

FFGA Financial Plan Update:

Project Cost Update

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Project Controls

10/15/15

1

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

Confidential Draft 10/13/15

Objectives

- **Provide FFGA Financial Plan update based upon current cost escalation and Project schedule forecast**
- **Compare original FFGA Financial Plan dated June 2012 with refreshed cost and revised revenue and escalation growth percentage**
- **Next Steps**

Project Balance

FFGA:
June 2012
[A]

Project Finances	Value (M's)
Net FFGA Revenue Total ¹	\$5,163
Project Capital Cost	(\$4,948)
Debt Financing Costs	(\$215)
Total Project Cost	(\$5,163)
Project Balance	\$0

¹ Net FFGA Revenue is net of \$193M Project Cash Balance.

Presentation Made:
December 18, 2014
[B]

Project Finances	Value (M's)
Net FFGA Revenue Total ¹	\$5,163
Project Capital Cost	(\$4,948)
Debt Financing Costs	(\$215)
GET Projected shortfall	(\$100)
FTA 5307 Funds Reduction	(\$210)
Lawsuits and Delay Claims	(\$190)
Utility Relocations	(\$50)
Project Enhancements	(\$75)
Construction Cost Escalation	(\$45)
Allocated Contingency	(\$240)
Total Project Cost	(\$5,763)
Project Balance Adjustment	(\$910)

¹ Net FFGA Revenue is net of \$193M Project Cash Balance.

Current Update:
October 15, 2015
[C]

Project Finances	Value (M's)	Slide Ref:
Net FFGA Revenue Total ¹	\$5,163	
Project Capital Cost	(\$4,948)	
Debt Financing Costs	(\$215)	
GET Revenue from Extension ²	\$1,524	
FTA 5307 Funds Reduction	(\$210)	Slide 4
Lawsuits and Delay Claims	(\$190)	Slide 5
Utility Relocations	(\$120)	Slide 6
Project Enhancements	(\$130)	Slide 7
Construction Cost Escalation	(\$240)	Slide 8
Additional Debt Financing Cost	(\$95)	Slide 12
Allocated Contingency	(\$240)	Slide 13
Total Project Cost	(\$6,158)	
Unallocated Contingency	(\$299)	Slide 13
Project Balance	\$0	

¹ Net FFGA Revenue is net of \$193M Project Cash Balance and net of \$110M in added revenue for Public/Private contributions for Pearl Highlands Transit Garage.

² GET Revenue from Extension. Pending City Council Consideration.

FTA Section 5307 Funds – **\$210M**

- **The updated FFGA Financial Plan recommends the \$210M be deleted from Revenue/Contingency funding per Honolulu City Council Resolution No. 15-18.**
- **The Plan update assumes these 5307 funds will be replenished from the pending GET extension.**

Project Delays – Projected \$190M

Total Legal Delay Costs	\$ 45,902,918
Total Other Delay Costs	\$ 77,126,198
Escalation (combination of NTP & Legal)	\$ 49,106,403
Total Delay Claims Cost	\$ 172,135,519
<u>Plus</u> several remaining claims and escalation actuals	\$ 10 - 20M
Estimated impact	\$ <u>190M</u>

(Data provided to HART Board Dec 18, 2014)

Utility Relocations/Upgrades - Projected \$120M

- The difference between the 6/12 FFGA Financial Plan and 12/14 Plan update (**\$50M**) is primarily due to:
 - 1) Additional cost projected for HEI utility relocations in the City Center segment - **\$25M**
 - 2) Service connection costs for permanent power - **\$5M**
 - 3) Cost to address clearance conflicts with HEI high voltage lines - **\$20M**
- The difference between the 12/14 and 10/15 cost update (**\$70M**) is primarily due to HART's estimated share to underground utilities (Dillingham Blvd)
- The investment in relocation and replacement of utilities along the guideway should improve aging island infrastructure (water, sewage, cable, gas, power, and etc.)

