



MINUTES

**Joint Meeting of the Finance Committee
and Project Oversight Committee
Kapolei Hale, Conference Room B
1000 Uluohia Street, Kapolei, Hawaii
November 12, 2015, 9:00 A.M.**

PRESENT:	Damien Kim	Ford Fuchigami
	Colleen Hanabusa	Terrence Lee
	William "Buzz" Hong	George Atta
	Donald G. Horner	Michael D. Formby
ALSO IN ATTENDANCE: (Sign-In Sheet and Staff)	Joyce Oliveira	Corey Ellis
	Cindy Matsushita	Jeff Mack
	Andrea Tantoco	Michael McGrane
	Morris Atta	Diane Arakaki
	John Moore	Nicole Chapman
	Charles Carnaggio	Barbra Armentrout
	Tom LeBeau	Tom Berg
	Gary Takeuchi	
EXCUSED:	Ivan Lui-Kwan	Terri Fujii

I. Call to Order by Chair

Honolulu Authority for Rapid Transportation (HART) Project Oversight Committee Chair Colleen Hanabusa called the joint meeting of the Finance Committee and Project Oversight Committee to order at 9:00 a.m.

II. Public Testimony on All Agenda Items

Ms. Hanabusa called for public testimony; there was none. She stated that registered testifier Barbra Armentrout would be called upon to provide testimony later on in the meeting, as requested.

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III. Approval of the October 15, 2015 Minutes of the Joint Meeting of the Finance Committee and Project Oversight Committee

Ms. Hanabusa noted there was a clerical error on the agenda and corrected for the record that "October 24" should read "October 15." There being no proposed changes, the minutes were approved as circulated.

IV. Discussion on Budget and Schedule Update

HART Executive Director and CEO Daniel Grabauskas reminded the joint Committee that a presentation on budget, schedule and projected general excise tax (GET) surcharge income had been given to the Board and joint Committees on October 15, 2015. The materials previously provided to the HART Board of Directors are attached hereto as Attachment A.

Board member Donald Horner asked for the status of the discussion on the budget and schedule update with the Federal Transit Administration (FTA). Mr. Grabauskas reported that the information previously provided to the Board was also provided to the FTA and that initial feedback was positive, however the FTA reserves the right to verify the information provided as well as consult with their independent advisors on revenue, cost, and schedule.

Mr. Grabauskas said that a discussion on the budget and schedule update was included in the agenda in response to a suggestion for the Board and committees to have a discourse on the information presented at the previous meeting, as well as in response to the suggestion of Mayor Kirk Caldwell's rail consultant to include the budget and schedule as regular items for all HART Board meetings. Mr. Horner stated the presentation is not regarding a new budget but rather a refresh of the Full Funding Grant Agreement (FFGA) budget, as the project scope has not changed.

Presenting on behalf of HART were Michael McGrane, Budget Planner; Jeff Mack, CH2MHill Project Controls Lead; and Corey Ellis, Assistant Project Controls Manager. Mr. McGrane reiterated that the June 2012 Financial Plan for the FFGA assumed the GET would grow at a 5.04% compounded annual growth rate, which was based on the 30 year historical average from 1981 to 2011. The actual rate to date is currently at 4.07%. For the plan refresh purposes, lowering the percentage to 4% for projections of compounded annual growth for future years was deemed prudent.

Ms. Hanabusa asked for clarification regarding the GET Growth Rate Assumptions chart in the presentation. She stated it appears to show revenue projections from 2009 to 2027 while City Council Bill 23 talks about the revenue stream from 2007 to 2027. She commented that due to the different timeframes, there is over \$200 million that does not appear to be included in the presentation's revenue projections.

Mr. McGrane clarified that the chart shows the Financial Plan period beginning in 2009, when the FTA approved the Preliminary Engineering phase of the project. The original

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budget at the time was \$3.291 billion, and utilization of the 4.07% growth rate begins in 2007. This is to reflect assumptions from the beginning of GET surcharge collection.

Mr. Horner added that City Council Bill 23, CD1 takes into consideration the beginning of GET collection in 2007, while the City and County of Honolulu signed the FFGA contract in 2012. He asked how much GET surcharge revenue was collected from 2007 to 2012. Mr. McGrane stated that \$378 million was collected from January 2007 to October 2009.

Mr. Horner asked about the cash balance in 2012. Mr. McGrane noted that the Financial Plan shows a beginning balance of about \$298 million after the FFGA was signed; about \$80 million had been spent in preliminary engineering.

Ms. Hanabusa asked if the interest generated from the GET surcharge revenue was included in the \$378 million amount. Mr. McGrane explained that the City collects the monies in its own separate fund then allocates interest based on the balance of all other City funds. Mr. Horner clarified that \$80 million plus the allocated interest during that time period had been spent; Mr. McGrane confirmed this. He stated he could provide the Board with the exact numbers.

Ms. Hanabusa asked if when providing estimates based on 3%, 4%, and 5.04% growth rates, the beginning date used was October 2009, and Mr. McGrane confirmed this. Ms. Hanabusa observed when projecting the GET surcharge revenue with a growth rate of 4%, the \$4.815 billion amount does not include the beginning balance of \$298 million. She asked how the \$298 million is accounted for in GET surcharge revenue projections. Mr. McGrane stated that the information presented was consistent with the Financial Plan.

Mr. Horner pointed out that all scenarios presented in the December 2014 and October 2015 updates assume an ending cash balance of \$193 million to be utilized for rail operations and maintenance. He noted that the State Legislature has stipulated that GET surcharge extension revenues could not be used for operations and maintenance purposes. He raised the question of whether the beginning cash balance of \$298 million could be used for operations and maintenance.

Ms. Hanabusa stated that as she was a member of the State Senate when the GET surcharge was approved, members of the Legislature understood that none of the GET surcharge would be used for operations and maintenance. She mentioned that this may be the reason the State Legislature made it clear that no GET surcharge revenues would be used for operations and maintenance in the language for the GET surcharge extension. Ms. Hanabusa stated that she wanted to make sure the \$298 million is accounted for.

Mr. Grabauskas reported that the FTA concurs with staff's assessment that the January 2020 completion date is not feasible. FTA's letter to HART dated October 14, 2015 mentions an 8% probability of commencing service by June 2021. The initial feedback

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from the FTA has been favorable with regards to completion of the project in the fourth quarter of 2021.

