

HART BOARD FINANCE
COMMITTEE MEETING
5/21/15

>> ORDER THIS
MORNING'S MEETING
OF THE FINANCE
COMMITTEE FOR THE
HONOLULU AUTHORITY
FOR RAPID TRANSIT.
FIRST ITEM ON OUR
AGENDA PUBLIC
TESTIMONY ON ALL
ITEMS.

FOR THIS ONE,
WE'LL CALL DIANE
AND HER TEAM UP TO
GO OVER OUR
CAPITAL BUDGET
REAPPROPRIATION
ITEMS AND THE
PUBLIC, IF ANYONE
WISHES TO TESTIFY
ON THAT ONE ITEM
ON OUR AGENDA, CAN
DO SO AFTER THE
PRESENTATION.

>> GOOD MORNING.
I'M DYANNA
ARAKAKI, YOUR
CHIEF FINANCIAL
OFFICER.

I'M HERE THIS
MORNING IN THE
ITEM BEFORE YOU IS
TO REAPPROPRIATE
OR REQUEST TO
REAPPROPRIATE
FUNDING IN FISCAL
'16.

THAT STAFF GIVEN
THE CURRENT
PROCUREMENT
SCHEDULE, DOES NOT
BELIEVE WILL BE
ABLE TO AWARD

CONTRACTS BY THE
END OF THE THE
CURRENT FISCAL
YEAR REQUIRING
REAPPROPRIATING IT
TO NEXT YEAR.
IT WILL BE FOR SIX
STATIONS.

THIS
REAPPROPRIATION
REQUEST INCLUDES
SIX STATION ON THE
WEST SIDE, ART AND
TRANSIT PROGRAM,
DESIGN PORTION OF
THE PEARL
HIGHLANDS GARAGE,
AND UPDATING OUR
REAPPROPRIATING
UTILITY RELOCATION
AND RIGHT OF WAY
FUNDING INTO NEXT
FISCAL YEAR THAT
STAFF DOES NOT
ANTICIPATE
EXPENDING IN THE
CURRENT FISCAL
YEAR.

AND BY YOUR
POLICY, ALL
CAPITAL
EXPENDITURES
EXPIRE AT THE END
OF EACH FISCAL
YEAR.

GIVEN THAT, THAT'S
THE REASON WHY I'M
HERE TODAY, TO
REQUEST
REAPPROPRIATING
THESE AMOUNTS AS
WE ANTICIPATE
THESE
APPROPRIATIONS
WILL EXPIRE.

>> IF I CAN JUST
AMPLIFY ON THAT,
THESE ARE FUNDS,
AGAIN, OR
PROJECTS, FOR
CONTRACTS THAT THE
BOARD HAS
PREVIOUSLY
APPROVED.

BUT BECAUSE OF
CHANGES IN
SCHEDULE, IN TERMS
OF WHEN WE'RE
GOING TO AWARD
THESE CONTRACTS,
RATHER THAN HAVING
THE MONEY WHICH
YOU AUTHORIZED GO
FORWARD IN THIS
CURRENT FISCAL
YEAR, 2015, IT'S
LIKELY NOW THAT
THESE WILL BE
AWARDED IN 2016.

SO AGAIN, WE JUST
WANT TO FOR
TRANSPARENCY SAKE,
THIS IS OUR
OPPORTUNITY ON AN
ANNUAL BASIS TO
HIGHLIGHT ALL OF
THE AMOUNT OF
MONEY THAT WE
BELIEVE WILL BE
GOING OUT.

SO THIS IS A
REQUEST FOR THAT
REAPPROPRIATION.

>> I WANT TO
AMPLIFY THAT.
ESPECIALLY FOR OUR
VIEWING AUDIENCE.
FIRST MY BASIC
QUESTION, IN THIS
REQUEST, QUOTE

UNQUOTE, THERE'S
NO NEW MONEY.

>>EXECUTIVE
DIRECTOR
GRABAUSAS: THAT IS
CORRECT.

>> WHEN I SAY NEW
MONEY, ADDITIONAL
REQUEST OVER WHAT
WE PREVIOUSLY
AUTHORIZED.

>> NO.
IT IS NOT.

>> HAVING SAID
THAT, I THINK WE
ALL NEED TO BE
TRANSPARENT, THAT
THERE IS SOME
ITEMS IN THERE
THAT WE KNOW WE'RE
GOING TO HAVE TO
MAKE SOME
ADJUSTMENTS TO
OVER THE NEXT
SEVERAL MONTHS.

.
>>EXECUTIVE
DIRECTOR
GRABAUSKAS: THAT'S
CORRECT.

>> BASICALLY,
ITEMS WE HAVE
BEFORE US, ITEMS
IN THE FGA,
ORIGINALLY.
BEYOND WHAT HAD
BEEN PREVIOUSLY
APPROVED.