Project Enhancements – Projected \$130M

- Platform Safety Gates - **\$28M** (12/14)
- Additional Seats - **\$2M** (12/14)
- Fare Collection Systems - **\$15M** (12/14)
 - Includes \$10M credit from Ansaldo
- Emergency Backup Generators - **\$15M** (12/14)
- Public Highway Improvements - **\$15M** (12/14) / **\$35M** (10/15)
- Additional Escalators - **\$20M** (10/15)

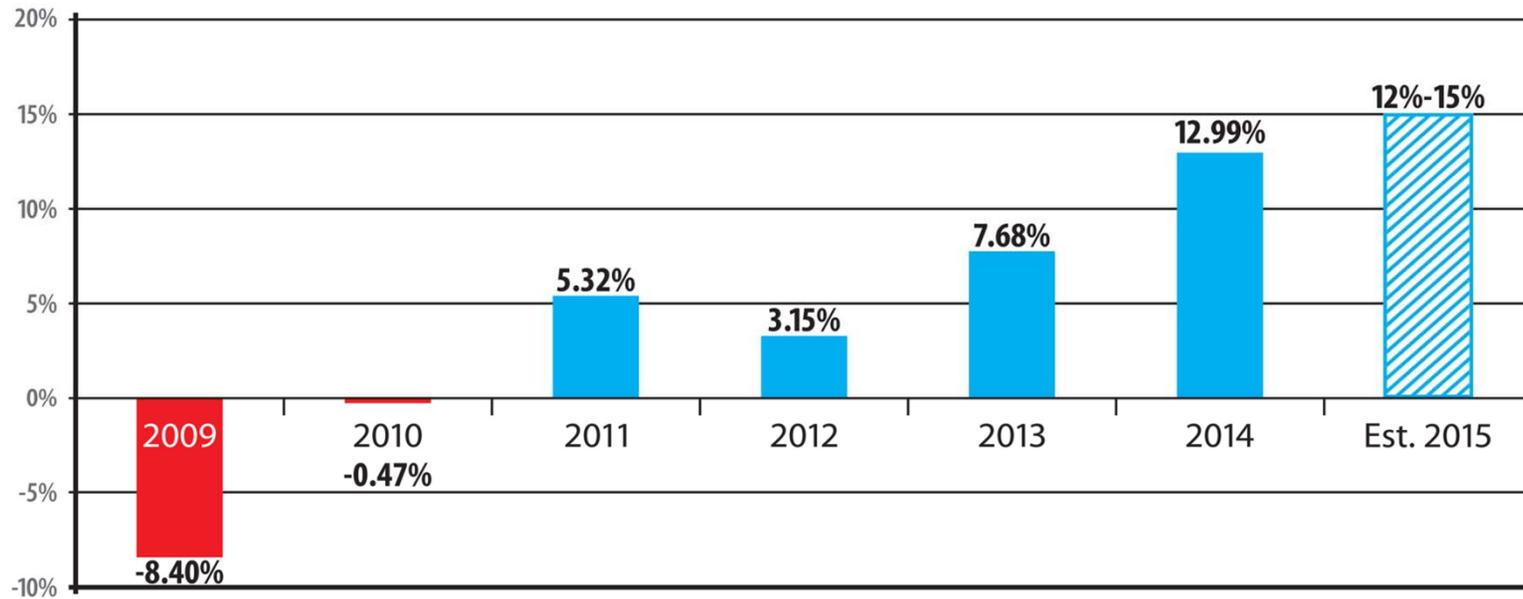
Cost Escalation – Projected \$240M

- The 6/12 FFGA budget utilized an average 4.5% per year rate of cost escalation.
- The actual construction cost escalation for Oahu for years 2013 and 2014 has averaged 10.3% per year, more than double the FFGA estimate.
- Based on most recent cost data*, the estimated construction escalations for Oahu are projected to be 12%-15% for 2015.

*Rider Levett Bucknall

8

CONSTRUCTION COST % CHANGE FOR HONOLULU



Reference: Rider Levett Bucknall, Quarterly Construction Cost Reports 2009-2014.
The 2015 projection is based on discussions with Rider Levett Bucknall.