Board member Michael Formby stated that it would be helpful to the HART Board to have the numbers provided to the FTA. Mr. Grabauskas agreed and suggested placing the project schedule on a Board meeting agenda. Mr. Horner stated that the update currently being presented serves to bring everyone on the same page, as it provides a finite schedule date.

Mr. Mack presented two summary slides, for Phase 1 or the western ten miles of the project including the first 9 stations and Rail Operations Center (ROC), and for Phase 2 or the eastern ten miles of the project. Mr. Mack discussed the milestone dates for Phase 1 of the project: 1) the first vehicles are expected to arrive in the first quarter of 2016; 2) the ROC to be completed by the second quarter of 2016; 3) the West Oahu/Farrington Highway (WOFH) guideway to be completed by third quarter 2016; 4) the Kamehameha Highway Guideway to be completed by second quarter 2017; 5) the West Oahu Stations to be completed by fourth quarter 2017; 6) the Farrington Highway Stations to be completed by first quarter 2018; 7) the Kamehameha Highway Stations to be completed by third quarter 2018; and 8) the Systems Certification and Testing to be completed by third quarter 2018. He noted that the bid opening for the Kamehameha Highway Station Group is scheduled for November 17, 2015, and would provide a clearer picture of the accuracy of cost/schedule projections.

Mr. Grabauskas added that HART enjoyed an additional measure of certainty because HART is past the lawsuits that have affected the project and past a number of bid protests that have delayed the schedule. However there are still several external factors that HART does not control that could affect the schedule. He noted that the dates provided are predicated on a clean bid opening without protests.

Board member Terrence Lee asked if it would make sense to build time into the schedule to account for possible bid protests. Mr. Grabauskas said this could be done. He explained the protest process has a time limit. Should there be a protest, the protester has the right to appeal to the Department of Commerce and Consumer Affairs (DCCA), and the DCCA hearings officer is required to hear the case and render an opinion within a 45-day period. A 3-month or 3.5-month period could be built into the schedule to account for this. Should the protester pursue its appeal beyond the DCCA stage, HART would be able to award contracts at its risk, or alternatively could wait for the litigation to conclude. During the period of DCCA's review, HART is stayed from awarding the contract in question. Mr. Grabauskas noted that given these considerations it would be difficult to estimate how much time to build into the project schedule.

Mr. Lee suggested that staff build more time into the project schedule as he believed it likely that a bidder could file a protest. He noted that there is a 3-month period staff could already build in for the protest process, and the public would understand a delay due to litigation would be caused by the plaintiffs. Mr. Grabauskas said staff would be

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asked to analyze if a 3- to 3-1/2-month delay due to an appeal filed with the DCCA would be recoverable or if more time should be added to the schedule.

Mr. Horner expressed his agreement with Mayor Caldwell to hold HART accountable to get the project done. With a ten percent escalation in construction costs, a three-month delay would add two percent to the overall project cost. Mr. Grabauskas added that HART will be encouraging the bidders for Design-Build (DB) contracts to be awarded to contribute ideas to bring the schedule forward. Mr. Horner expressed his appreciation for HART's efforts and stated that doing advanced utility work in the area was prudent. Mr. Grabauskas pointed out that a separate contract which came in below what was budgeted had been utilized to put in certain foundations as a way to avoid impacting other airport projects as well as to adhere to the rail project schedule.

Mr. Formby expressed his appreciation for HART's efforts to lock in key project milestone dates. He asked why the presentation showed a second quarter 2017 completion date for the Kamehameha Highway Guideway while the monthly progress report showed the completion date would be extended to September 2017. Mr. Mack explained that the completion date in the presentation was in reference to the guideway itself and the goal is for Ansaldo Honolulu Joint Venture to have access to the guideway by the second quarter of 2017. Other activities such as road widening would likely extend beyond the date provided, which is the date the monthly progress report refers to. Mr. Formby observed that this made it difficult to track the Phase 1 milestone dates versus those listed in the monthly progress report and requested that HART staff ensure this is highlighted for the Board's reference.

Mr. Mack stated that because of the issue of potential protests, HART staff has had internal discussions with the Core Systems group regarding an interim opening date. Should there be an extended protest on the final three (3) stations to be awarded, the route could be limited from East Kapolei to Leeward Community College and the final stations added at a later date.

Mr. Formby noted that the Kamehameha Highway Stations completion date is scheduled for the third quarter of 2018, and but there were no completion dates for the H-2 Freeway off-ramp, bus transit center, and parking garage at Pearl Highlands. He understood those components were essential to the use and ridership for the stations. The procurement of these components was cancelled in July 1, 2015, however the public is unable to see when procurement would be reinstated. Mr. Formby stated that he would like this to be tracked for the public.

Board member George Atta suggested setting milestone dates after the end of the protest period or when the bids are opened, or building in three additional months to the schedule.

Board member Damien Kim asked what the cost impact would be if a three month period is added to the schedule for each remaining procurement. Mr. Mack explained when bids

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are received, the pricing holds true for a number of days. Contractors typically build possible protests into their bid price.

Mr. Horner suggested adding a footnote to the schedule that the dates are subject to the 3-month protest period and asked if this would impact final revenue service dates for either the interim or complete openings. Mr. Mack stated it could, and staff could modify what is defined as Phase 1.

Ms. Hanabusa asked for the status of the land exchange for the ROC. Deputy Corporation Counsel Gary Takeuchi reported that discussions are continuing with the Department of Hawaiian Home Lands (DHHL) and a meeting was set for November 13. The City continues to work with DHHL to assist in their running the transaction through the Department of the Interior (DOI) process. Ms. Hanabusa asked if this had been submitted to the DOI and Mr. Takeuchi stated it had not.

Ms. Hanabusa asked if electrical power would be available for revenue service in the third quarter of 2018. She pointed out that the monthly progress report notes the issue of a 46kV substation for ROC is yet to be resolved, and observed that anything over \$2.5 million would need to go before the Public Utilities Commission (PUC). Mr. Mack explained that the Hawaiian Electric Company (HECO) has confirmed there would be enough power for Phase 1 of the project. As Phase 2 is completed, HECO would then bring the substation online.

HART Deputy Director of Construction Tom LeBeau explained that the issue was discussed with HECO. He reported that the substation was installed in July/August 2015, and permanent power at the ROC is no longer an issue. HART is tracking the ROC completion date with permanent power in the first quarter of 2016.

