p> <p>The FY2014 New Starts appropriation is \$250M.</p> <p>The variance for FY2014 Total and FFGA Financial Plan indicate the available appropriation amounts.</p> <p>FTA reimbursements are behind plan for the following reasons: 1) delay in construction due to the suspension of construction; 2) delays and late submission of invoices by several key contractors; 3) delay claim payments that have not been submitted pending FTA review and approval.</p> <p>Status for the Current Quarter has changed from green to yellow.</p>				
		20 FY2014 Total July 2013-June 2014		\$112	\$442	(\$330)	●					
		21 FFGA Financial Plan October 16, 2009 - June 2014		\$256	\$820	(\$564)	●					
Financials	Federal Grant Funds \$5307 (Reimbursed)	22 Current Quarter (Q4 FY14) Apr., May, Jun. 2014		---	---	N/A		<p>No \$5307 funds will be used in FY14.</p> <p>Total forecasted \$5307 funds per the plan is \$210M. The forecasted amounts by fiscal year are: FY16 - \$35M; FY17 - \$35M; FY18 - \$36M; FY19 - \$37M; FY20 - \$33M; FY21 - \$34M</p>				
		23 FY2014 Total July 2013-June 2014		---	---	N/A						
		24 FFGA Financial Plan October 16, 2009 - June 2014		---	---	N/A						

Activity	Current Quarter (Q4 FY14)				Inception to Date				Comments and Legend	
	April, May, June 2014				January 2007 - June 2014					
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		
For the remainder of the Balanced Scorecard, reporting will be based on Current Quarter and Inception to Date data.										
25	Project Budget									
26	FFGA Baseline Project Budget	N/A	N/A	N/A	○	\$5,122	\$5,122	N/A	●	\$M FFGA Baseline Project Budget (including contingencies and FTA-eligible finance charges), in accordance with FTA New Starts project guidelines.
27	Committed (\$)	\$102	---	---	●	\$2,800	\$4,308	(\$1,507)	●	\$M Total Committed (awarded Contract Values + approved Change Orders) this quarter and to date vs. the current Total FFGA Project Budget, excluding remaining contingencies and finance charges. The contract awards have been shifted to future years due to AIS delays and the repackaging of contracts. A new baseline budget is being created. HART is still on track to maintain the March 30, 2019 full revenue service date.
28	Committed (%)	3.6%	---	---	●	65.0%	---	N/A	●	% \$M Committed of the Inception to Date current Plan FFGA Project Budget, excluding contingencies and finance charges.
29	Incurring (\$M)	\$138	---	---	●	\$1,043	\$4,308	(\$3,265)	●	\$M Incurred (Expenditures + approved Requests for Payment) this quarter and to date vs. the current Total FFGA Project Budget, excluding remaining contingencies and finance charges. The plan is based on the original program cost curve issued in 2009 and is projected to be rebaselined in summer 2014. HART is still on track to maintain the March 30, 2019 full revenue service date. The amounts reflected are due in part to the construction delays.
30	Incurring (%)	3%	---	---	●	24%	---	---	●	% \$M Incurred (Expenditures + approved Requests for Payment) of the Inception to Date current Plan FFGA Project Budget, excluding contingencies and finance charges.
31	Direct Cost of Delay Due to Supreme Court Decision to Date	\$0.0	\$0.0	(\$0.0)	●	\$31.4	\$35.1	(\$3.7)	●	Direct costs incurred in \$M from AIS delay. Direct costs include equipment, manpower and subcontractor costs. Costs are already included in the incurred section above, not in addition to. Direct costs of the delay due to the Supreme Court decision were originally estimated at \$36.2M through September 2013. Actual amounts are through June 2014.
32	Escalation Costs Related to Supreme Court Decision to Date	\$0.0	N/A	N/A	●	\$0.0	N/A	N/A	●	Escalation value to be determined based on actual costs incurred.
33	Total Cost of Delay Due to Supreme Court Decision to Date	\$0.0	\$0.0	(\$0.0)	●	\$31.4	\$35.1	(\$3.7)	●	Actual and plan amounts are through June 2014.
34	Estimate at Completion (EAC)	N/A	N/A	N/A	●	\$5,122	\$5,122	N/A	●	\$M current vs. planned Estimate at Completion (EAC = contract values as budgeted or awarded + executed change orders + pending and potential changes).
35	Contingency									
36	Allocated Cost Contingency	(\$22)	N/A	N/A	●	\$497	\$542	(\$45)	●	Current Quarter = Allocated Project Contingency debited or credited for the quarter, Inception to Date = Current Budget Allocated Project Contingency vs. the Baseline Budget Allocated Project Contingency
37	Unallocated Cost Contingency	(\$22)	N/A	N/A	●	\$66	\$102	(\$36)	●	Current Quarter = Unallocated Project Contingency debited or credited for the quarter, Inception to Date = Current Budget Unallocated Project Contingency vs. the Baseline Budget Unallocated Contingency
38	Total Project Cost Contingency = Allocated + Unallocated	(\$45)	N/A	N/A	●	\$563	\$644	(\$80)	●	See the HART Monthly Progress Report for more detailed information on contingency. Current Quarter = Total Project Contingency usage, Inception to Date = Current Budget Project Contingency value vs. Baseline Budget Project Contingency The status is green because the Inception to Date actual number is above the FFGA minimum buffer value of \$424M.
39	Schedule Contingency	20	20	-0-	●	20	20	-0-	●	# Months Total Buffer Float used vs. planned in the Draft FFGA Risk and Contingency Management Plan [RCMP], June 2012 (Table 6-2). HART is still on track to maintain the 2019 full revenue service date.
40	PROJECT DELIVERY - OVERALL									
41	Overall Progress [Positive = ahead of Late Plan; Negative = behind Late Plan]									
42	Overall Project Progress Completed	2.3%	3.5%	(1.2%)	●	25.0%	27.1%	(2.1%)	●	% Complete of Final Design and Construction contracts (FD, DBB-DBOM design levels-of-effort and DB, DBB, DBOM and E/E construction) actual vs. late plan. Revised project schedules for WOFH, MSF and KHG have been incorporated into the overall project progress curve and the interim opening will be 2017.
43	Overall Design Progress Completed	6.4%	6.4%	-0-	●	77.0%	75.6%	+1.4%	●	% Complete of Final Design contracts & DB-DBOM design levels-of-effort actual vs. late plan. Design is progressing satisfactorily in support of the planned bid dates. The design progress schedule has been rebaselined and the interim opening will be 2017.
44	Overall Construction Progress Completed	3.5%	4.6%	(1.1%)	●	16.2%	18.3%	(2.1%)	●	% Completion of Construction (DB, DBB, DBOM & E/E) contracts vs. planned. On 9/16/13, the temporary suspension of work for all ground-disturbing activities was lifted. The construction progress schedule has been rebaselined and includes revised project schedules for WOFH, MSF and KHG DB contracts. The interim opening will be 2017.
45	Contracts Awarded									
46	Total Number of Contracts Awarded	4	5	(1)	●	36	37	(1)	●	The plan numbers are based off of the FTA Full Funding Grant Agreement Contract Packaging Plan (CPP) contracts. Contracts awarded: Airport Section Utilities, Real Estate Mapping and Surveying, Safety and Security Support, Owner-Controlled Insurance Program (OCIP) Brokerage Services. Pending (not awarded yet): On-Call Construction Contractor. Variance includes savings from planned budget with contingency.
47	Total Value of Contracts Awarded	\$35.8	\$36.8	(\$1.0)	●	\$3,168.8	\$3,236.2	(\$67.4)	●	\$M Awarded. Note, CORE systems includes costs of O&M. Variance includes savings from planned budget with contingency. For a full list of contracts awarded, please see the HART Monthly Progress Report.
48	Change Orders									
49	Change Orders (#)	23	N/A	N/A	●	126	N/A	N/A	●	# Change Orders executed this quarter (3 Final Design, 2 Professional Services, 18 Construction). These change orders reflect the Notice to Proceed and AIS delays.
50	Change Orders (\$)	\$78.7	N/A	N/A	●	\$306.4	N/A	N/A	●	\$M Change Orders executed this quarter (\$3.1M Final Design, \$2M Professional Services, \$73.6M Construction). These change orders are reducing our allocated, unallocated and known contingency. The most significant changes during the fourth quarter were \$22.5M for CSC Consolidated Changes Construction for MSF DB (DB-200), \$20.9M for Delay of NTP 2,3,4 WOFH DB (DB-120), \$12.4M for Precast Yard Alternative Site for WOFH DB (DB-120), and \$10.1M for Amendment 1 Non-rail Escalation for MSF DB (DB-200).