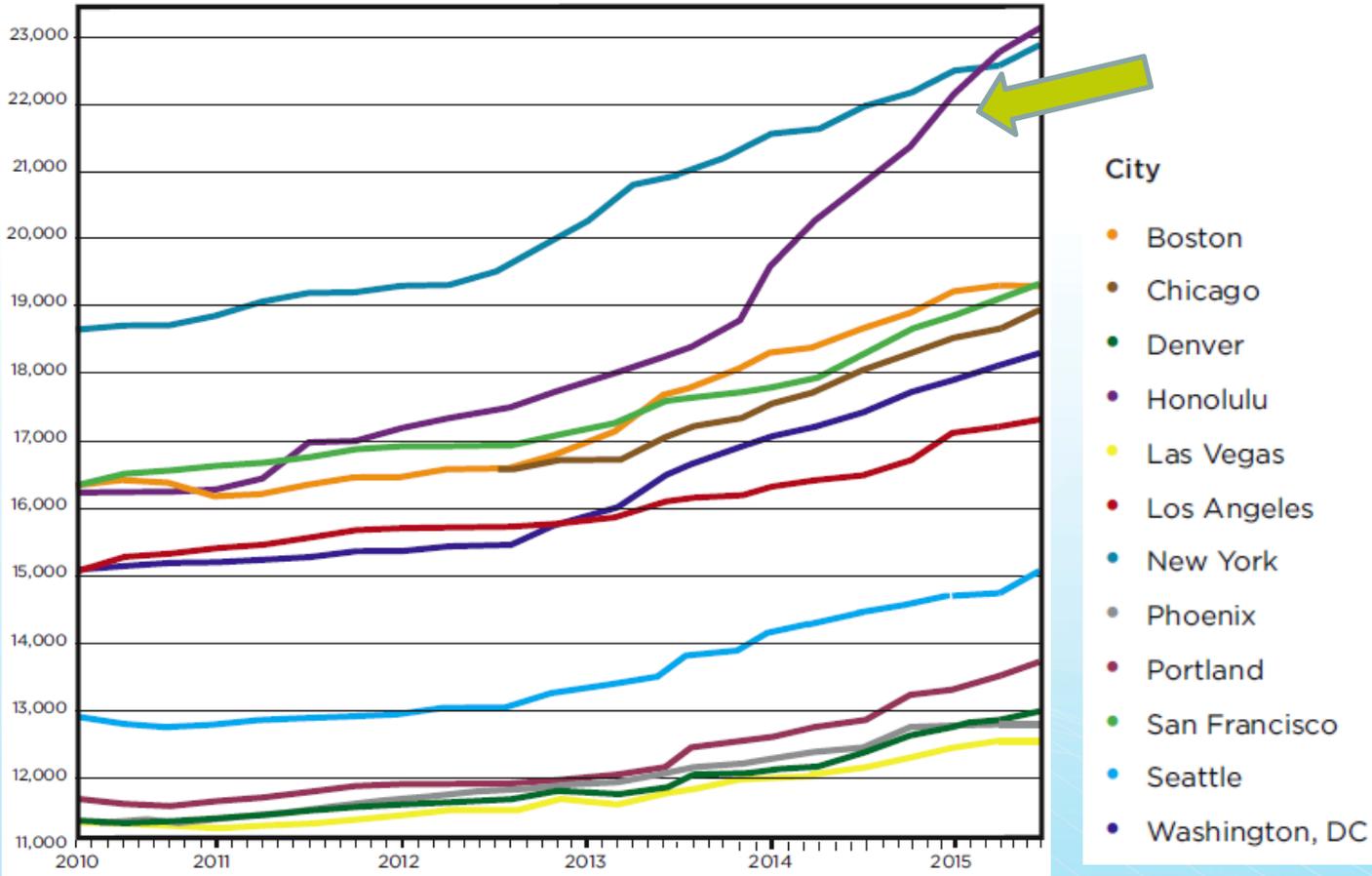
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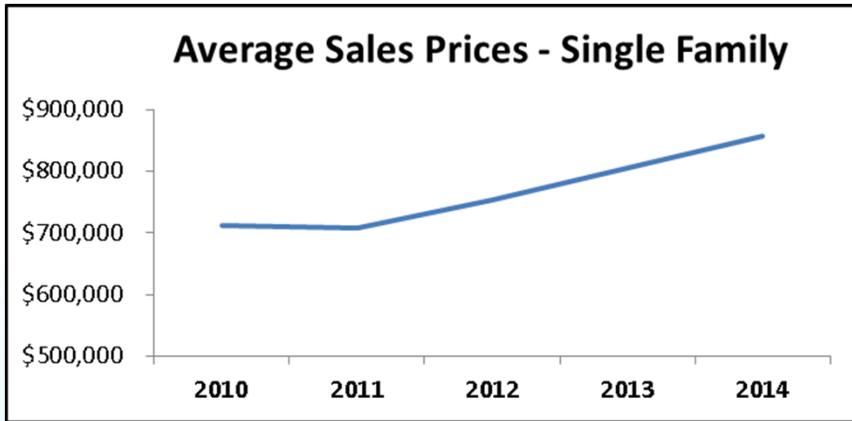
Extraordinary Market Conditions