Ms. Hanabusa asked if there was still a need for a 46kV substation and Mr. LeBeau responded there is a second substation HART and HECO are working on, which will not affect testing and commissioning dates of the facility. Ms. Hanabusa asked if the system could run and will not need an additional substation by third quarter 2018. Mr. LeBeau explained the 46kV substation Ms. Hanabusa was referencing is ongoing, and resolution is on track to be in service prior to operations in 2018. Ms. Hanabusa asked if funding would still need to be resolved and Mr. LeBeau confirmed this. Mr. LeBeau stated HART and HECO are exploring the possibility of placing the substation on Leeward Community College property. Ms. Hanabusa asked who would be paying for the substation.

HART Project Director Sam Carnaggio explained HECO proposed to put in the second substation, and HART would pay a small percentage its use. He stated the first substation is in place, and the ROC should be operational in April 2016. Ms. Hanabusa asked if the substation would be system wide versus limited to the rail project, and Mr. Carnaggio confirmed it would be system wide.

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Mr. Formby recalled a previous discussion that mentioned unquantified potential costs, one of which was West side utilities, and asked whether the relocation/undergrounding of those utilities would affect the milestone dates presented. Mr. Horner asked if there would be a need to underground the utilities referenced by Mr. Formby. Mr. Carnaggio stated that this would not affect Phase I of the project. Mr. LeBeau reported that HART has a Memorandum of Understanding (MOU) agreement for the entire western portion of the project to continue the path forward without delaying the project. Clearance issues are being addressed, and HECO has agreed to continue to move forward with the first phase of the project.

Mr. Formby asked if any other rail stations have components that are not part of the station package itself. Mr. Mack said no, explaining that park and rides may not necessarily be as integrated as the Pearl Highlands station.

Mr. Horner asked if the H-2 Freeway off-ramp and parking garage for the Pearl Highlands station would be part of the project's Phase II construction, and Mr. Mack confirmed this. Mr. Mack explained that although these components of the Pearl Highlands station are physically located in Phase I of the project, the parking structure and bus transit facility would be completed as part of Phase II. Mr. Horner asked if all three components for the Pearl Highlands station to be bid would be DB contracts, and Mr. Mack said they would. Mr. Horner suggested having a discussion at a future Board meeting regarding the Pearl Highlands station.

Mr. Mack stated that the Pearl Highlands station and its components would be affected by the bid packages and GET surcharge extension. Mr. Horner asked how quickly the bid could be put back out on the street and Mr. Mack stated 3 to 6 months. Mr. Horner emphasized the importance of having a decision made in the following Board meeting.

Mr. Formby expressed his concern regarding the lack of discussion regarding the Pearl Highlands Station and although the station components are planned for completion in Phase II, they are not listed in Phase II milestone dates. He emphasized that the H-2 Freeway off-ramp, transit center, and parking garage are essential to the ridership volumes associated with the station. Mr. Formby stated that if an interim opening to Aloha Stadium is planned for 2018, the ridership numbers from Pearl Highlands would be affected by this issue.

Mr. Horner stated the need to refresh the numbers for the Pearl Highlands station components and include it in the bid package. He stated that this should be put out to bid in order to find out the real cost. Mr. Horner suggested value engineering and working with a public-private partnership afterwards.

Mr. Lee asked if the engineering specifications for the Pearl Highlands station can support a parking structure and affordable housing above it. Mr. Mack explained that the station is located separately from the other components, on the Diamond Head area of the site. The bus transit center attaches to the station, with the parking structure located further Ewa. The structures are all interrelated and located on top of the Waiawa Stream,

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which complicates construction. While public-private partnerships have been discussed for the parking structure, including possible affordable housing, the complicated nature of this particular station is one of the reasons the components were removed from bidding. There is currently an ongoing study of public-private partnership viability.

Mr. Horner added that the Honolulu City Council and City Administration have challenged HART to generate revenue outside of the GET surcharge and Federal monies, which affordable housing does not yield, thus commercial and retail activities are being considered to offset the cost of the Pearl Highlands station components.

Ms. Hanabusa asked for clarification regarding the statement that getting the bid back out on the street depends on the GET surcharge extension. Mr. Mack explained one of the reasons the procurement was cancelled was due to the uncertainty regarding the extension. Mr. Grabauskas explained that previously, HART had an active solicitation for these components, with the first phase of the DB process complete. Several companies were in the process of doing design work for the second phase of the process but were told to stop. Due to the uncertainty regarding funding sources for the rail project, it was determined that it was best to cancel the solicitation, rather than have the competing offerors continue to expend resources on their bids. Mr. Horner asked if HART had permission from the FTA to place this on a secondary mitigation list and Mr. Grabauskas confirmed this. Mr. Grabauskas stated that with the 3.5-year projected construction time frame, there is still time for HART to make a determination under the current schedule, put the bid out on the street, and complete construction in time for the opening of the full system.

Ms. Hanabusa asked whether the station components could be bid without using public-private partnerships if the rail project receives all the GET surcharge revenues projected. Mr. Grabauskas stated this is dependent on: 1) GET surcharge revenue actually received and 2) the cost of the final ten miles of guideway and stations.

Mr. Horner pointed out that "Schedule C" of the presentation showing the October 15, 2015 financials has the transit center and H-2 Freeway off-ramp embedded in the budget assumptions but does not include the parking garage. Mr. Grabauskas stated that by June 2016 staff will know if GET surcharge funds are available and all bids will be opened.

Ms. Hanabusa stated that HART would need to inform the City Council whether all GET surcharge funds are needed, or whether funding will be sufficient even with a cap on the monies made available to the project. She stressed the need to know costs to make a policy decision on whether the Pearl Highlands station components would be constructed with or without a public-private partnership. Mr. Horner pointed out that the "Schedule C" budget contains \$732 million in contingency funds with potentially some money from public-private partnerships and noted his understanding that the FTA indicated they could live without the parking structure if additional parking stalls would be provided at other locations. Mr. Grabauskas noted that FTA would be open to discussion but this requires additional studies. In HART's review of the project, in order to have ridership for the entire system and the Pearl Highlands station, a 1,600-stall parking garage is included.

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Should the decision to delete the parking garage be made, other areas for parking would have to be considered and further studied to determine ridership impacts. The FTA would also need to analyze if other parking options would be equal to or better than what was promised in the FFGA.

Mr. Horner stated that the cost of the parking structure needs to be determined and a decision made regarding whether it is critical at that location. Mr. Formby added that the Council is requesting comments with respect to Bill 23 and the reasonability of a cap on GET surcharge funds for the rail project. He pointed out that discussions regarding the construction of certain project components have not taken place and he understood the FTA has not given their approval for the parking garage to be constructed under a public-private partnership. If the parking structure is not part of the project, HART will need to redo its ridership studies. He encouraged discussion on the matter before moving forward with the updated project budget.