	Activity	Current Quarter (Q4 FY14)				Inception to Date				<p>Comments and Legend</p> <p> ● On track or ahead of plan. ● Immediate attention needed; Requires recovery/resolution. ● Monitoring. No current target/activity to date; Action pending. ● Monitoring; Requires special attention. N/A Not Applicable. TBD To be determined. New Balanced Scorecard items are shaded in blue for ease of identification. Status color changes are shaded in yellow. </p>
		April, May, June 2014				January 2007 - June 2014				
		Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
51	Claims									
52	Claims Filed	0	0	N/A	○	0	0	N/A	○	# Claims filed vs. anticipated.
53	Claims Resolved	0	0	N/A	○	0	0	N/A	○	# Claims resolved vs. filed.
54	Agreements*									<i>*Inception to Date Plan numbers vary each quarter due to advancement of design.</i>
55	Utility Agreements - Engineering Services	0	1	(1)	●	28	29	(1)	●	Inception to Date Plan = total number of agreements planned for the project WOFH - all 9 agreements executed. KHG - all 10 agreements executed. KHG/Airport/City Center - 1 agreement executed. Airport/City Center - 8 of the 9 agreements executed. The status for the overall progress is green because the only agreements needed are in the Airport/City Center areas and they do not impede current construction.
56	Utility Agreements - Construction Agreement	2	4	(2)	●	11	26	(15)	●	Inception to Date Plan = total number of agreements planned for the project WOFH - 6 out of 8 agreements executed. KHG - 5 out of 6 agreements executed. Airport - 0 of the 4 planned are executed. City Center - 0 of the 8 planned are executed. The status is orange due to the agreements needed for WOFH and KHG, which could delay construction.
57	Total Utility Agreements	2	5	(3)	●	39	55	(16)	●	Inception to Date Plan = total number of agreements planned for the project WOFH - 2 agreements of 17 outstanding. KHG - 1 agreement of 16 outstanding. KHG/Airport/City Center ESA - 1 agreement planned/executed. Airport/City Center ESA - 8 of 9 agreements executed. Airport Construction - 0 agreements executed (4 agreements planned). City Center Construction - 0 agreements executed (8 agreements planned). The status is based on the potential for construction to be delayed.
58	HDOT Master Agreements/Joint Use & Occupancy	0	0	-0-	●	2	2	0	●	Inception to Date Plan = total number of agreements planned for the project WOFH and a combined Master Agreement for KHG, Airport and City Center sections are executed.
59	Other Agreements	0	5	(5)	●	10	20	(10)	●	Inception to Date Plan = total number of agreements planned for the project Agreements needed for the project (bold, red items are high priority agreements): WOFH, KHG, City Center: -University of Hawaii Master Agreement WOFH: -Leeward Community College Pre-Construction Right of Entry Agreement -- COMPLETED -Leeward Community College Construction Right of Entry Agreement -UH West Oahu Pre-Construction Right of Entry Agreement -- COMPLETED -Department of Land and Natural Resources -- COMPLETED -Department of Education Master Agreement and Consent to Construct -- COMPLETED -D.R. Horton Agreement for Construction -- COMPLETED -DHHL MOU -- COMPLETED -DHHL Consent to Construct -- COMPLETED -DHHL License or Property Transfer (near completion) KHG: -UH Urban Garden Pre-Construction Right of Entry Agreement -- COMPLETED -UH Urban Garden Construction Right of Entry Agreement -Aloha Stadium/Department of Accounting & General Services (DAGS) -- COMPLETED Airport: -U.S. Navy/General Services Administration (GSA) -U.S. Post Office Honolulu Processing Center City Center: -Honolulu Community College (HCC) Pre-Construction Right of Entry Agreement -- COMPLETED -HCC Construction Right of Entry Agreement -Federal Court House/GSA -Hawaii Community Development Agreement -DAGS The status is based on the agreements needed for WOFH and KHG, which could impact ongoing construction.

Project Progress (continued)

	Activity	Current Quarter (Q4 FY14)				Inception to Date				Comments and Legend  On track or ahead of plan.  Immediate attention needed; Requires recovery/resolution.  Monitoring.  No current target/activity to date; Action pending.  Monitoring; Requires special attention. N/A Not Applicable. TBD To be determined.  New Balanced Scorecard items are shaded in blue for ease of identification.  Status color changes are shaded in yellow.
		April, May, June 2014				January 2007 - June 2014				
		Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
60	Real Estate/Right-of-Way (ROW)									
61	Acquisitions*								<i>*Inception to Date Plan numbers vary each quarter due to advancement of design; Actual numbers are based on property availability for construction. Data is provided by the Real Estate Acquisition Database (READ)</i>	
62	WOFH Full Acquisitions	0	0	-0-		14	14	-0-		Inception to Date Plan = total number needed for project Consent to Construct received. Awaiting stipulated judgment and final order.
63	WOFH Partial Acquisitions	0	3	(3)		3	6	(3)		Inception to Date Plan = total number needed for project Finalizing agreements for two partial acquisitions. Negotiating settlement for West Loch Station property.
64	Summary WOFH Acquisitions (Full + Partial)	0	3	(3)		17	20	(3)		Inception to Date Plan = total number needed for project
65	KHG Full Acquisitions	0	0	-0-		2	3	(1)		Inception to Date Plan = total number needed for project All property is available to contractors.
66	KHG Partial Acquisitions	0	0	-0-		3	3	-0-		Inception to Date Plan = total number needed for project The contractor has access to all of the properties, but the acquisitions are not fully achieved as eminent domain on one partial is proceeding through the courts and two parcels require special attention or eminent domain action. Status for the Current Quarter and Inception to Date have changed from green to orange.
67	Summary KHG Acquisitions (Full + Partial)	0	0	-0-		5	6	(1)		Inception to Date Plan = total number needed for project Status for the Current Quarter and Inception to Date have changed from green to orange.
68	Airport Full Acquisitions	1	1	-0-		1	5	(4)		Inception to Date Plan = total number needed for project One full acquisition received right-of-entry. Relocations remain.
69	Airport Partial Acquisitions	0	1	(1)		1	6	(5)		Inception to Date Plan = total number needed for project Four parcels in appraisal process. One parcel needs resolution or eminent domain action.
70	Summary Airport Acquisitions (Full + Partial)	1	2	(1)		2	11	(9)		Inception to Date Plan = total number needed for project Status for the Current Quarter and Inception to Date have changed from yellow to orange.
71	City Center Full Acquisitions	1	14	(13)		3	16	(13)		Inception to Date Plan = total number needed for project Letters of intent sent. Appraisal and mapping started. Advancing all ROW acquisitions.
72	City Center Partial Acquisitions	0	70	(70)		0	70	(70)		Inception to Date Plan = total number needed for project Letters of intent sent. Appraisal and mapping started. Advancing all ROW acquisitions.
73	Summary City Center Acquisitions (Full + Partial)	1	84	(83)		3	86	(83)		Inception to Date Plan = total number needed for project Letters of intent sent. Appraisal and mapping started. Advancing all ROW acquisitions.
74	Expenditures for Full Acquisitions	N/A	N/A	N/A		\$55.2	\$60.4	(\$5.2)		\$M in expenditures.
75	Easements*								<i>*Inception to Date Plan numbers vary each quarter due to advancement of design; Actual numbers are based on property availability for construction. Data is provided by the Real Estate Acquisition Database (READ)</i>	
76	WOFH Easements	0	8	(8)		7	15	(8)		Inception to Date Plan = total number needed for project
77	KHG Easements	0	2	(2)		3	5	(2)		Inception to Date Plan = total number needed for project
78	Airport Easements	0	13	(13)		23	36	(13)		Inception to Date Plan = total number needed for project 15 easements in process of being appraised by Navy.
79	City Center Easements	0	36	(36)		2	38	(36)		Inception to Date Plan = total number needed for project Letters of intent sent. Appraisal and mapping started. Advancing all ROW acquisitions.
80	Summary Easements	0	59	(59)		35	94	(59)		Inception to Date Plan = total number needed for project
81	Safety									
82	HART OSHA Reportable Injuries	0	0	-0-		0	0	-0-		HART # Occupational Safety and Health Agency (OSHA) Reportable Injuries to date. Reportable incidents, requiring OSHA to be notified within 8 hours, include the death of an employee or hospitalization of three or more employees. For additional information on recordable incidents, please see the HART Monthly Progress Report.
83	Contractor OSHA Reportable Injuries	0	0	-0-		0	0	-0-		Contractor's # Occupational Safety and Health Agency (OSHA) Reportable Injuries to date. Reportable incidents, requiring OSHA to be notified within 8 hours, include the death of an employee or hospitalization of three or more employees. For additional information on recordable incidents, please see the HART Monthly Progress Report.
84	Quality Assurance (QA)									
85	Completion of QA Audits	3	3	-0-		49	46	+3		# QA Audits of HART, GEC, contractors and suppliers completed vs. planned.
86	Successful Closure of Design NCRs	5	11	(6)		18	26	(8)		# Design Non-Conformance Reports (NCRs) closed vs. issued. For more information on NCRs, please see the HART Monthly Progress Report.
87	Successful Closure of Construction NCRs	41	68	(27)		166	198	(32)		# Construction NCRs closed vs. issued. For more information on NCRs, please see the HART Monthly Progress Report.
88	Economic Multipliers [Negative = below plan]									
89	DBE Participation (%)	0.04%	0.13%	(0.09%)		0.92%	13%	(12.08%)		% actual vs. target participation rate of Disadvantaged Business Enterprises (DBE) to date since September 24, 2007. The planned DBE participation rate is an overall project goal.
90	DBE Participation (\$)	\$0.62	\$2.29	(\$1.67)		\$16.24	\$229	(\$212.76)		\$M actual vs. target participation of DBE to date since September 24, 2007. The planned DBE participation rate is an overall project goal.