COMPARATIVE COST INDEX

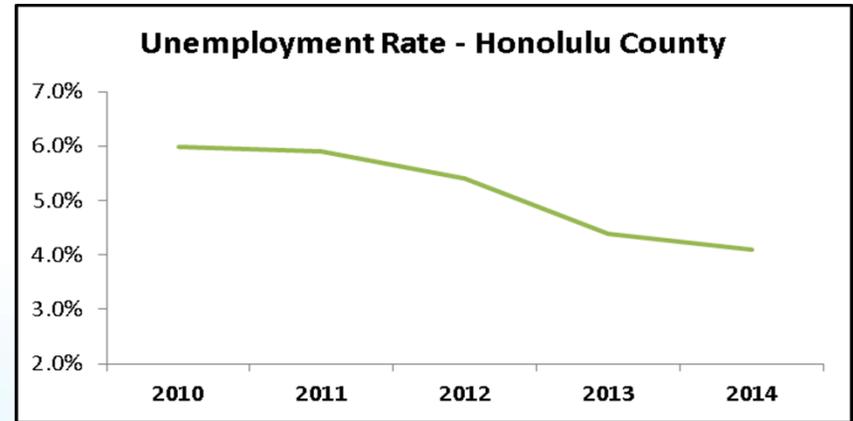


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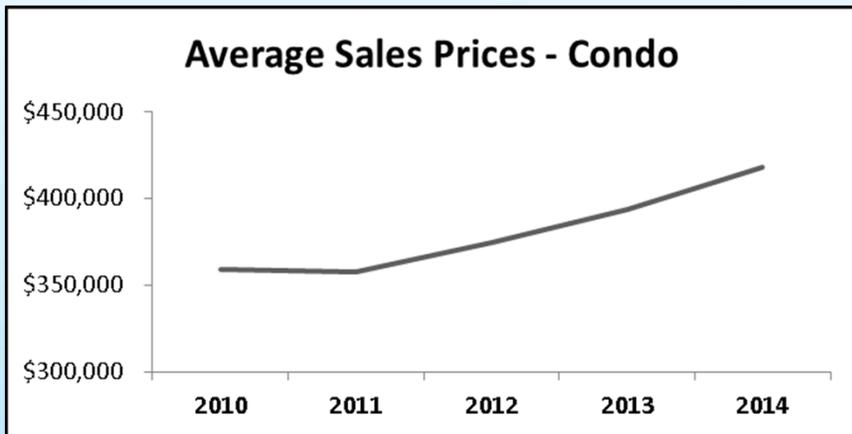
Extraordinary Market Conditions



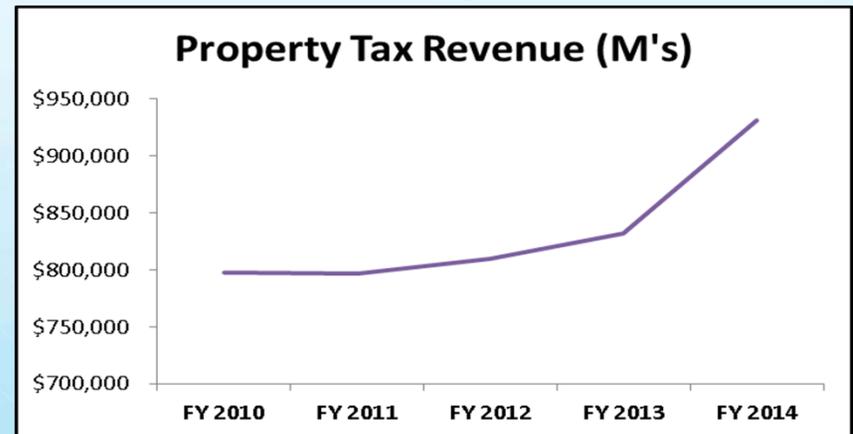
Source: Honolulu Board of Realtors



Source: UHERO Data Portal



Source: Honolulu Board of Realtors



Source: City and County of Honolulu CAFR

Additional Debt Financing - **\$95M**

- The 12/14 cost update did not include additional financing cost for the estimated “\$910M” project deficit.
- The 10/15 cost update assumes the projected cost increases will be financed over the length of the proposed 5 year extension.

Project Contingency - **\$539M**

- The 10/15/15 FFGA updated Financial Plan proposes to replenish contingency by \$240M in allocated and \$299M in unallocated (total \$539M)
- The FTA's most recent recommendation for Project contingency is 13% of Project cost; the updated plan would yield 14%.
- The updated Plan assumes the Pearl Highlands Garage, Freeway Off Ramp and new Bus Transit Facility will cost \$240M compared to \$173M in the 6/12 FFGA forecast. To offset these cost escalations, the Plan projects the garage (\$110mil) will be funded via a Public Private Partnership

13

Next Steps

- **Provide updated Financial Plan to FTA Project Management Oversight for their analysis and review.**
- **Provide updated Financial Plan presentation to Administration and City Council.**