Mr. Grabauskas commented that staff is receiving mixed messages as well, being directed to build all components of the rail project, while at the same time being directed to be creative in finding funding outside of the GET surcharge, such as through public-private partnerships. Mr. Grabauskas stated that HART staff welcomes clarity from the Board of Directors.

Mr. Atta commented that entering into public-private partnerships should be an opportunity to reduce construction costs. He stated that these partnerships should not be entered into if they complicate or slow down the project, and that there is always a caveat that public-private partnerships should be mutually beneficial to the parties involved.

Mr. Mack presented the details for Phase II of the project. Currently under contract is the Airport Utilities work. A similar contract is planned for the Dillingham Boulevard Advance Utilities in the spring of 2016, with that work expected to be completed by the third quarter of 2018. The Airport Guideway and Stations contract is out for bidding, and proposals will be opened in spring of 2016. Construction is expected to be completed by the third quarter of 2020. The City Center Guideway and Stations package is being prepared for bidding.

Mr. Grabauskas added that if the issue regarding the availability of funding is not resolved, the question of whether the City Center Guideway and Stations package should be put on the street for bidding will come before the Board of Directors. He stated that a delay in the procurement would result in a day-for-day delay of the project. Mr. Horner responded that the recommendation would likely be for HART staff to wait until funding is certain before putting the contract out for bidding. Mr. Grabauskas agreed that uncertainty regarding funding may deter contractors from submitting a bid response, as the cost to bid could be anywhere from \$1 million to \$2 million.

Mr. Horner stated that HART will know the cost for Phase II of the project in 2016. Mr. Mack stated that the final bid proposals for the Airport Guideway and Stations will be received in February 2016, with contract award expected shortly thereafter. Final bid

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proposals for the City Center Guideway and Stations will be received in the summer of 2016, with contract award expected by the fall of 2016. Mr. Horner clarified that the numbers on the bids opened are not necessarily what will be awarded; the award decision will be made based on whether the bid amounts are in alignment with HART's budget as outlined under "Schedule C". Mr. Mack pointed out that the request for proposal packages are being structured in such a way as to meet the revenue service date scheduled for the fourth quarter of 2021.

Mr. Ellis provided an update on the project costs. The original FFGA funding cost for the project amounted to \$5.163 billion (Schedule A). On December 18, 2014, the project cost was updated to \$5.763 billion (Schedule B), with about \$600 million in increased costs due to lawsuits and delay claims, utility relocations, project enhancements, construction cost escalations, and additional allocated contingency, as well a funding deficit of \$310 million due to a GET surcharge shortfall of \$100 million and removal of \$210 million in 5307 funds from HART's financial plan.

Mr. Horner clarified that up until August 2014 when the West Side Stations Group Bid was opened, the significant contracts awarded were for the first ten miles of the project and the ROC, and were within the original FFGA budget, without any cost overruns. The bids for nine stations were then opened, which came in above budgeted numbers and the work was subsequently repackaged into three-station groups. The bids for the first two repackaged station groups were opened and came within the expected cost range, although slightly higher than the FFGA budget. Mr. Horner pointed out that the project had not had significant cost overruns; the project exhausted its contingency funds due to lawsuits and delay claims, and the deletion of 5307 funds.

Mr. Ellis reported that the October 15, 2015 updated project cost numbers (Schedule C) have four areas of cost increases as compared to the December 18, 2014 (Schedule B) numbers. These include construction cost escalation, utility relocations and project enhancements, and debt financing costs. Mr. Horner expressed his appreciation to the City Administration for their help in reducing debt financing costs. Mr. Ellis pointed out that an additional \$299 million for unallocated contingency was added. Mr. Horner clarified that of the \$1.5 billion in GET surcharge revenue, \$732 million (\$240 million allocated contingency, \$299 million unallocated contingency, and \$193 million ending project balance) is being set aside for possible challenges to the project. The remaining \$650 million will be used to pay for utility relocations, project enhancements, and construction costs escalations.

Mr. Horner clarified that as of December 18, 2014, the significant contracts awarded were for the first ten miles of the project and the ROC, and were within the original FFGA budget, without any cost overruns. The bids for nine stations were then opened, which came in above budgeted numbers and the work was subsequently repackaged into three-station groups. The bids for the first two repackaged station groups were opened and came within the expected cost range, although slightly higher than the FFGA budget. Mr. Horner pointed out that the project had not had significant cost overruns; the project

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exhausted its contingency funds due to utility relocations, lawsuits and delay claims, and the deletion of 5307 funds.

Mr. Ellis reported that the October 15, 2015 updated project cost numbers (Schedule C) have three areas of cost increases as compared to the December 18, 2014 (Schedule B) numbers. These include construction cost escalation, utility relocations and project enhancements, and debt financing costs. Mr. Horner expressed his appreciation to the City Administration for their help in reducing debt financing costs. Mr. Ellis pointed out that an additional \$299 million for unallocated contingency was added. Mr. Horner clarified that of the \$1.5 billion in GET surcharge revenue, \$732 million (\$240 million allocated contingency, \$299 million unallocated contingency, and \$193 million ending project balance) is being set aside for possible challenges to the project. The remaining \$650 million will be used to pay for delay claims, project enhancements, and construction costs escalations.

Mr. Formby clarified that the Pearl Highlands station components were included in the project balance adjustment of \$910 million presented during the December 18, 2014 update, because they had not been cancelled until July 1, 2015. He pointed out that the project capital costs for Schedule B and Schedule C are identical, however the removal of the Pearl Highlands parking garage is not shown in the backup information provided. Mr. Formby noted the difficulty in reviewing HART's budget, because the Board did not vote on the matter and the item was not accounted for in the backup information presented. He stressed that the matter of the parking garage should be placed on the Board agenda to give residents from Central Oahu and the North Shore an opportunity to testify on the matter. Mr. Ellis noted that this was referenced in slide 13, which talks about the project contingency. Mr. Formby stressed that discussions should occur before decisions are made. Mr. Grabauskas explained that the Pearl Highlands station components were put on hold, not deleted.