Project Progress (continued)

Activity	Current Quarter (Q4 FY14)				Inception to Date				Comments and Legend		
	April, May, June 2014				January 2007 - June 2014						
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status			
91	PERSONNEL										
92	Workforce Development	HART Staffing Level	11	0	+11	●	131	139	(8)	●	# Current HART Full-Time Equivalents (FTEs) vs. planned positions in the FY14 Operating Budget. 131 current FTEs. This includes 109 City employees and 22 Project Management Support Consultant (PMSC) employees. The actual number reported in the Current Quarter reflects all new hires for the quarter. The Inception to Date numbers reflect the total number of employees currently onboard as of June 30, 2014.
93		Direct Project Jobs Created	----	----	----	○	1,238	----	----	○	
94	Transit-Oriented Development (TOD) Planning										
95	Partnerships	City Department of Planning and Permitting Draft TOD Plans	0	0	N/A	●	15	19	N/A	●	City Department of Planning and Permitting (DPP) is responsible for TOD plans for 19 of the 21 stations. A total of 15 stations have Draft TOD neighborhood plans at this time. DPP started developing Draft TOD plans for the remaining 3 stations: Pearl Harbor Naval Base, Airport and Lagoon Drive. Aloha Stadium's TOD planning is on hold until pending land ownership issues are resolved. Final TOD Plans are expected starting in the second quarter of 2014 through 2015. In the interim, the Legislature has adopted Bill 71 Land Use Ordinance (LUO) Amendment Relating to Interim Plan Development Permits for TOD, which will allow for negotiations on TOD projects as per the Draft TOD plans before zoning is in place.
96		Hawai'i Community Development Authority Draft TOD Overlay Plan	0	0	N/A	●	2	2	N/A	●	HCDA developed a Draft TOD Overlay Plan for the areas around Kaka'ako and Civic Center Station. It will be finalized in the Kaka'ako Environmental Impact Statement which is expected to be available in draft form in Q3 2014.
97		Total Stations with Draft TOD Plans	0	0	N/A	●	17	21	N/A	●	TOD plans are being created for 21 stations.
98		Stations with Final TOD Plans	2	0	N/A	●	2	21	N/A	●	The Waipahu Neighborhood TOD plan (Waipahu and West Loch Stations) is the first plan to be adopted in April 2014.
99	PUBLIC OUTREACH										
100	Customer Perspective	Build a Social Media Community	330	----	N/A	●	2,367	----	N/A	●	# of unique Facebook followers.
101		Proactive Community Outreach: Neighborhood Board Meetings	32	----	N/A	●	884	----	N/A	●	# Neighborhood Board Meetings in which HART has participated to date since 2006.
102		Proactive Community Outreach: Presentations/Events	68	----	N/A	●	1,648	----	N/A	●	# Events in which HART has participated to date since 2006.
103	SERVICE DELIVERY										
104	Fare Collection System				○					○	TBD in FY15.
105	Bus-Rail Integration Plan				○					○	TBD
106	HART Operating Organization Plan				○					○	TBD
107	HART Service Policy/Standards				○					○	TBD
108	LIVABILITY										
109	HART Sustainability Policy				○					○	TBD in FY14.
110	Transit-Oriented Development (TOD) Policy				○					○	TOD stakeholders group in development.

Activity	Time Period	Actual	Plan	Variance	Status	Comments and Legend
						<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>● On track or ahead of plan.</p> <p>● Monitoring.</p> <p>● Monitoring; Requires special attention.</p> <p> New Balanced Scorecard items are shaded in blue for ease of identification.</p> </div> <div style="width: 45%;"> <p>● Immediate attention needed; Requires recovery/resolution.</p> <p> No current target/activity to date; Action pending.</p> <p>N/A Not Applicable. TBD To be determined.</p> <p> Status color changes are shaded in yellow.</p> </div> </div>

For Project Finances, reporting will be based on Current Quarter, Fiscal Year, FFGA Financial Plan and Inception to Date data as appropriate.

1	Project Finances					
2	Operating Budget [Negative = below Plan]					
3	Operating Expenditures	Current Quarter (Q3 FY14) Jan., Feb., Mar. 2014	\$4	\$5	(\$1)	●
4		FY2014 Total July 2013-March 2014	\$11	\$16	(\$5)	●
5		FFGA Financial Plan October 16, 2009 - March 2014	\$55	\$70	(\$15)	●
6		Inception* to Date January 2007 - March 2014	\$59	\$74	(\$15)	●
<p>For Current Quarter monitoring purposes: \$20.9M Total Budget/4 quarters = \$5.23M. The Plan numbers for Inception to Date and the Financial Plan = the FY12 + FY13 + FY14 budgets + actual expenditures for fiscal years 2007 through 2011. *Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund which also includes expenditures for other City Departments (e.g., DPP for TOD expenditures, BFS and City Council which were paid with GET surcharge revenues).</p>						
7	Capital Budget [Negative = below Plan]					
8	Capital Expenditures	Current Quarter (Q3 FY14) Jan., Feb., Mar. 2014	\$103	\$233	(\$130)	●
9		FY2014 Total July 2013-March 2014	\$177	\$635	(\$458)	●
10		FFGA Financial Plan October 16, 2009 - March 2014	\$951	\$1,938	(\$987)	●
11		Inception* to Date January 2007 - March 2014	\$1,035	\$2,021	(\$986)	●
<p>Plan amounts are per the Full Funding Grant Agreement Financial Plan. *Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund. The Plan numbers for Inception to Date = the Plan amounts from 10/16/2009 to 03/31/2014 + actual expenditures for fiscal year 2007 through 10/15/2009. The expenditures for fiscal years 2007 to 2011 were reconciled to the expenditures reported in the Transit Fund included in the City's CAFR report. The "Current Quarter" and "FY14 Total" actual amounts are on a cash basis. All audit adjustments for the previous years are now reflected in the "FFGA Financial Plan" and "Inception to Date" actual amounts. Actual expenditure amounts are below plan due to the suspension of construction which was lifted in September 2013. As a result of the construction delay, we are currently rebaselining the master project schedule and the plan will be readjusted by spring of 2014.</p>						
12	Revenues [Negative = below Plan]					
13	GET Collections					
14	Net GET Surcharge Receipts	Current Quarter (Q3 FY14) Jan., Feb., Mar. 2014	\$43	\$54	(\$11)	●
15		FY2014 Total July 2013-March 2014	\$158	\$160	(\$3)	●
16		FFGA Financial Plan October 16, 2009 - March 2014	\$808	\$844	(\$36)	●
17		Inception* to Date January 2007 - March 2014	\$1,187	\$1,222	(\$36)	●
<p>GET receipts are reported on a cash basis. The \$43M received in January 2014 is for the October - December 2013 quarter. The Current Quarter plan is based on annual reporting. \$3,291M = Total Net GET Surcharge revenue forecast for FYs 2010-2023. Actual amounts from inception are the collections from January 2007 to 01/31/2014. The \$1,222M Plan amount is equal to the Financial Plan amount of \$844M from the Project Start date of 10/16/2009 to 01/31/2014 plus \$378M collected prior to the Project Start Date. GET surcharge revenue collected prior to October 16, 2009 is included in the Financial Plan as beginning cash balance of \$298M (actual GET collections of \$378M before October 16, 2009, less expenditures of \$80M during that same period). *Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund. Status for the Current Quarter and FY2014 Total have changed from green to yellow.</p>						
18	Federal Grants					
19	Federal Grant Funds New Starts \$5309 (Reimbursed)	Current Quarter (Q3 FY14) Jan., Feb., Mar. 2014	\$29	\$0	+\$29	●
20		FY2014 Total July 2013-March 2014	\$99	\$192	(\$93)	●
21		FFGA Financial Plan October 16, 2009 - March 2014	\$243	\$570	(\$327)	●
22	Federal Grant Funds \$5307 (Reimbursed)	Current Quarter (Q3 FY14) Jan., Feb., Mar. 2014	---	---	N/A	
23		FY2014 Total July 2013-March 2014	---	---	N/A	
24		FFGA Financial Plan October 16, 2009 - March 2014	---	---	N/A	
<p>There were no planned FTA reimbursements for Q3 FY14 per the financial plan. Forecasted FTA receipts by fiscal years to 6/30/14 per the Plan are FY2011 - \$21M; FY2012 - \$99M; FY2013 -\$258M, FY2014-\$442M, Total \$820M. The FY2014 New Starts appropriation is \$250M. The variance for FY2014 Total and FFGA Financial Plan indicate the available appropriation amounts. Reimbursement amounts are below plan due to the suspension of construction which reduced reimbursable project expenditures. Reimbursements will increase as construction activities increase in FY14. Status for the Current Quarter has changed from yellow to green. No \$5307 funds will be used in FY14. Total forecasted \$5307 funds per the plan is \$210M. The forecasted amounts by fiscal year are: FY16 - \$35M; FY17 - \$35M; FY18 - \$36M; FY19 - \$37M; FY20 - \$33M; FY21 - \$34M</p>						

