



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

FINANCE
COMMITTEE MEMBERS

Ivan M. Lui-Kwan, Esq.
CHAIR

George I. Atta
Michael D. Formby
Ford N. Fuchigami
Donald G. Horner
Terrence M. Lee

**Joint Meeting of
Finance Committee and
Project Oversight Committee
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
(entrance on Richards Street)
Thursday, December 17, 2015, 9:00 am**

PROJECT OVERSIGHT
COMMITTEE MEMBERS

Colleen Hanabusa
CHAIR

Damien T.K. Kim
VICE CHAIR

Michael D. Formby
William "Buzz" Hong
Donald G. Horner
Ivan M. Lui-Kwan, Esq.

Agenda

- I. Call to Order by Chair
- II. Public Testimony on all Agenda Items
- III. Approval of the November 12, 2015 Minutes of the Joint Meeting of the Finance Committee and Project Oversight Committee
- IV. Change Order: West Oahu/Farrington Highway Escalation Due to Schedule Impacts
- 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.



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December 17, 2015

TO: HART Board of Directors

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

FROM: Charles S. Carnaggio *CSC*
Officer-In-Charge

John Moore
Deputy Director of project Management

SUBJECT: Escalation Due to Schedule Impacts Part 2
West Oahu Farrington Highway Guideway
Contract No. CT-HRT-10H0137

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Overview

This Contract Change Order will establish a second provisional sum for actual costs incurred from May 2015 to July 1, 2016, due to price escalation for certain matters, including, but not limited to, wage rate increases for craft and staff labor; fuel, oil, and grease; and small tools and supplies, resulting from the Archaeological Inventory Survey (AIS) delay and the Notice to Proceed (NTP) delays which affected the project schedule. The initial provisional sum provided in change order 28 for \$15,000,000 has been exhausted resulting in the need for a second provisional sum change order. The provisional sum is an amount of money tentatively agreed upon between HART and the Contractor to be performed, in cases in which the full extent of the work and/or cost is not yet known. Providing this second provisional sum allows work to proceed, with the expectation that payment will be awarded for the actually incurred and reimbursable escalation costs.

Justification

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



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Recommendation

HART Board of Directors to approve a second Provisional Sum Contract Change Order in the amount of \$11,750,000.00. This will bring the total amount for estimated actual escalation incurred to \$26,750,000.

Fiscal Impact

There is not sufficient contract allocated contingency budget remaining. The cost will be covered as a budget transfer from unallocated contingency to the Contract's contingency.

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

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**Evaluation of KIWC West Oahu
Farrington Highway Escalation Costs
December 17, 2015**

WOFH Provisional Sum

- Originally presented to HART Board on November 13, 2014
- Total delay 33 months
- HART and Kiewit could not come to an equitable agreement for escalation payment
- Original provisional sum estimated to cover first 21 months
- HART and Kiewit agreed escalation would be based on actual escalation realized on:
 - Craft labor
 - Staff labor
 - Fuel, oil, grease (FOG)
 - Small tools, supplies and other consumables
 - Ready-mix concrete
- Provisional sum changed order developed based on AIS Suspension Provisional Sum Protocol

WOFH Contract Delay

The following events delayed the WOFH DB Contract:

- The delayed issuance of NTP 2, 3, & 4
- Program's construction was halted due to court ruling requiring completion of the Archeological Investigative Survey (AIS)

Resolution of the cost with KIWC due to delay were stagnated. A path forward was developed to come to an equitable adjustment with KIWC. It consisted of:

- Complete the AIS Audit, Develop Provisional Sum Change Orders, and Individual Item Evaluation
- All other issues with WOFH contract are resolved within change orders issued
- This is the second provisional sum change order for actual escalation.

Initial Claim submitted on September, 2013 and settled July, 2015.

Cost Escalation

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

West Oahu/Farrington Highway Escalation Due to Schedule Impacts

- \$15,000,000
 - Provisional sum change order 48 executed for escalation costs due to delays
 - Based on 13 months of AIS delays and 20 months of NTP delays
 - Wage rate increases for craft and staff labor; fuel, oil, and grease including repair parts; small tools and supplies including consumables; and Ready-Mix Concrete
 - Provisional sum forecast for 21 of 33 months through June 30, 2015
 - Funded through unallocated contingency

WOFH Escalation Settled

Sub-Contractors and Suppliers	Original KIWC Estimate	Settled Amount	Cost Delta
Ameron for aggregate	\$476,370	\$464,413	(\$11,957)
Tensar Intl. for MESA blocks	\$72,474	\$71,663	(\$811)
T Bailey, Inc. for permanent shaft casing	\$188,356	\$102,675	(\$85,681)
Schwager Davis for post tensioning components	\$961,701	\$767,177	(\$194,524)
PAC Electric	\$1,154,070	\$777,883	(\$376,187)
Road Builders	\$746,176	\$716,665	(\$29,511)
HPD Spec. Duty	\$160,936	\$156,123	(\$4,813)
Honolulu Paint	\$22,137	\$21,476	(\$661)
Kiewit Equipment	\$2,586,642	\$746,176	(\$1,840,466)
CMC - Rebar	\$9,414,474	\$6,228,445	(\$3,186,029)
Total Settled	\$15,783,336	\$10,052,696	(\$5,730,640)