Ms. Hanabusa asked for clarification regarding the \$298 million in cash for the project prior to 2009. The footnote for the June 2012 FFGA numbers states "Net FFGA Revenue is net of \$193 million Project Cash Balance." She asked for an accounting of the \$105 million remainder. Mr. McGrane explained in addition to the \$298 million, funds from GET surcharge, the Federal New Starts grant, and 5307 funds were included in the original financial plan. During this time period, costs were incurred and \$105 million borrowed for project costs. The \$298 million referenced is considered part of revenue. Ms. Hanabusa observed that the \$298 million is not treated as a carryover beginning balance, whereas \$193 million is in a fund earmarked for the project's ending balance. Mr. Ellis clarified that it is a replenishment, and it is a liability.

Ms. Hanabusa clarified that there is \$378 million that is not accounted for in the FFGA budget, which has been spent. She noted that all the budgets looked at begin on October 2009 and concluded that the project costs more than what the public has been told. Mr. Horner stated that the project uses the contractual number that was signed with the FFGA. Ms. Hanabusa questioned how much the project actually costs, considering there was \$378 million that was spent prior to the FFGA. She asked if the total cost,

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assuming an allotted contingency, is \$6 billion plus \$378 million, and Mr. Ellis confirmed this. Ms. Hanabusa asked why a notation for “Net FFGA Revenue” was included. Mr. Grabauskas stated that if the project receives replenishment of funds through the GET surcharge extension, HART will be in a position to have an ending fund balance.

Ms. Hanabusa asked if the \$193 million is included in the “Unallocated Contingency” category in the Schedule C numbers presented. Mr. Ellis stated it could be used as additional contingency. Mr. Horner added that after spending revenues, allocated and unallocated contingencies, and paying off debt service, with current projections, HART should have an ending cash balance of \$193 million. Ms. Hanabusa suggested that the three charts presented should have -\$193 million noted for each category. Mr. Horner agreed that FFGA revenue figures should also note a beginning cash balance of the amount carried over as another source of revenue.

Ms. Hanabusa asked what the unallocated contingency would be spent on, if all contingency funds are to be spent. Mr. Ellis responded that unallocated contingencies would be spent on unforeseen events. In the past this included delays and lawsuits, and currently could be spent on construction escalation costs. Ms. Hanabusa suggested that the \$378 million beginning cash balance and \$193 million ending cash balance should be added to the charts presented to the Board. Mr. Horner added that HART cannot spend allocated/unallocated contingency monies in excess of \$1 million without the joint Finance/Project Oversight committees’ approval.

Mr. Formby stressed the importance of being aware of the “knowns” that are not quantified. He stated that the \$299 million in unallocated contingency is not only set aside for unforeseen events, but could also be used for items that have not yet been negotiated. Mr. Horner clarified that “known” items would be paid for using allocated contingency or would be budgeted for. Mr. Formby recalled previous discussions regarding West Side Utilities, which would be paid for using unallocated contingencies, pointing out this was a “known” but unquantified cost. Mr. Horner stated that it may be helpful to have a range for the utility cost risks for Phase I of the project and Mr. Grabauskas responded that negotiations with HECO are currently a few months away from HART staff being able to provide the range requested.

Mr. Horner noted that it would be prudent for the Board to discuss the City Council’s proposed cap on GET revenues. He asked should the Council sets the cap at \$910 million, and fund the \$95 million in debt service and \$193 million ending balance independent of the cap, if HART would have sufficient revenue to meet the obligations under “Schedule C” of the presentation. Mr. Ellis stated that if the bids for the Airport and City Center come within HART’s estimates, the project could potentially be completed as planned. Mr. Grabauskas explained that with a 4% growth rate the total amount of GET surcharge funds projected is at \$4.8 billion. Bill 23, CD1 has a cap for the full amount through 2027 of \$4.58 billion. If the project ends up needing the amount estimated by HART (\$4.8 billion), then \$4.58 billion falls short. Mr. Horner pointed out that with the addition of the \$95 million for debt service and the \$193 million ending

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balance, the figures balance. Mr. Grabauskas added part of the confusion may be attributed to the \$3.67 billion expected to be collected through 2022 in the FFGA was based on a 5.04% growth rate. This figure changes with the use of a 4% growth rate.

Mr. Horner clarified that with the addition of \$3.67 billion, \$910 million in GET surcharge revenue from the tax extension, \$95 million for debt service, and \$193 million for the ending balance, HART would have funding above what is projected in the scenarios presented. Mr. Grabauskas added that if the bids come in close to what is estimated, HART would have unallocated contingency of \$300 million, which could potentially be used for the Pearl Highlands station parking garage and other project components. Mr. Horner added that if the \$193 million ending cash balance cannot be used for operations and maintenance of the rail system, the City would have cash available that could be used for capital expenditures. He noted that he would like to address the Pearl Highlands parking garage matter prior to this and said that he would be happy to entertain a motion to put the parking garage out to bid to know what the actual costs would be and begin conversations regarding public-private partnerships.

Mr. Grabauskas explained that the second part of the DB process is expensive for bidders to complete, and in the past HART has included \$500,000 in stipends to offset some of the costs incurred by unsuccessful bidders, to encourage competition. He stated that the Board may want to consider making a stipend available. Mr. Horner suggested that HART staff begin work again on the procurement and hopefully HART

would have a response from the City Council. Mr. Grabauskas requested clarification that HART would be soliciting for all three components of the Pearl Highlands station, and Mr. Horner confirmed this. Mr. Formby suggested placing this on the agenda as an action item for the next Board meeting.

Ms. Hanabusa stated that an underlying issue is whether HART staff has authority delete project components without Board approval. She suggested that staff should be required to come before the Board to make changes to the original project scope. Mr. Atta pointed out that HART staff needs thresholds because not all items would need Board approval. He stressed the need for guidance. Mr. Horner stated that the caveat would likely be anything that would impact the project and requires Federal approval. Mr. Formby agreed that this should be put on a committee agenda then recommended to the full Board for approval.

Mr. Formby asked why HART would consider accepting a cap on the full potential revenue expected to be collected with the GET surcharge extension through 2027, knowing there are possible additional unquantified costs to the project. He emphasized that HART should receive full funding without a cap and manage the budget with full transparency.

Ms. Hanabusa requested clarification between the Schedule B and Schedule C numbers presented. Mr. Formby added that uncertainty is created because the numbers are subject to interpretation, and agreed with Ms. Hanabusa that further work is needed. Ms.