Financials

Activity	Current Quarter (Q3 FY14)				Inception to Date				Comments and Legend	
	January, February, March 2014				January 2007 - March 2014					
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		
For the remainder of the Balanced Scorecard, reporting will be based on Current Quarter and Inception to Date data.										
25	Project Budget									
26	FFGA Baseline Project Budget	N/A	N/A	N/A	○	\$5,122	\$5,122	N/A	●	\$M FFGA Baseline Project Budget (including contingencies and FTA-eligible finance charges), in accordance with FTA New Starts project guidelines.
27	Committed (\$)	\$226	----	----	●	\$2,698	\$4,308	(\$1,610)	●	\$M Total Committed (awarded Contract Values + approved Change Orders) this quarter and to date vs. the current Total FTA Project Budget, excluding remaining contingencies and finance charges. The contract awards have been shifted to future years due to AIS delays and the repackaging of contracts. A new baseline budget is being created. HART is still on track to maintain the March 30, 2019 full revenue service date.
28	Committed (%)	8.4%	----	----	●	62.6%	----	N/A	●	% \$M Committed of the committed Baseline FFGA Project Budget.
29	Incurring (\$M)	\$63	----	----	●	\$905	\$4,308	(\$3,403)	●	\$M Incurred (Expenditures + approved Requests for Payment) this quarter and to date vs. the current Total FTA Project Budget, excluding remaining contingencies and finance charges. The plan is based on the original program cost curve issued in 2009 and is projected to be rebaselined in spring 2014. HART is still on track to maintain the March 30, 2019 full revenue service date. The amounts reflected are due in part to the construction delays.
30	Incurring (%)	1%	----	----	●	21%	----	----	●	% \$M Incurred (Expenditures + approved Requests for Payment) of the current Total FTA Project Budget, excluding remaining contingencies and finance charges.
31	Direct Cost of Delay Due to Supreme Court Decision to Date	\$1.0	\$4.7	(\$3.7)	●	\$31.4	\$35.1	(\$3.7)	●	Direct costs incurred in \$M from AIS delay. Direct costs include equipment, manpower and subcontractor costs. Costs are already included in the incurred section above, not in addition to. Direct costs of the delay due to the Supreme Court decision were originally estimated at \$36.2M through September 2013. Actual and plan amounts are through October 2013.
32	Escalation Costs Related to Supreme Court Decision to Date	\$0.0	N/A	N/A	●	\$0.0	N/A	N/A	●	Escalation value to be determined based on actual costs incurred.
33	Total Cost of Delay Due to Supreme Court Decision to Date	\$1.0	\$4.7	(\$3.7)	●	\$31.4	\$35.1	(\$3.7)	●	Actual and plan amounts are through October 2013.
34	Estimate at Completion (EAC)	N/A	N/A	N/A	●	\$5,122	\$5,122	N/A	●	\$M current vs. planned Estimate at Completion (EAC = contract values as budgeted or awarded + executed change orders + pending and potential changes).
35	Contingency									
36	Allocated Cost Contingency	\$6	N/A	N/A	●	\$519	\$542	(\$22)	●	Current Quarter = Allocated Project Contingency debited or credited for the quarter, Inception to Date = Current Budget Allocated Project Contingency vs. the Baseline Budget Allocated Project Contingency
37	Unallocated Cost Contingency	(\$4)	N/A	N/A	●	\$89	\$102	(\$13)	●	Current Quarter = Unallocated Project Contingency debited or credited for the quarter, Inception to Date = Current Budget Unallocated Project Contingency vs. the Baseline Budget Unallocated Contingency
38	Total Project Cost Contingency = Allocated + Unallocated	\$2	N/A	N/A	●	\$608	\$644	(\$35)	●	See the HART Monthly Progress Report for more detailed information on contingency. Current Quarter = Total Project Contingency usage, Inception to Date = Current Budget Project Contingency value vs. Baseline Budget Project Contingency The status is green because the Inception to Date actual number is above the FFGA minimum buffer value of \$424M.
39	Schedule Contingency	20	20	-0-	●	20	20	-0-	●	# Months Total Buffer Float used vs. planned in the Draft FFGA Risk and Contingency Management Plan [RCMP], June 2012 (Table 6-2). HART is still on track to maintain the 2019 full revenue service date.
40	PROJECT DELIVERY - OVERALL									
41	Overall Progress [Positive = ahead of Late Plan; Negative = behind Late Plan]									
42	Overall Project Progress Completed	1.7%	2.4%	(0.7%)	●	22.7%	23.6%	(0.9%)	●	% Complete of Final Design and Construction contracts (FD, DBB-DBOM design levels-of-effort and DB, DBB, DBOM and E/E construction) actual vs. late plan. Revised project schedules for WOFH, MSF and KHG have been incorporated into the overall project progress curve and the interim opening will be June 2017.
43	Overall Design Progress Completed	10.6%	9.7%	+0.9%	●	70.6%	69.2%	+1.4%	●	% Complete of Final Design contracts & DB-DBOM design levels-of-effort actual vs. late plan. Design is progressing satisfactorily in support of the planned bid dates. The design progress schedule has been rebaselined and the interim opening will be June 2017.
44	Overall Construction Progress Completed	3.5%	4.0%	(0.5%)	●	12.7%	13.7%	(1.0%)	●	% Completion of Construction (DB, DBB, DBOM & E/E) contracts vs. planned. On 9/16/13, the temporary suspension of work for all ground-disturbing activities was lifted. The construction progress schedule has been rebaselined and includes revised project schedules for WOFH, MSF and KHG DB contracts. The interim opening will be June 2017.
45	Contracts Awarded									
46	Total Number of Contracts Awarded	1	3	(2)	●	32	34	(2)	●	The plan numbers are based off of the FTA Full Funding Grant Agreement Contract Packaging Plan (CPP) contracts. Contracts awarded: Core Systems Support Services. Pending (not awarded yet): Safety and Security Support Services and Owner-Controlled Insurance Brokerage Services. Variance includes savings from planned budget with contingency.
47	Total Value of Contracts Awarded	\$43.9	\$52.7	(\$8.8)	●	\$3,133.0	\$3,199.4	(\$66.4)	●	\$M Awarded. Note, CORE systems includes costs of O&M. Variance includes savings from planned budget with contingency. For a full list of contracts awarded please see the HART Monthly Progress Report.
48	Change Orders									
49	Change Orders (#)	3	N/A	N/A	●	103	N/A	N/A	●	# Change Orders executed this quarter (3 Final Design). These change orders reflect the Notice to Proceed and AIS delays.
50	Change Orders (\$)	\$2.8	N/A	N/A	●	\$227.7	N/A	N/A	●	\$M Change Orders executed this quarter (\$2.8M Final Design). These change orders are reducing our allocated, unallocated and known contingency. The most significant amendment during the third quarter was \$2.3M for AIS suspension for Airport Section Guideway Utilities Final Design contract (FD-430).
51	Claims									
52	Claims Filed	0	0	N/A	○	0	0	N/A	○	# Claims filed vs. anticipated.
53	Claims Resolved	0	0	N/A	○	0	0	N/A	○	# Claims resolved vs. filed.

	Activity	Current Quarter (Q3 FY14)				Inception to Date				Comments and Legend On track or ahead of plan. Immediate attention needed; Requires recovery/resolution. Monitoring. No current target/activity to date; Action pending. Monitoring; Requires special attention. N/A Not Applicable. TBD To be determined. New Balanced Scorecard items are shaded in blue for ease of identification. Status color changes are shaded in yellow.
		January, February, March 2014				January 2007 - March 2014				
		Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
54	Agreements*								<i>*Inception to Date Plan numbers vary each quarter due to advancement of design.</i>	
55	Utility Agreements - Engineering Services	0	1	(1)	●	28	29	(1)	●	Inception to Date Plan = total number of agreements planned for the project WOFH - all 9 agreements executed. KHG - all 10 agreements executed. KHG/Airport/City Center - only 1 agreement executed. Airport/City Center - 8 of the 9 agreements executed. The status for the overall progress is green because the only agreements needed are in the Airport/City Center areas and they do not impede current construction.
56	Utility Agreements - Construction Agreement	0	8	(8)	●	9	29	(20)	●	Inception to Date Plan = total number of agreements planned for the project WOFH - 6 out of 8 agreements executed. KHG - 3 out of 6 agreements executed. Airport - 0 of the 7 planned are executed. City Center - 0 of the 8 planned are executed. The status is orange due to the agreements needed for WOFH and KHG, which could delay construction.
57	Total Utility Agreements	0	9	(9)	●	37	58	(21)	●	Inception to Date Plan = total number of agreements planned for the project WOFH - 2 agreements of 17 outstanding. KHG - 3 agreements of 16 outstanding. KHG/Airport/City Center ESA - Only 1 agreement planned/executed. Airport/City Center ESA - 8 of 9 agreements executed. Airport Construction- no agreements executed (7 agreements planned). City Center Construction- no agreements executed (8 agreements planned). The status is based on the potential for construction to be delayed.
58	HDOT Master Agreements/Joint Use & Occupancy	0	0	-0-	●	2	2	0	●	Inception to Date Plan = total number of agreements planned for the project WOFH and a combined Master Agreement for KHG, Airport and City Center sections are executed.
59	Other Agreements	0	5	(5)	●	10	20	(10)	●	Inception to Date Plan = total number of agreements planned for the project Agreements needed for the project (bold, red items are high priority agreements): WOFH, KHG, City Center: -University of Hawaii Master Agreement WOFH: -Leeward Community College Pre-Construction Right of Entry Agreement -- COMPLETED -Leeward Community College Construction Right of Entry Agreement -UH West Oahu Pre-Construction Right of Entry Agreement -- COMPLETED -Department of Land and Natural Resources -- COMPLETED -Department of Education Master Agreement and Consent to Construct -- COMPLETED -D.R. Horton Agreement for Construction -- COMPLETED -DHHL MOU -- COMPLETED -DHHL Consent to Construct -- COMPLETED -DHHL License or Property Transfer (near completion) KHG: -UH Urban Garden Pre-Construction Right of Entry Agreement -- COMPLETED -UH Urban Garden Construction Right of Entry Agreement -Aloha Stadium/Department of Accounting & General Services (DAGS) -- COMPLETED Airport: -U.S. Navy/General Services Administration (GSA) -U.S. Post Office Honolulu Processing Center City Center: -Honolulu Community College (HCC) Pre-Construction Right of Entry Agreement -- COMPLETED -HCC Construction Right of Entry Agreement -Federal Court House/GSA -Hawaii Community Development Agreement -DAGS The status is based on the agreements needed for WOFH and KHG, which could impact ongoing construction.