>> IF I UNDERSTAND
IT CORRECTLY, STOP
ME WHEN I'M WRONG.
IS THAT WE BID THE
STATIONS, THEY
CAME IN
SUBSTANTIAL OVER

BUDGET, SO WE WENT
BACK AND WE, HART,
AND REPACKAGED THE
BIDS, AND
ACTUALLY, SAVED
QUITE A BIT OF
MONEY IN THAT
PROCESS.

STILL OVER BUDGET,
BUT BETTER THAN
THE ORIGINAL BIDS.
THAT TOOK TIME.
NOW WE' RE IN A
DIFFERENT TIME
WINDOW, SO YOU
NEED AN EXTENSION
OF THAT TIME AS TO
REAUTHORIZATION.

>> THAT' S CORRECT.

>> YOUR OTHER
CHALLENGE THAT
WE' VE SELF
IMPOSED.

TWO YEAR CYCLES.
YOU THIS BOARD
RESTRICTS YOU TO A
ONE YEAR CYCLE SO
YOU HAVE TO COME
BACK.

USE IT OR USE IT.
TO SPEND THE
MONEY.

SO WE CAN KEEP AN
EYE ON YOU.

>> THAT' S CORRECT.

>> I' M SURE YOU
LOVED THAT
CONSTRAINT.
RIGHT?

>> ABSOLUTELY.
ACTUALLY EASIER TO
KEEP THINGS
ORGANIZED.

>> I THINK IT IS
APPROPRIATE DURING

THE GIVEN THIS OUR
SITUATION WHERE WE
ARE, CONTINUE THAT
POLICY GOING
FORWARD.

THANK YOU U CHAIR.

>> IF I MAY ADD,
SPEAKING OF
COUNCIL AND THE
COUNCIL'S BIENNIAL
CAPITAL

IMPROVEMENT
PROJECT, BUDGETING
PROCESS, SOME OF
THIS WAS, SOME OF
WHAT IS BEFORE YOU
TODAY WAS INCLUDED
IN THE FISCAL 2014
BIENNIAL CAPITAL
BUDGET REQUEST TO
THE COUNCIL THAT
THEY PREVIEWED.

HENCE FORTH,
SUBSET OF THIS
AMOUNT, WHAT I'M
ASKING --

>> SIGNIFICANTLY,
SIGNIFICANTLY
SMALLER AMOUNT TO
THE COUNCIL THAN
YOU ARE COMING TO
US BECAUSE --

>> -- TO COUNCIL
FOR THEIR
CONSIDERATION AS A
FLOOR DRAFT 1 TO
THE FY '16 BUDGET
FOR HART THAT THEY
ARE REVIEWING.

>> WE TOTALLY
APPRECIATE IT.
OWN KOBAYASHI HAS
HER OWN RULES AND
WE'RE GOING TO
ABIDE BY HER RULES

OF THE COUNCIL.

>> HEADS UP.

YOUR STAFF, I WILL
BE SUBMITTING
THROUGH DAGS TO
COUNCIL BY THE END
OF TODAY, TO
COUNCIL, A REQUEST
FOR
REAPPROPRIATION OF
LESSER AMOUNT
ACTUALLY,
\$174 MILLION.

>> VERSUS THE 300
PLUS MILLION.

>> TO CONFORM WITH
THE CITY'S
BIANNUAL CAPITAL
BUDGETING PROCESS
AND THE NEED TO
REAPPROPRIATE
THESE FUNDS FROM
2014 INTO 2016 FOR
HART.

>> FOR THE BENEFIT
OF THE PUBLIC AND
THE BOARD MEMBERS,
TO THE EXTENT YOU
HAVEN'T HAD THE
CHANCE TO MEET
WITH YOU ON THIS,
CAN YOU SPEAK TO
WHY WE'RE DOING
THIS APPROPRIATION
SEPARATE OF, OR
THE TIMING,
BECAUSE TO DO THIS
REAPPROPRIATION,
CONSIDER THIS
REAPPROPRIATION
SEPARATE OF OUR
2016 FISCAL
CAPITAL BUDGET
REQUEST.
BECAUSE THERE WAS

A SIGNIFICANT
REAPPROPRIATION
ALREADY REQUESTED
FOR THAT.

>> IN WHAT WAS
SUBMITTED EARLIER?

>> YES.

SO YOU SUBMITTED A
CAPITAL BUDGET.

>> YES.

>> FOR FISCAL YEAR
2016 THAT HAD A
SIGNIFICANT
REAPPROPRIATION
ALREADY IN THERE.

>> THAT' S RIGHT.

>> THIS ONE IS IN
ADDITION, THIS
REAPPROPRIATION IS
IN ADDITION TO
THAT.

SO I WANTED YOU TO
EXPLAIN THE
TIMING.