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Hanabusa requested a detailed comparison between Schedule B and Schedule C. Mr. Horner stated that the updated project balance information should be discussed by the Finance Committee before being presented to the Board of Directors and that what is missing is the revenue. He explained that Bill 23, CD1 creates a bucket with a maximum amount available for utilization in the amount of \$3.67 billion. When \$910 million is added it comes up short; however when \$193 million plus \$95 million are also added the amount results in more than the projected revenue of \$1.524 billion. Mr. Horner suggested that HART staff come back before the Board with the revenue capacity compared to that of Bill 23, CD1.

Mr. Grabauskas recapped that HART staff would include the budget and schedule update in the joint Finance/Project Oversight Committee and Board of Directors agendas for the foreseeable future. Mr. Horner suggested that it should go before the Finance Committee and Project Oversight Committee separately. Ms. Hanabusa agreed.

Ms. Hanabusa called for public testimony. Mr. Rodney Boucher provided testimony. He asked whether there were updates on the adjustment of the State's administration fee for collection of the GET surcharge. He expressed his support for the GET surcharge extension with a cap, and expressed appreciation for HART and the Board's efforts at transparency and oversight. He asked if there was any word back from the Mayor regarding his visit to Washington D.C., and noted that the footnote regarding the Pearl Highlands parking garage is an oversight that should be corrected.

Mr. Formby commented that the Mayor's meetings were occurring today and he has not heard anything about what's transpired. Mr. Horner added that there is nothing occurring with respect to the State reducing its 10% share of the GET surcharge. Ms. Hanabusa mentioned that a lawsuit regarding this matter was filed by the Tax Foundation.

V. Public Involvement Contract Provisions

Mr. Grabauskas reported that in previous meetings there was interest regarding requirements for contractors with respect to community outreach and business mitigation. Mr. Formby and Ms. Hanabusa requested that HART staff look at the current contractual language to evaluate what HART could be doing to make public involvement provisions more robust, particularly in light of business impacts. Mr. Grabauskas introduced Sam Carnaggio, HART Project Director; Nicole Chapman, Director of Procurement and Contracts; and John Moore, Deputy Director of Projects, to present the Public Involvement Contract Provisions, attached hereto as Attachment B.

Mr. Moore reported that the purpose of strengthening the language of the public involvement contract provisions is to increase the roles and responsibilities of the contractor. One of the most important elements is meaningful communication between all parties. Communication with businesses and the public must begin early, should be frequent, and remain continuous throughout the life of the contract. Communication will allow the contractor and HART to understand the impacts of the project on residents and businesses along the corridor.

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Mr. Moore reported that HART would be applying lessons learned from the first ten miles of the project, as well as incorporating information from the Los Angeles (LA) Metro Orange Line into the public awareness and community relations general conditions of contracts.

Mr. Moore stated that the contractors will be expected to go out and meet with residents and businesses to know who is being affected, to explain the work and time frame, and to listen to the affected parties. He reported that HART will require that contractors develop a Business and Residential Mitigation Plan. Contractors will be required to go out and talk to businesses and understand how they function. The mitigation plan should identify the problem, address it, and find a solution.

Development of the Maintenance of Traffic (MOT) Plan requires that it is shared with the public early and uses meaningful feedback from the public. This plan will address potential issues such as noise, dust, and parking. The contractor will be responsible for the implementation of the plan by providing daily public notification, weekly reporting, and establishing a database of public communications contacts and a hotline.

For the plan to succeed there must be continual assessment. The contractors will be required to conduct continued public outreach and obtain information from the public. Mr. Moore stressed the importance of communicating early and often.

He summarized that the general conditions were modified to provide a robust Public Awareness and Community Relations (PA/CR) contract requirement to support HART's Project Management team in improving community relations, support HART's Construction Engineering & Inspection Team's ability to help ensure a successful PA/CR Program through enforcement, and support HART's Public Involvement (PI) team in furthering Community Outreach in partnership with the contractor's PI team.

HART is not just considering those adjacent to the project's right of way; this has been expanded to those within one (1) mile of the rail alignment. The modified general condition will provide a springboard for future discussions involving financial outreach to the business community. Through the mitigation program, identifying how businesses function and how they are impacted provides greater understanding of the financial effects to them from the project.

Board member Ford Fuchigami asked if the mitigation plan came about because of the lack of communication the project had with the public on the Leeward side, such as the Pearl Kai Shopping Center and Tanioka's Seafood and Catering. He observed there was dialogue which did not seem to involve the decision-makers for the businesses affected by the project. Mr. Moore responded that HART's experience on the Leeward side was part of the reason.

Mr. Fuchigami asked what the additional cost would be for the contractor. Mr. Moore stated that he was not sure of the exact figures, but it could go up to \$1 million. He pointed out there is also potential for some cost savings by understanding how to develop

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an effective MOT plan with a shorter response time to problems that may arise in the field. The benefit of having a robust public awareness program is that the contractor can better plan their work and execute it at the least cost to them.

Ms. Chapman added that these provisions were not new and were included in prior contracts; the update is to improve on current provisions. Mr. Fuchigami stated if the provisions were already included, the communication had been poor and the process cost the City, State, and HART a lot of money. Mr. Grabauskas stated that the language being presented is for clarification and providing more specific requirements to clear up ambiguity, as well as give HART more leverage to require contractors to do more community relations work.

Mr. Carnaggio stated that the provisions have been updated to be more specific and agreed that HART did not enforce the current contract as well as it could have. He reported that an audit was conducted with the current contractor and found deficiencies in a number of areas which will be remedied.

Mr. Formby thanked HART staff for adding specificity to the policy. He observed that the policy can be implemented and can establish metrics to track implementation. Mr. Formby requested a copy of the policy to make some minor changes and submit comments.

Mr. Carnaggio stated that much of the credit for work on the policy should go to Mr. Moore, Ms. Chapman, and their staff. He reported that HART is making staff aware of the importance of outreach and stated that there is a business outreach strategy meeting held every two weeks. HART is working with Oahu Transit Services and is considering acquisition of a bus to recondition and use for outreach in the communities along the rail alignment, to provide the public with a mobile outreach office.

Mr. Formby stressed the importance of working with the Federal and State courts as the project moves down Halekauwila Street. He expressed his appreciation for HART's efforts.

VI. Resolution No. 2015-85 Relating to the Honolulu Authority for Rapid Transportation's Request to the Honolulu City Council for Approval of the Issuance and Sale of Commercial Paper

Diane Arakaki, HART Chief Financial Officer, presented Resolution No. 2015-85, attached hereto as Attachment C. She reported that the resolution is requesting approval by the Honolulu City Council for issuance and sale of commercial paper for short term debt financing. The commercial paper is needed during the peak years of construction. Ms. Arakaki explained this is the most efficient form of debt financing for the City to obtain on HART's behalf.