Project Progress (continued)

Activity	Current Quarter (Q3 FY14)				Inception to Date				Comments and Legend	
	January, February, March 2014				January 2007 - March 2014				● On track or ahead of plan. ● Immediate attention needed; Requires recovery/resolution. ● Monitoring. ○ No current target/activity to date; Action pending. ● Monitoring; Requires special attention. N/A Not Applicable. TBD To be determined.	
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		 New Balanced Scorecard items are shaded in blue for ease of identification. Status color changes are shaded in yellow.
60	Real Estate/Right-of-Way (ROW)									
61	<i>Acquisitions*</i> *Inception to Date Plan numbers vary each quarter due to advancement of design; Actual numbers are based on property availability for construction.									
62	WOFH Full Acquisitions	0	0	-0-	●	14	14	-0-	●	Inception to Date Plan = total number needed for project Consent to Construct received. Awaiting stipulated judgment and final order.
63	WOFH Partial Acquisitions	0	3	(3)	●	3	6	(3)	●	Inception to Date Plan = total number needed for project Finalizing agreements for two partial acquisitions. Offer made for one partial acquisition for West Loch Station.
64	<i>Summary WOFH Acquisitions (Full + Partial)</i>	0	3	(3)	●	17	20	(3)	●	<i>Inception to Date Plan = total number needed for project</i>
65	KHG Full Acquisitions	0	0	-0-	●	3	3	-0-	●	Inception to Date Plan = total number needed for project All property is available to contractors.
66	KHG Partial Acquisitions	0	0	-0-	●	3	3	-0-	●	Inception to Date Plan = total number needed for project Eminent domain on one partial is proceeding through the courts and two partials are in negotiations.
67	<i>Summary KHG Acquisitions (Full + Partial)</i>	0	0	-0-	●	6	6	-0-	●	<i>Inception to Date Plan = total number needed for project</i>
68	Airport Full Acquisitions	1	4	(3)	●	2	5	(3)	●	Inception to Date Plan = total number needed for project One full acquisition in escrow closed and available for contractor. Two full acquisitions closed escrow, but relocations remain. One acquisition in negotiations.
69	Airport Partial Acquisitions	0	1	(1)	●	1	5	(4)	●	Inception to Date Plan = total number needed for project Two parcels in appraisal process and agreements for remaining parcels are pending.
70	<i>Summary Airport Acquisitions (Full + Partial)</i>	1	5	(4)	●	3	10	(7)	●	<i>Inception to Date Plan = total number needed for project</i>
71	City Center Full Acquisitions	0	0	-0-	●	2	15	(13)	●	Inception to Date Plan = total number needed for project With the recent court decisions in favor of HART and the lifting of the injunction, HART is beginning the acquisition process and generating letter of intent to acquire.
72	City Center Partial Acquisitions	0	0	-0-	●	0	70	(70)	●	Inception to Date Plan = total number needed for project Awaiting resolution on design re: Dillingham acquisitions. With the recent court decisions in favor of HART and the lifting of the injunction, HART is beginning the acquisition process and generating letter of intent to acquire. One property added in due to tax record data.
73	<i>Summary City Center Acquisitions (Full + Partial)</i>	0	0	-0-	●	2	85	(83)	●	<i>Inception to Date Plan = total number needed for project</i> <i>With the recent court decisions in favor of HART and the lifting of the injunction, HART is beginning the acquisition process and generating letter of intent to acquire.</i>
74	Expenditures for Full Acquisitions	N/A	N/A	N/A	●	\$42.5	\$45.4	(\$2.9)	●	\$M in expenditures recorded for full acquisitions vs. planned in the FFGA Budget. WOFH property final cost awaiting court approval.
75	<i>Easements*</i> *Inception to Date Plan numbers vary each quarter due to advancement of design; Actual numbers are based on property availability for construction.									
76	WOFH Easements	0	0	-0-	●	7	14	(7)	●	Inception to Date Plan = total number needed for project
77	KHG Easements	0	0	-0-	●	3	5	(2)	●	Inception to Date Plan = total number needed for project
78	Airport Easements	0	0	-0-	●	0	34	(34)	●	Inception to Date Plan = total number needed for project 2 easements in appraisal process and 1 offer made; 15 easements in process by Navy.
79	City Center Easements	0	0	-0-	●	0	24	(24)	●	Inception to Date Plan = total number needed for project Awaiting resolution on design re: Dillingham acquisitions. With the recent court decisions in favor of HART and the lifting of the injunction, HART is beginning the acquisition process and generating letter of intent to acquire.
80	<i>Summary Easements</i>	0	0	-0-	●	10	77	(67)	●	<i>Inception to Date Plan = total number needed for project</i>
81	Safety									
82	HART OSHA Reportable Injuries	0	0	-0-	●	0	0	-0-	●	HART # Occupational Safety and Health Agency (OSHA) Reportable Injuries to date. Reportable incidents, requiring OSHA to be notified within 8 hours, include the death of an employee or hospitalization of three or more employees. For additional information on recordable incidents please see the HART Monthly Progress Report.
83	Contractor OSHA Reportable Injuries	0	0	-0-	●	0	0	-0-	●	Contractor's # Occupational Safety and Health Agency (OSHA) Reportable Injuries to date. Reportable incidents, requiring OSHA to be notified within 8 hours, include the death of an employee or hospitalization of three or more employees. From 2010-2014 (YTD), Kiewit's average incident rate for recordable cases for the Project is 0.49. According to the U.S. Bureau of Labor Statistics, in 2012 the incidence rate of nonfatal occupational injuries and illnesses for heavy and civil engineering construction for total recordable cases was 3.2 nationally and 5.9 in Hawaii. For additional information on recordable incidents please see the HART Monthly Progress Report.
84	Quality Assurance (QA)									
85	Completion of QA Audits	0	0	-0-	●	46	43	+3	●	# QA Audits of HART, GEC, contractors and suppliers completed vs. planned.
86	Successful Closure of Design NCRs	0	0	-0-	●	9	10	(1)	●	# Design Non-Conformance Reports (NCRs) closed vs. issued. One issued Dec. 2013 on MSF.
87	Successful Closure of Construction NCRs	19	30	(11)	●	112	123	(11)	●	# Construction NCRs closed vs. issued. The variance: 30 (21-WOFH, 7-KHG and 2-MSF) issued Jan.-Mar.; 11 NCRs remain Open.

Project Progress (continued)

	Activity	Current Quarter (Q3 FY14)				Inception to Date				Comments and Legend
		January, February, March 2014				January 2007 - March 2014				
		Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
88	Economic Multipliers [Negative = below plan]									
89	DBE Participation (%)	0.15%	0.13%	+0.02%	●	0.89%	13%	-12.11%	●	% actual vs. target participation rate of Disadvantaged Business Enterprises (DBE) to date since September 24, 2007. The planned DBE participation rate is an overall project goal. The Inception to Date Actual amount includes an audit adjustment removing ineligible payments. The inception date has also been adjusted to September 24, 2007 to include eligible payments on SC-HRT-11H0131, GEC I.
90	DBE Participation (\$)	\$2.72	\$2.29	+\$0.43	●	\$15.62	\$229	(\$213.38)	●	\$M actual vs. target participation of DBE to date since September 24, 2007. The planned DBE participation rate is an overall project goal. The Inception to Date Actual amount includes an audit adjustment removing ineligible payments. The inception date has also been adjusted to September 24, 2007 to include eligible payments on SC-HRT-11H0131, GEC I.
91	PERSONNEL									
92	HART Staffing Level	5	0	+5	●	121	139	(18)	●	# Current HART Full-Time Equivalents (FTEs) vs. planned positions in the FY14 Operating Budget. 121 current FTEs. This includes 102 City employees and 19 Project Management Support Consultant (PMSC) employees. The actual number reported in the Current Quarter reflects all new hires for the quarter. The Inception to Date numbers reflect the total number of employees currently onboard as of March 31, 2014.
93	Direct Project Jobs Created	----	----	----	○	1,042	----	----	○	# Direct project jobs created. Actual number reflects input from all contractors and a calculated count for all agencies supporting HART's activities.
94	Transit-Oriented Development (TOD) Planning									
95	City Department of Planning and Permitting Draft TOD Plans	0	3	N/A	●	16	19	N/A	●	City Department of Planning and Permitting (DPP) is responsible for TOD plans for 19 of the 21 stations. A total of 16 stations have Draft TOD neighborhood plans at this time. DPP started developing Draft TOD plans for the remaining 3 stations: Pearl Harbor Naval Base, Airport and Lagoon Drive. Final TOD Plans are expected starting in the second quarter of 2014 through 2015. In the interim, DPP has drafted Bill 71 Land Use Ordinance (LUO) Amendment Relating to Interim Plan Development Permits for TOD, which will allow for negotiations on TOD projects as per the Draft TOD plans before zoning is in place.
96	Hawai'i Community Development Authority Draft TOD Overlay Plan	0	0	N/A	●	2	2	N/A	●	HCDA developed a Draft TOD Overlay Plan for the areas around Kaka'ako and Civic Center Station. It will be finalized in the Kaka'ako Environmental Impact Statement which is expected to be available in draft form in Q3 2014.
97	Total Stations with Approved Draft TOD Plans	0	3	N/A	●	18	21	N/A	●	TOD plans are being created for 21 stations.
98	PUBLIC OUTREACH									
99	Build a Social Media Community	75	----	N/A	●	2,037	----	N/A	●	# of unique Facebook followers.
100	Proactive Community Outreach: Neighborhood Board Meetings	33	----	N/A	●	852	----	N/A	●	# Neighborhood Board Meetings in which HART has participated to date since 2006.
101	Proactive Community Outreach: Presentations/Events	52	----	N/A	●	1,580	----	N/A	●	# Events in which HART has participated to date since 2006.
102	SERVICE DELIVERY									
103	Fare Collection System				○				○	TBD in FY15.
104	Bus-Rail Integration Plan				○				○	TBD
105	HART Operating Organization Plan				○				○	TBD
106	HART Service Policy/Standards				○				○	TBD
107	LIVABILITY									
108	HART Sustainability Policy				○				○	TBD in FY14.
109	Transit-Oriented Development (TOD) Policy				○				○	TOD stakeholders group in development.