>> WE SUBMITTED A
BUDGET TO YOU IN
SEPTEMBER LAST
YEAR.

SINCE THEN, WE
ARE, IN MAY,
THERE' S BEEN TIME
HAS ELAPSED AND
THINGS HAVE
OCCURRED INCLUDING
REPACKAGING OF
SOME OF OUR
CONTRACTS THAT
REQUIRES FURTHER
REAPPROPRIATION
WHICH IS WHY I' M
HERE BEFORE YOU
TODAY ON THIS
MATTER.

SO GIVEN THAT WE
GIVE YOU A BUDGET

OF 2016, NINE MONTHS PRIOR TO THE BEGINNING OF THE FISCAL YEAR, SIX MONTHS OR SO HAS GONE BY, THINGS ON THE PROJECT HAVE CHANGED THAT REQUIRE, HAVE AN IMPACT ON YOUR, ON OUR BUDGET. AND NEEDING TO REAPPROPRIATE THESE FUNDS INTO NEXT FISCAL YEAR IN ORDER TO CONTINUE ON WITH THE PROJECT.

>>EXECUTIVE DIRECTOR

GRABAUSKAS: BE MORE SPECIFIC. AS YOU SAY IN THE SUMMARIES, THAT'S PUBLIC HAS BEEN ABLE TO SEE, YOU'LL BE VERY MUCH AWARE OF THE FACT THAT TWO OF THE STATION GROUPS THAT WERE OF THREE STATIONS EACH, THAT COMPRISED THE NINE STATION GROUP THAT WE PUT OUT TO BID LAST YEAR AND CANCELED, ARE SLIDING INTO THE NEXT FISCAL YEAR. AS AN EXAMPLE, AGAIN, ECHOING THERE'S NO NEW MONEY HERE, JUST MOVING IT INTO A

NEW FISCAL YEAR
FOR US TO TAKE
ADVANTAGE OF
REPACKAGING AND
SAVINGS, HOPEFUL
TO GET THERE.
WE HAD WEST OAHU
STATION GROUP.
WEST OAHU STATION
GROUP AND THE
KAMEHAMEHA HIGHWAY
STATION GROUP ARE
MOVING INTO THE
NEXT FISCAL YEAR
AS WELL AS THE
DESIGN PORTION OF
THE PEARL
HIGHLANDS GARAGE,
WHICH WE ALSO HAD
PUT ON HOLD
PENDING WHAT THE
OUTCOME WAS OF THE
BIDS FOR THE FIRST
COUPLE OF STATION
GROUPS.

AGAIN, MONEY
THAT' S ALREADY
BEEN AUTHORIZE THE
BY THE BOARD FOR
CONTRACTS THAT
YOU' RE WELL AWARE
OF, IT' S JUST THAT
WE' RE NOW GOING
TO -- WE
ANTICIPATE WE' LL
BE AWARDING THEM
IN THE NEXT FISCAL
YEAR RATHER THAN
THIS YEAR.

>> CHAIR, CAN I
JUST CLARIFY?
FOR OUR PURPOSES,
WHEN WE MEET WITH
THE PUBLIC, WE
ALWAYS TRY TO TALK

ABOUT THE FACT
THAT THIS IS NOT
NEW MONEY BEING
ADDED TO THE
BUDGET.

SO WE'RE NOT
TAKING, TODAY,
ACTION TO ADD
306 MILLION TO THE
BUDGET.

THIS IS ALREADY
EXISTING, HAD
ALREADY BEEN
APPROPRIATED, BUT
IT EXPIRES AND SO
WE NEED TO
REAPPROPRIATE IT.
WE'RE NOT ADDING
MONEY TO THE
BUDGET.

WE'RE NOT
INCREASING THE
SCOPE OF THE
BUDGET TODAY.

>> THAT'S CORRECT.
BECAUSE OF OUR
PROCESS, THEN, IF
I CAN ASK THE CEO
OR YOU TO MAKE
SURE, FOR THE FULL
BOARD, THEY GET
THAT EXPLANATION.
I DON'T THINK IT'S
ON THE AGENDA.
THAT'S WHY.
THANK YOU.

>> WILL DO.

>> FULL BOARD.

YEAH.

>> BEST IS TO GIVE
YOU AN EXAMPLE.
WE HAVE HERE, ART
IN TRANSIT.
ALWAYS AN
IMPORTANT TOPIC.

SO THERE'S NOT A
DOLLAR MORE THAT
WE'RE GOING TO
SPEND, ART IN
TRANSIT THAN WE
HAD PREVIOUS
AUTHORIZED.

SO WE'RE NOT
CUTTING ART IN
TRANSIT.

WE'RE NOT ADDING
ART IN TRANSIT.

THIS IS NOT X
DOLLARS OF ART IN
TRANSIT FOR
EXAMPLE.