Mr. Horner summarized that HART staff is requesting the Board Finance Committee to approve Resolution No. 2015-85 for recommendation to the full Board. He asked if management's recommendation is for the Board of Directors to authorize HART to

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borrow up to \$350 million via commercial paper for short term financing of the project's capital needs, and Ms. Arakaki confirmed this. Mr. Horner clarified that the commercial paper will be used as a vehicle for financing and the Board of Directors would be authorizing management to work with the City and County of Honolulu. The use of commercial paper was originally planned for in the FFGA and HART has an executed memorandum of understanding regarding this matter with the City and County of Honolulu.

Mr. Horner called for a motion to approve Resolution No. 2015-85. Mr. Atta made the motion and Mr. Lee seconded. The motion carried unanimously.

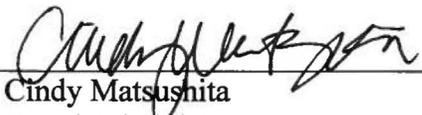
VII. Executive Session

Ms. Hanabusa asked if there was any reason for executive session, and there was none.

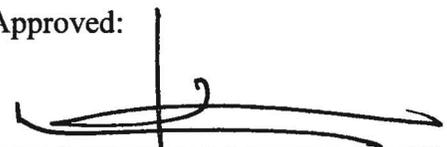
VIII. Adjournment

There being no further business before the committees, the meeting was adjourned at 11:42 a.m.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:


Colleen Hanabusa
Chair, Project Oversight Committee



Ivan Lui-Kwan
Chair, Finance Committee

DEC 17 2015

Date

ATTACHMENT A

FFGA Financial Plan Update: **GET Revenue Growth Rate Discussion**

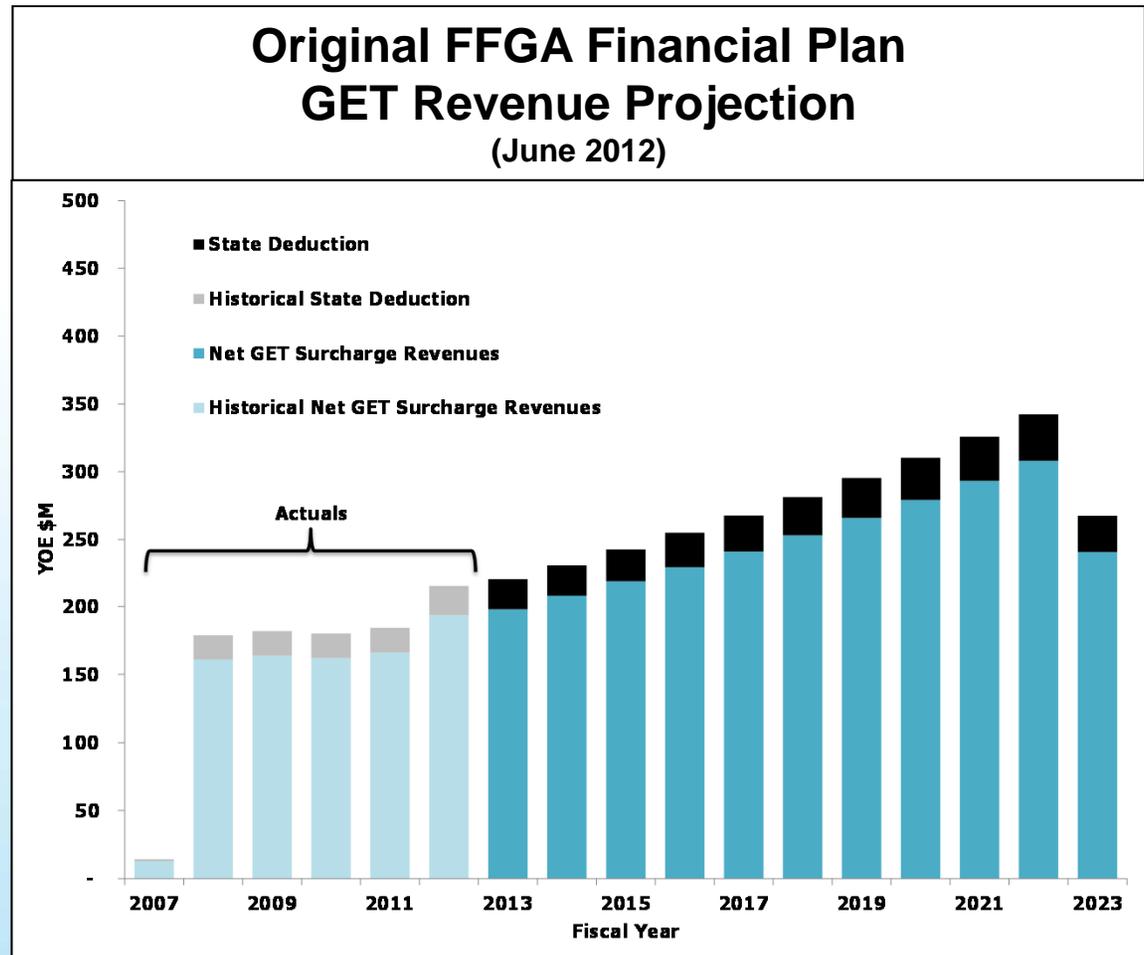
**Michael McGrane
Budget & Finance**

October 15, 2015

1

GET Growth Assumptions in Original FFGA Financial Plan

- Original Financial Plan assumes GET Surcharge revenues to grow at the 30 year historical average
 - 5.04% Compounded Annual Growth Rate
- In the original plan, the GET expires on 12/31/2022
- Total FFGA Financial Plan GET revenue totals \$3.291billion
- Actual to Date: \$39 million under plan