Provisional Sum Protocols to Determine Actual Escalation

Establish Escalation protocols to determine actual costs realized for the following:

- Staff Labor
- Craft Labor
- Fuel, Oil, and Grease (FOG)
- Concrete
- Small Tools and Supplies (ST&S) and Undefined Consumables

Protocols for determining actual escalation costs mutually agreed upon

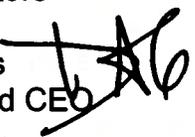
HART reviews billing for conformance



HONOLULU AUTHORITY for RAPID TRANSPORTATION

November 13, 2014

TO: HART Board of Directors

THROUGH: Daniel A. Grabauskas 
Executive Director and CEO

FROM: Lorenzo Garrido 
Officer-in-Charge

John M. Moore 
Deputy Director of Project Management

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

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

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Overview

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

Recommendation

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

Justification

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

Fiscal Impact

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

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Change Order Review November 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

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HART
HONOLULU AUTHORITY for RAPID TRANSPORTATION

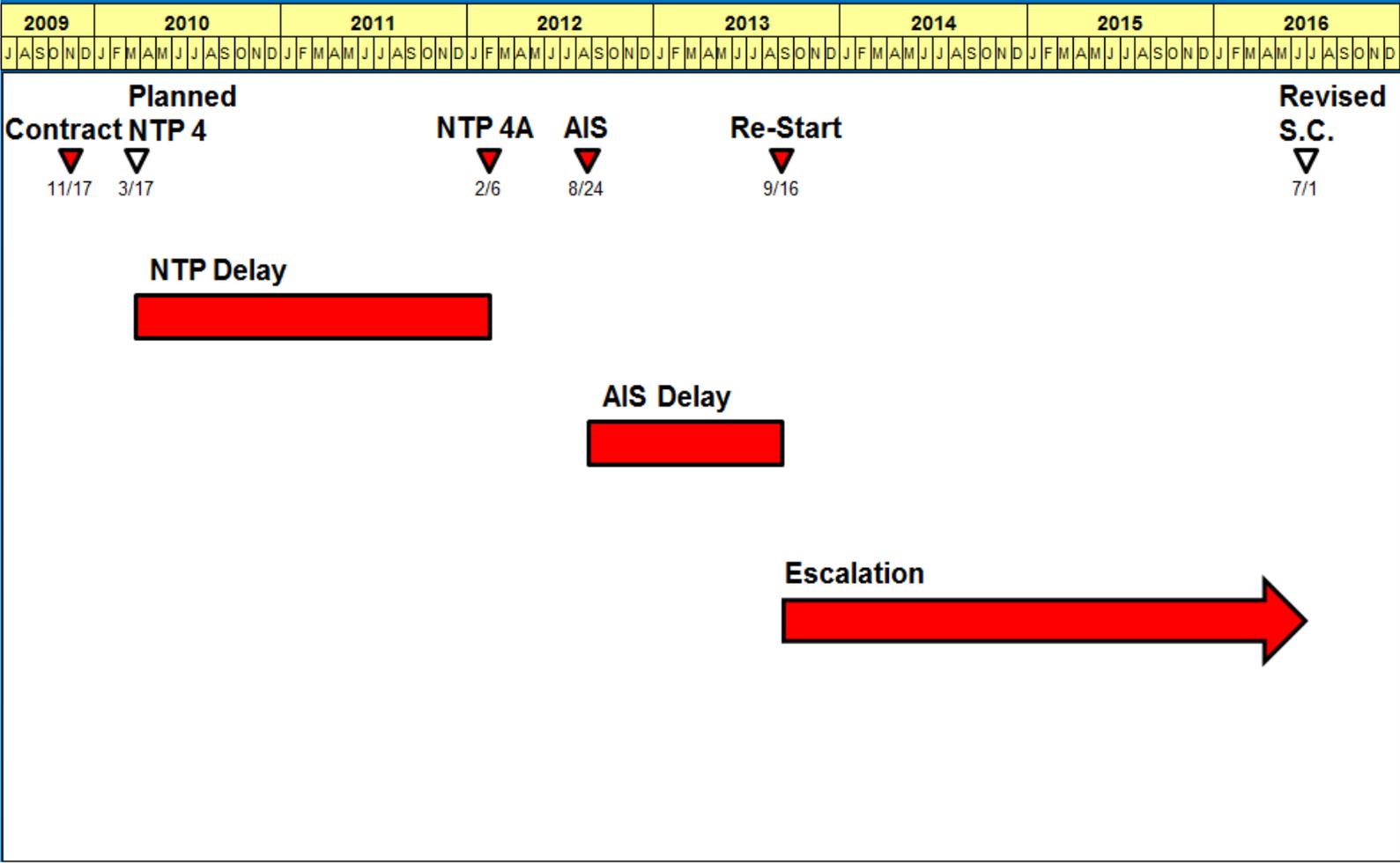
Cost Escalation

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

West Oahu/Farrington Highway Escalation Due to Schedule Impacts

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

WOFH Delay Overview



Kamehameha Highway Guideway Escalation Due to Schedule Impacts

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

KHG Delay Overview