Comments and Legend					
●	On track or ahead of plan.	●	Immediate attention needed; Requires recovery/resolution.		
●	Monitoring.	○	No current target/activity to date; Action pending.		
●	Monitoring; Requires special attention.	N/A	Not Applicable.	TBD	To be determined.
	New Balanced Scorecard items are shaded in blue for ease of identification.				Status color changes are shaded in yellow.

For Project Finances, reporting will be based on Current Quarter, Fiscal Year, FFGA Financial Plan and Inception to Date data as appropriate.

Financials

Project Finances						
Operating Budget [Negative = below Plan]						
Operating Expenditures	Current Quarter (Q2 FY14) Oct., Nov., Dec. 2013	\$5	\$5	(\$0)	●	For Current Quarter monitoring purposes: \$20.9M Total Budget/4 quarters = \$5.23M. The Plan numbers for Inception to Date and the Financial Plan = the FY12 + FY13 + FY14 budgets + actual expenditures for fiscal years 2007 through 2011. *Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund which also includes expenditures for other City Departments (e.g., DPP for TOD expenditures, BFS and City Council which were paid with GET surcharge revenues).
	FY2014 Total July 2013-December 2013	\$7	\$10	(\$3)	●	
	FFGA Financial Plan October 16, 2009 - Dec. 2013	\$51	\$65	(\$14)	●	
	Inception* to Date January 2007 - Dec. 2013	\$55	\$69	(\$14)	●	
Capital Budget [Negative = below Plan]						
Capital Expenditures	Current Quarter (Q2 FY14) Oct., Nov., Dec. 2013	\$47	\$210	(\$163)	●	Plan amounts are per the Full Funding Grant Agreement Financial Plan. *Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund. The Plan numbers for Inception to Date = the Plan amounts from 10/16/2009 to 12/31/2013 + actual expenditures for fiscal year 2007 through 10/15/2009. The expenditures for fiscal years 2007 to 2011 were reconciled to the expenditures reported in the Transit Fund included in the City's CAFR report. The "Current Quarter" and "FY14 Total" actual amounts are on a cash basis. The previous quarter's Balanced Scorecard report included an estimate of \$77M in audit adjustments. All audit adjustments for the previous years are now reflected in the "FFGA Financial Plan" and "Inception to Date" actual amounts. Actual expenditure amounts are below plan due to the suspension of construction required by pending litigation. As a result of the construction delay, we are currently rebaselining the master project schedule and the plan will be readjusted by spring 2014.
	FY2014 Total July 2013-December 2013	\$74	\$403	(\$329)	●	
	FFGA Financial Plan October 16, 2009 - Dec. 2013	\$848	\$1,705	(\$856)	●	
	Inception* to Date January 2007 - Dec. 2013	\$932	\$1,788	(\$856)	●	
Revenues [Negative = below Plan]						
GET Collections						
Net GET Surcharge Receipts	Current Quarter (Q2 FY14) Oct., Nov., Dec. 2013	\$64	\$51	+\$13	●	GET receipts are reported on a cash basis. The \$64M received in October 2013 is for the July-September 2013 quarter. The Current Quarter plan is based on annual reporting. \$3,291M = Total Net GET Surcharge revenue forecast for FYs 2010-2023. Actual amounts from inception are the collections from January 2007 to 12/31/2013. The \$1,168M Plan amount is equal to the Financial Plan amount of \$790M from the Project Start date of 10/16/2009 to 12/31/2013 plus \$378M collected prior to the Project Start Date. Surcharge revenue is below plan due to the lag in processing of GET tax returns by the State Dept. of Taxation. GET surcharge revenue collected prior to October 16, 2009 is included in the Financial Plan as beginning cash balance of \$298M (actual GET collections of \$378M before October 16, 2009, less expenditures of \$80M during that same period). *Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund. Status for the Current Quarter and FY2014 Total have changed from yellow to green.
	FY2014 Total July 2013-December 2013	\$114	\$106	+\$8	●	
	FFGA Financial Plan October 16, 2009 - Dec. 2013	\$765	\$790	(\$25)	●	
	Inception* to Date January 2007 - Dec. 2013	\$1,143	\$1,168	(\$25)	●	
Federal Grants						
Federal Grant Funds New Starts \$5309 (Reimbursed)	Current Quarter (Q2 FY14) Oct., Nov., Dec. 2013	\$34	\$75	(\$41)	●	The FTA drawdown request for \$34M was submitted on 12/26/13. The reimbursement amount received was recorded on 1/2/14. Forecasted FTA receipts by fiscal years to 6/30/14 per the Plan are FY2011 - \$21M; FY2012 - \$99M; FY2013 -\$258M, FY2014-\$442M, Total \$820M. The FY2013 New Starts appropriation is \$236M net of \$14M sequestration reduction. The variance indicates the available appropriation amounts. Reimbursement amounts are below plan due to the suspension of construction which reduced reimbursable project expenditures. Reimbursements will increase with the resumption of construction in FY14.
	FY2014 Total July 2013-December 2013	\$70	\$192	(\$122)	●	
	FFGA Financial Plan October 16, 2009 - Dec. 2013	\$214	\$570	(\$356)	●	
Federal Grant Funds \$5307 (Reimbursed)	Current Quarter (Q2 FY14) Oct., Nov., Dec. 2013	---	---	N/A		No \$5307 funds will be used in FY14. Total forecasted \$5307 funds per the plan is \$210M. The forecasted amounts by fiscal year are: FY15 - \$34M; FY16 - \$35M; FY17 - \$35M; FY18 - \$36M; FY19 - \$37M; FY20 - \$33M
	FY2014 Total July 2013-December 2013	---	---	N/A		
	FFGA Financial Plan October 16, 2009 - Dec. 2013	---	---	N/A		