>> CORRECT.

>> ARE WE GOING TO
TALK ABOUT FAIR
COLLECTION SYSTEM?
IS THAT PART OF
YOUR

RECOMMENDATION?

>> YES.

THAT'S INCLUDED IN
THE 306448
REQUEST.

>> THANK YOU.

I THINK THAT
DESERVES,
\$10 MILLION LINE
ITEM

I THINK THAT
DESERVES
EXPLANATION.

>> THAT'S A
\$10.4 MILLION
REAPPROPRIATION.
IF YOU RECALL, IN
NOVEMBER LAST
YEAR, YOUR BOARD
APPROVED CHANGE
ORDER TRANSFERRING
THIS AMOUNT OF
FUNDING FROM THE

EXISTING ANSALDO
CONTRACT TO FARE
COLLECTION SYSTEM
THAT REFLECTS THAT
AND IT'S NOT AN
INCREASE IN ANY
EXISTING CONTRACT.
LET ME KIND OF SAY
IT.

MY ENGLISH, 8TH
GRADE WAY OF
SPEAKING.

, WE TOOK
\$10 MILLION AWAY
FROM 10 MILLION
PLUS, FROM
ANSALDO'S QUOTE,
OPERATING CONTRACT
BECAUSE THEY WERE
ACCOUNTABLE FOR
THAT PHASE OF THE
OPERATION.

THIS BOARD
BELIEVES WE NEED,
NOT SPEAKING FOR
THE BOARD, EXCUSE
ME.

MORE INFORMATION,
SAFETY, THAT WHOLE
AREA IS BEING
LOOKED AT AS WE
KNOW WE HAVE A
COMMITTEE LOOKING
AT IT, GOING TO BE
A REPORT COMING
OUT.

THIS NUMBER WILL
MOST LIKELY GO UP
IF WE DECIDE TO
PUT FARE GATES
INTO THE OVERALL
EQUATION.

BUT WE'VE TAKEN
\$10 MILLION TO ADD
TO THAT ACCOUNT

AND THAT' S WHY
THIS \$10 MILLION
IS FOR.
>> THAT' S CORRECT.
>> WE' LL NEED TO
ADD A CHANGE ORDER
TO THAT NUMBER IN
ORDER TO BE WHAT I
BELIEVE
SUBSTANTIALLY
IMPROVE THE
OVERALL OPERATION
OF THE SYSTEM,
REDUCE COSTS AND
INCREASE REVENUES.
RIGHT NOW, WE' RE
GOING TO PLACE A
ORDER FOR
\$10 MILLION.
WE MOVED IT FROM
FROM ANSALDO WHERE
MONEY COME BACK
INTO OUR ACCOUNT.
AT THIS POINT,
\$10 MILLION FOR
MONEY TO SPEND IN
THE OPERATING
BUDGETS THAN WE
HAD BEFORE.
REMAINS TO BE SEEN
WITH WHETHER THIS
BOARD CHOOSES TO
THAT I CAN THAT
10 MILLION, SPEND
IN SUCH A WAY TO
UPGRADE
SUBSTANTIALLY THE
FARE COLLECTION
SYSTEM
WHICH WILL BE
SEAMLESS SYSTEM
BEING PROPOSED
WITH THE BUS.
I APPRECIATE THE
HARD WORK DAN HAS

DONE WITH THE BUS
SYSTEM
LEADERSHIP OF MIKE
FORMBY.
OF PUTTING OVERALL
COMPREHENSIVE
SYSTEM MAYOR ASKED
OF THE COUNCIL.
THAT'S A VERY
IMPORTANT NUMBER.
IT WILL BE ADDED
TO THE POT IN
ORDER TO PAY FOR A
BUS SYSTEM, PUBLIC
TRANSPORTATION
SYSTEM FOR MORE
COMPREHENSIVE FARE
SYSTEM
IS THAT FAIR?
>> YES.
>> THANK YOU.
>>DIRECTOR HUI:
MEMBERS ANY
FURTHER QUESTIONS
OR COMMENTS?
IF NOT, I WOULD
LIKE TO INVITE THE
PUBLIC TO THE
EXTEND THERE'S
ANYONE WISH TO
TESTIFY ON THIS
ITEM?
HEARING NONE.
>> I'LL MOVE THE
MOTION, CHAIR.
>> THANK YOU.
>> THANK YOU.
ALL IN FAVOR?
>> AYE.
>> ANY OPPOSED?
THANK YOU.
>> ACTION HAS
PASSED.
ANY CALL FOR
EXECUTIVE SESSION

FOR THIS COMMITTEE
TODAY?

>> THERE' S NOT?

NO?

HEARING NONE.

WE' VE COVERED OUR
AGENDA FOR TODAY.

THANK YOU ALL VERY
MUCH.

MEETING ADJOURNED.