Activity	Current Quarter (Q2 FY14)				Inception to Date				Comments and Legend	
	October, November, December 2013				January 2007 - December 2013					
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		
For the remainder of the Balanced Scorecard, reporting will be based on Current Quarter and Inception to Date data.										
25	Project Budget									
26	FFGA Baseline Project Budget	N/A	N/A	N/A	○	\$5,122	\$5,122	N/A	●	\$M FFGA Baseline Project Budget (including contingencies and FTA-eligible finance charges), in accordance with FTA New Starts project guidelines.
27	Committed (\$)	\$93	----	----	●	\$2,472	\$4,306	(\$1,834)	●	\$M Total Committed (awarded Contract Values + approved Change Orders) this quarter and to date vs. the current Total FTA Project Budget, excluding remaining contingencies and finance charges. The contract awards have been shifted to future years due to AIS delays and the repackaging of contracts. A new baseline budget is being created. HART is still on track to maintain the March 30, 2019 full revenue service date.
28	Committed (%)	3.8%	----	----	●	57.4%	----	N/A	●	% \$M Committed of the committed Baseline FFGA Project Budget.
29	Incurred (\$M)	\$79	----	----	●	\$842	\$4,306	(\$3,465)	●	\$M Incurred (Expenditures + approved Requests for Payment) this quarter and to date vs. the current Total FTA Project Budget, excluding remaining contingencies and finance charges. The plan is based on the original program cost curve issued in 2009 and is projected to be re-baselined in spring 2014. HART is still on track to maintain the March 30, 2019 full revenue service date. The amounts reflected are due in part to the construction delays.
30	Incurred (%)	2%	----	----	●	20%	----	----	●	% \$M Incurred (Expenditures + approved Requests for Payment) of the current Total FTA Project Budget, excluding remaining contingencies and finance charges.
31	Direct Cost of Delay Due to Supreme Court Decision to Date	\$2.7	\$4.9	(\$2.3)	●	\$30.4	\$35.1	(\$4.7)	●	Direct costs incurred in \$M from AIS delay. Direct costs include equipment, manpower and subcontractor costs. Costs are already included in the incurred section above, not in addition to. Actual and plan amounts are through September 2013. Direct costs of the delay due to the Supreme Court decision were originally estimated at \$36.2M through September 2013.
32	Escalation Costs Related to Supreme Court Decision to Date	\$0.0	N/A	N/A	●	\$0.0	N/A	N/A	●	Future escalation costs will be negotiated.
33	Total Cost of Delay Due to Supreme Court Decision to Date	\$2.7	\$4.9	(\$2.3)	●	\$30.4	\$35.1	(\$4.7)	●	Actual and plan amounts are through September 2013.
34	Estimate at Completion (EAC)	N/A	N/A	N/A	●	\$5,122	\$5,122	N/A	●	\$M current vs. planned Estimate at Completion (EAC = contract values as budgeted or awarded + executed change orders + pending and potential changes).
35	Contingency									
36	Allocated Cost Contingency	\$10	N/A	N/A	●	\$525	\$542	(\$17)	●	Current Quarter = Allocated Project Contingency debited or credited for the quarter, Inception to Date = Current Budget Allocated Project Contingency vs. the Baseline Budget Allocated Project Contingency
37	Unallocated Cost Contingency	\$17	N/A	N/A	●	\$85	\$102	(\$17)	●	Current Quarter = Unallocated Project Contingency debited or credited for the quarter, Inception to Date = Current Budget Unallocated Project Contingency vs. the Baseline Budget Unallocated Contingency
38	Total Project Cost Contingency = Allocated + Unallocated	\$27	N/A	N/A	●	\$610	\$644	(\$34)	●	See the HART Monthly Progress Report for more detailed information on contingency. Current Quarter = Total Project Contingency usage, Inception to Date = Current Budget Project Contingency value vs. Baseline Budget Project Contingency The status is green because the Inception to Date actual number is above the FFGA minimum buffer value of \$424M.
39	Schedule Contingency	20	20	-0-	●	20	20	-0-	●	# Months Total Buffer Float used vs. planned in the Draft FFGA Risk and Contingency Management Plan [RCMP], June 2012 (Table 6-2). HART is still on track to maintain the 2019 full revenue service date.
40	PROJECT DELIVERY - OVERALL									
41	Overall Progress [Positive = ahead of Late Plan; Negative = behind Late Plan]									
42	Overall Project Progress Completed	8.4%	1.9%	+6.5%	●	21.0%	21.2%	(0.2%)	●	% Complete of Final Design and Construction contracts (FD, DBB-DBOM design levels-of-effort and DB, DBB, DBOM and E/E construction) actual vs. late plan. Revised project schedules for WOFH, MSF and KHG have been incorporated into the overall project progress curve and the interim opening will be June 2017.
43	Overall Design Progress Completed	11.1%	3.5%	+7.6%	●	60.0%	59.5%	+0.5%	●	% Complete of Final Design contracts & DB-DBOM design levels-of-effort actual vs. late plan. Design is progressing satisfactorily in support of the planned bid dates. The design progress schedule has been rebaselined and the interim opening will be June 2017.
44	Overall Construction Progress Completed	1.4%	1.4%	+0.0%	●	9.2%	9.7%	(0.5%)	●	% Completion of Construction (DB, DBB, DBOM & E/E) contracts vs. planned. On 9/16/13, the temporary suspension of work for all ground-disturbing activities was lifted. The construction progress schedule has been rebaselined and includes revised project schedules for WOFH, MSF and KHG DB contracts. The interim opening will be June 2017. Status for the Current Quarter and Inception to Date have changed from red to yellow.
45	Contracts Awarded									
46	Total Number of Contracts Awarded	4	6	(2)	●	31	33	(2)	●	The plan numbers are based off of the FTA Full Funding Grant Agreement Contract Packaging Plan (CPP) contracts. Contracts awarded: General Engineering Consultant (GEC III); Construction Engineering & Inspection (West); Construction Engineering & Inspection (East); Archaeological & Cultural Monitoring. Pending award: Core Systems Support Services; Safety and Security Support Services. Not awarded yet = ~\$49M.
47	Total Value of Contracts Awarded	\$163.7	\$217.6	(\$53.9)	●	\$3,089.1	\$3,146.7	(\$57.6)	●	\$M Awarded. CPP contracts awarded to date: DBOM-920, DB-120, DB-200, DB-320, FD-140, FD-240, FD-340, FD-430, FD-440, FD-530, MM-905, MM-910, MM-900, MM-901, MM-915, MM-920, MM-921, MM-922, MM-935, MM-940, MM-946, MM-950, MM-975, FD-550, PA-102, FD-240(2), MI-930, MM-913, MM-290, MM-595, MM-960. Note, CORE systems includes costs of O&M.
48	Change Orders									
49	Change Orders (#)	13	N/A	N/A	●	100	N/A	N/A	●	# Change Orders executed this quarter (7 Construction, 3 Final Design and 3 Professional Services). These change orders reflect the Notice to Proceed and AIS delays.
50	Change Orders (\$)	\$37.5	N/A	N/A	●	\$224.8	N/A	N/A	●	\$M Change Orders executed this quarter (\$35.8M Construction, \$0.8M Final Design, \$0.8M Professional Services). These change orders are reducing our allocated, unallocated and known contingency. Significant change orders: Platform Screen Gate System (DBOM-920, \$27.1M), Delay of NTP 2, 3, 4 - CMC Impact (DB-120, \$2.9M), Yard Layout Revisions (DB-200, \$3.9M).

	Activity	Current Quarter (Q2 FY14)				Inception to Date				Comments and Legend
		October, November, December 2013				January 2007 - December 2013				
		Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
51	Claims									<ul style="list-style-type: none"> ● On track or ahead of plan. ● Immediate attention needed; Requires recovery/resolution. ● Monitoring. ○ No current target/activity to date; Action pending. ● Monitoring; Requires special attention. N/A Not Applicable. TBD To be determined.
52	Claims Filed	0	0	N/A	○	0	0	N/A	○	# Claims filed vs. anticipated.
53	Claims Resolved	0	0	N/A	○	0	0	N/A	○	# Claims resolved vs. filed.
54	Agreements*									<i>*Inception to Date Plan numbers vary each quarter due to advancement of design.</i>
55	Utility Agreements - Engineering Services	10	11	(1)	●	28	29	(1)	●	Inception to Date Plan = total number of agreements planned for the project WOFH - all 9 agreements executed. KHG - all 10 agreements executed. KHG/Airport/City Center - only 1 agreement executed. Airport/City Center - 8 of the 9 agreements executed. The status for the overall progress is green because the only agreements needed are in the Airport/City Center areas and they do not impede current construction.
56	Utility Agreements - Construction Agreement	2	9	(7)	●	9	30	(21)	●	Inception to Date Plan = total number of agreements planned for the project WOFH - 6 out of 8 agreements executed. KHG - 3 out of 6 agreements executed. Airport - 0 of the 8 planned are executed. City Center - 0 of the 8 planned are executed. The status is orange due to the agreements needed for WOFH and KHG, which could delay construction.
57	Total Utility Agreements	12	20	(8)	●	37	59	(22)	●	Inception to Date Plan = total number of agreements planned for the project WOFH - 2 agreements of 17 outstanding. KHG - 3 agreements of 16 outstanding. KHG/Airport/City Center ESA - Only 1 agreement planned/executed. Airport/City Center ESA - 8 of 9 agreements executed. Airport Construction - no agreements executed (8 agreements planned). City Center Construction - no agreements executed (8 agreements planned). The status is based on the potential for construction to be delayed.
58	HDOT Master Agreements/Joint Use & Occupancy	1	1	-0-	●	2	2	0	●	Inception to Date Plan = total number of agreements planned for the project WOFH and a combined Master Agreement for KHG, Airport and City Center sections are executed. Status for the Current Quarter and Inception to Date have changed from red to green.
59	Other Agreements	0	5	(5)	●	10	19	(9)	●	Inception to Date Plan = total number of agreements planned for the project Agreements needed for the project (bold, red items are high priority agreements): WOFH, KHG, City Center: *University of Hawaii Master Agreement WOFH: *Leeward Community College Pre-Construction Right of Entry Agreement -- COMPLETED *Leeward Community College Construction Right of Entry Agreement *UH West Oahu Pre-Construction Right of Entry Agreement -- COMPLETED *Department of Land and Natural Resources -- COMPLETED *Department of Education Master Agreement and Consent to Construct -- COMPLETED *D.R. Horton Agreement for Construction -- COMPLETED *DHHL MOU -- COMPLETED *DHHL Consent to Construct -- COMPLETED *DHHL License or Property Transfer (near completion) KHG: *UH Urban Garden Pre-Construction Right of Entry Agreement -- COMPLETED *UH Urban Garden Construction Right of Entry Agreement *Aloha Stadium/Department of Accounting & General Services (DAGS) -- COMPLETED Airport: *U.S. Navy/General Services Administration (GSA) *U.S. Post Office Honolulu Processing Center City Center: *Honolulu Community College (HCC) Pre-Construction Right of Entry Agreement -- COMPLETED *Federal Court House/GSA *Hawaii Community Development Agreement *DAGS The status is based on the agreements needed for WOFH and KHG, which could impact ongoing construction.

Project Progress (continued)

Activity	Current Quarter (Q2 FY14)				Inception to Date				Comments and Legend	
	October, November, December 2013				January 2007 - December 2013					
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		
60	Real Estate/Right-of-Way (ROW)									
61	Acquisitions*									
	<i>*Inception to Date Plan numbers vary each quarter due to advancement of design; Actual numbers are based on property availability for construction</i>									
62	WOFH Full Acquisitions	0	0	-0-	●	14	14	-0-	●	Inception to Date Plan = total number needed for project Consent to Construct received. Awaiting stipulated judgment and final order.
63	WOFH Partial Acquisitions	0	3	(3)	●	3	6	(3)	●	Inception to Date Plan = total number needed for project Finalizing agreements for two partial acquisitions. One partial acquisition for West Loch Station is in the appraisal process.
64	Summary WOFH Acquisitions (Full + Partial)	0	3	(3)	●	17	20	(3)	●	Inception to Date Plan = total number needed for project
65	KHG Full Acquisitions	0	0	-0-	●	3	3	-0-	●	Inception to Date Plan = total number needed for project All property is available to contractors.
66	KHG Partial Acquisitions	2	2	-0-	●	3	3	-0-	●	Inception to Date Plan = total number needed for project Eminent domain on one partial is proceeding through the courts and two partials are in negotiations. Status for the Current Quarter and Inception to Date have changed from orange to green.
67	Summary KHG Acquisitions (Full + Partial)	2	2	-0-	●	6	6	-0-	●	Inception to Date Plan = total number needed for project Status for the Current Quarter and Inception to Date have changed from orange to green.
68	Airport Full Acquisitions	0	4	(4)	●	1	5	(4)	●	Inception to Date Plan = total number needed for project One full acquisition in escrow and the three remaining full acquisitions are in negotiations.
69	Airport Partial Acquisitions	0	1	(1)	●	1	5	(4)	●	Inception to Date Plan = total number needed for project Two parcels in appraisal process and agreements for remaining parcels are pending. Status for the Current Quarter and Inception to Date have changed from yellow to orange.
70	Summary Airport Acquisitions (Full + Partial)	0	5	(5)	●	2	10	(8)	●	Inception to Date Plan = total number needed for project
71	City Center Full Acquisitions	0	0	-0-	●	2	15	(13)	●	Inception to Date Plan = total number needed for project The status is red as a result of the federal injunction and Right-of-Way is 6 months to 1 year behind its acquisition schedule. With the recent court decisions in favor of HART and the lifting of the injunction, HART is focusing on a recovery plan. Status for the Current Quarter and Inception to Date have changed from orange to red.
72	City Center Partial Acquisitions	0	0	-0-	●	0	69	(69)	●	Inception to Date Plan = total number needed for project Awaiting resolution on design re: Dillingham acquisitions. The status is red as a result of the federal injunction and Right-of-Way is 6 months to 1 year behind its acquisition schedule. With the recent court decisions in favor of HART and the lifting of the injunction, HART is focusing on a recovery plan. Status for the Current Quarter and Inception to Date have changed from orange to red.
73	Summary City Center Acquisitions (Full + Partial)	0	0	-0-	●	2	84	(82)	●	Inception to Date Plan = total number needed for project The status is red as a result of the federal injunction and Right-of-Way is 6 months to 1 year behind its acquisition schedule. With the recent court decisions in favor of HART and the lifting of the injunction, HART is focusing on a recovery plan. Status for the Current Quarter and Inception to Date have changed from orange to red.
74	Expenditures for Full Acquisitions	N/A	N/A	N/A	●	\$42.5	\$45.4	(\$2.9)	●	\$M in expenditures recorded for full acquisitions vs. planned in the FFGA Budget. WOFH property final cost awaiting court approval.
75	Easements*									
	<i>*Inception to Date Plan numbers vary each quarter due to advancement of design; Actual numbers are based on property availability for construction</i>									
76	WOFH Easements	0	0	-0-	●	7	14	(7)	●	Inception to Date Plan = total number needed for project
77	KHG Easements	0	0	-0-	●	3	5	(2)	●	Inception to Date Plan = total number needed for project
78	Airport Easements	0	0	-0-	●	0	34	(34)	●	Inception to Date Plan = total number needed for project 2 easements in appraisal process and 1 offer made; 15 easements in process by Navy. Status for the Current Quarter and Inception to Date have changed from green to orange.
79	City Center Easements	0	0	-0-	●	0	24	(24)	●	Inception to Date Plan = total number needed for project Awaiting resolution on design re: Dillingham acquisitions. The status is red as a result of the federal injunction and Right-of-Way is 6 months to 1 year behind its acquisition schedule. With the recent court decisions in favor of HART and the lifting of the injunction, HART is focusing on a recovery plan. Status for the Current Quarter and Inception to Date have changed from orange to red.
80	Summary Easements	0	0	-0-	●	10	77	(67)	●	Inception to Date Plan = total number needed for project Status for the Current Quarter and Inception to Date have changed from yellow to orange.
81	Safety									
82	HART OSHA Reportable Injuries	0	0	-0-	●	0	0	-0-	●	HART # Occupational Safety and Health Agency (OSHA) Reportable Injuries to date. Reportable incidents, requiring OSHA to be notified within 8 hours, include the death of an employee or hospitalization of three or more employees. For additional information on recordable incidents please see the HART Monthly Progress Report.
83	Contractor OSHA Reportable Injuries	0	0	-0-	●	0	0	-0-	●	Contractor's # Occupational Safety and Health Agency (OSHA) Reportable Injuries to date. Reportable incidents, requiring OSHA to be notified within 8 hours, include the death of an employee or hospitalization of three or more employees. For additional information on recordable incidents please see the HART Monthly Progress Report.
84	Quality Assurance (QA)									
85	Completion of QA Audits	17	17	-0-	●	46	43	+3	●	# QA Audits of HART, GEC, contractors and suppliers completed vs. planned.
86	Successful Closure of Design NCRs	1	2	(1)	●	9	10	(1)	●	# Design Non-Conformance Reports (NCRs) closed vs. issued. One issued Dec 13 on MSF. Status for the Current Quarter and Inception to Date have changed from green to yellow.
87	Successful Closure of Construction NCRs	7	17	(10)	●	79	89	(10)	●	# Construction NCRs closed vs. issued. The variance: One issued in Oct and nine issued in Dec on WOFH. Status for the Current Quarter has changed from green to yellow.

Project Progress (continued)

	Activity	Current Quarter (Q2 FY14)				Inception to Date				Comments and Legend
		October, November, December 2013				January 2007 - December 2013				
		Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
88	Economic Multipliers [Negative = below plan]									
89	DBE Participation (%)	0.03%	0.13%	(0.10%)	●	0.89%	13%	-12.11%	●	% actual vs. target participation rate of Disadvantaged Business Enterprises (DBE) to date since October 16, 2009. The planned DBE participation rate is an overall project goal.
90	DBE Participation (\$)	\$0.45	\$2.29	(\$1.84)	●	\$15.69	\$229	(\$213.31)	●	\$M actual vs. target participation of DBE to date since October 16, 2009. The planned DBE participation rate is an overall project goal.
91	PERSONNEL									
92	HART Staffing Level	4	0	+4	●	123	139	(16)	●	# Current HART Full-Time Equivalents (FTEs) vs. planned positions in the FY14 Operating Budget. 123 current FTEs. This includes 102 City employees and 21 Project Management Support Consultant (PMC) employees. The actual number reported in the Current Quarter reflects all new hires for the quarter. The Inception to Date numbers reflect the total number of employees currently onboard as of Dec. 31, 2013.
93	Direct Project Jobs Created	----	----	----	○	919	----	----	○	# Direct project jobs created. Criteria and methodology still being developed, but this number is based on our best estimates.
94	Transit-Oriented Development (TOD) Planning									
95	City Department of Planning and Permitting TOD Plans	0	2	N/A	●	0	19	N/A	●	City Department of Planning and Permitting (DPP) has responsibility for TOD plans for 19 of the 21 stations. A total of 13 stations have final draft TOD neighborhood plans at this time.
96	Hawaii Community Development Authority TOD Plans	0	0	N/A	●	0	2	N/A	●	Two additional stations are in HCDA and not part of the DPP planning.
97	Total Stations with Approved TOD Plans	0	2	N/A	●	0	21	N/A	●	TOD plans are being created for 21 stations.
98	PUBLIC OUTREACH									
99	Build a Social Media Community	83	----	N/A	●	1,962	----	N/A	●	# of unique Facebook followers.
100	Proactive Community Outreach: Neighborhood Board Meetings	24	----	N/A	●	819	----	N/A	●	# Neighborhood Board Meetings in which HART has participated to date since 2006.
101	Proactive Community Outreach: Presentations/Events	45	----	N/A	●	1,528	----	N/A	●	# Events in which HART has participated to date since 2006.
102	SERVICE DELIVERY									
103	Fare Collection System				○				○	TBD in FY14.
104	Bus-Rail Integration Plan				○				○	TBD
105	HART Operating Organization Plan				○				○	TBD
106	HART Service Policy/Standards				○				○	TBD
107	LIVABILITY									
108	HART Sustainability Policy				○				○	TBD in FY14.
109	Transit-Oriented Development (TOD) Policy				○				○	TOD stakeholders group in development.