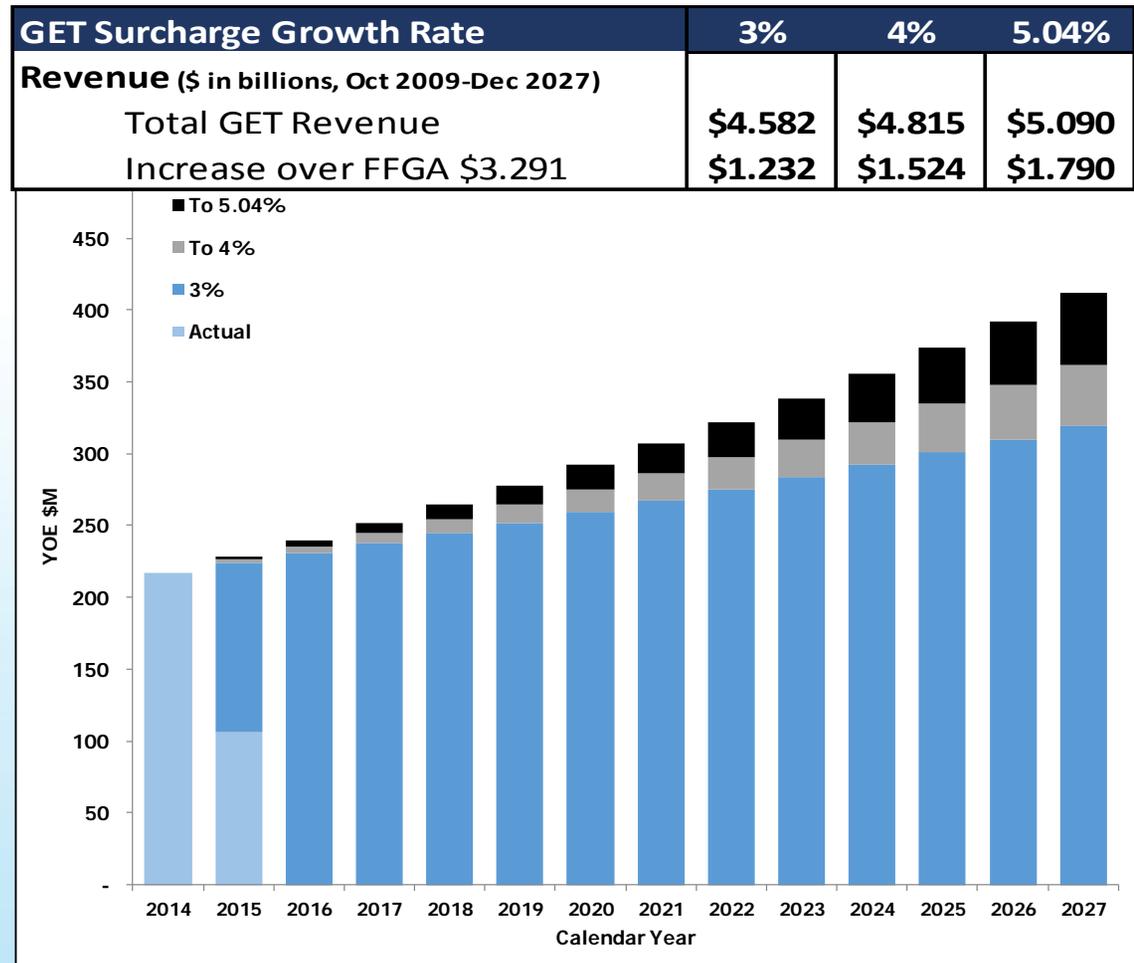


Source: Final Financial Plan for Full Funding Grant Agreement (June 2012), page 2-7.

Note: GET surcharge implemented 1/1/2007. FFGA Financial Plan GET revenues begin with the grant's preliminary engineering date October 16, 2009. 2

GET Growth Assumptions from 3% to 5% through 12/31/2027

- Evaluated growth rates from 3%, 4%, & 5.04%
- Additional GET revenues range from approximately \$1.2 billion to \$1.8 billion
- Actual GET revenue compounded annual growth rate totals 4.07%



Note: Actual to date figure reflects GET receipts in first full Fiscal Year 2007-8 through the latest GET receipt (July 2015)

Refresh Plan at a 4% Growth Rate

- **Refresh uses 4% growth rate in the financial plan that we will submit to the FTA**
 - **Corrects for the \$100 million GET shortfall identified in the December 14, 2014 Board Meeting**
 - **Reflects actual growth rate to date**
 - **Adds \$1.524 billion through the 5 year extension (12/31/2027)**

FFGA Financial Plan Update: Master Project Schedule

**Jeff Mack, P.E.
Project Controls**

FFGA (Full Funding Grant Agreement with the Federal Transit Administration)

Master Project Schedule

- **Update provides information in response to HART Board request and FTA/PMOC refresh**

- **Phase 1 (West Segments)**
 - **West Oahu / Farrington Highway Guideway (WOFH)**
 - **Kamehameha Highway Guideway (KHG)**
 - **East Kapolei to Aloha Stadium (9 Stations)**
 - **Rail Operations Center**
 - **9 Milestone Dates (“A” & “B”)**

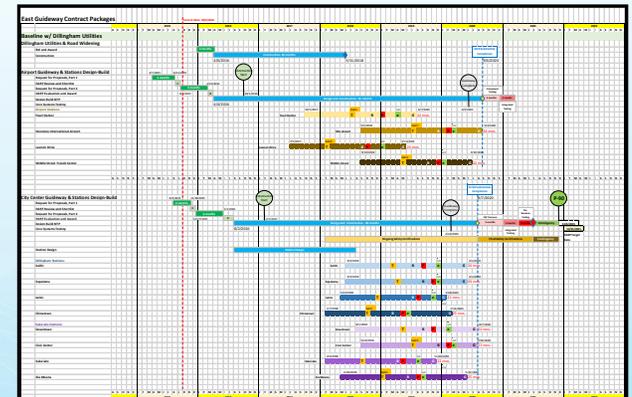
- **Phase 2 (East Segments)**
 - **Airport Guideway (AGS)**
 - **City Center Guideway (CCGS)**
 - **Pearl Harbor to Ala Moana Center (12 Stations)**
 - **6 Milestone Dates (“A” & “B”)**

Subject to review and discussion with the FTA

Master Project Schedule Definitions

Milestone Dates

- **“A” Dates**
 - Substantial Completion of fixed facilities (guideway, stations, etc.)
 - Civil and roadway work complete
 - Major Maintenance of Traffic (MOT) measures are removed
 - Limited impacts on vehicular and pedestrian traffic
 - Establishes the new “normal conditions” along the corridor
- **“B” Dates**
 - Facilities are open for intended use
 - Passenger service
- **Activities between “A” and “B” Dates**
 - Vehicle delivery and systems installation
 - Completion of systems installation
 - Systems and vehicle testing
 - Completion of fire and life safety approval
 - System Certification



Phase 1 (West Segments)



Phase 1 Milestone Dates*

Facilities; guideway; systems (“A” Dates)

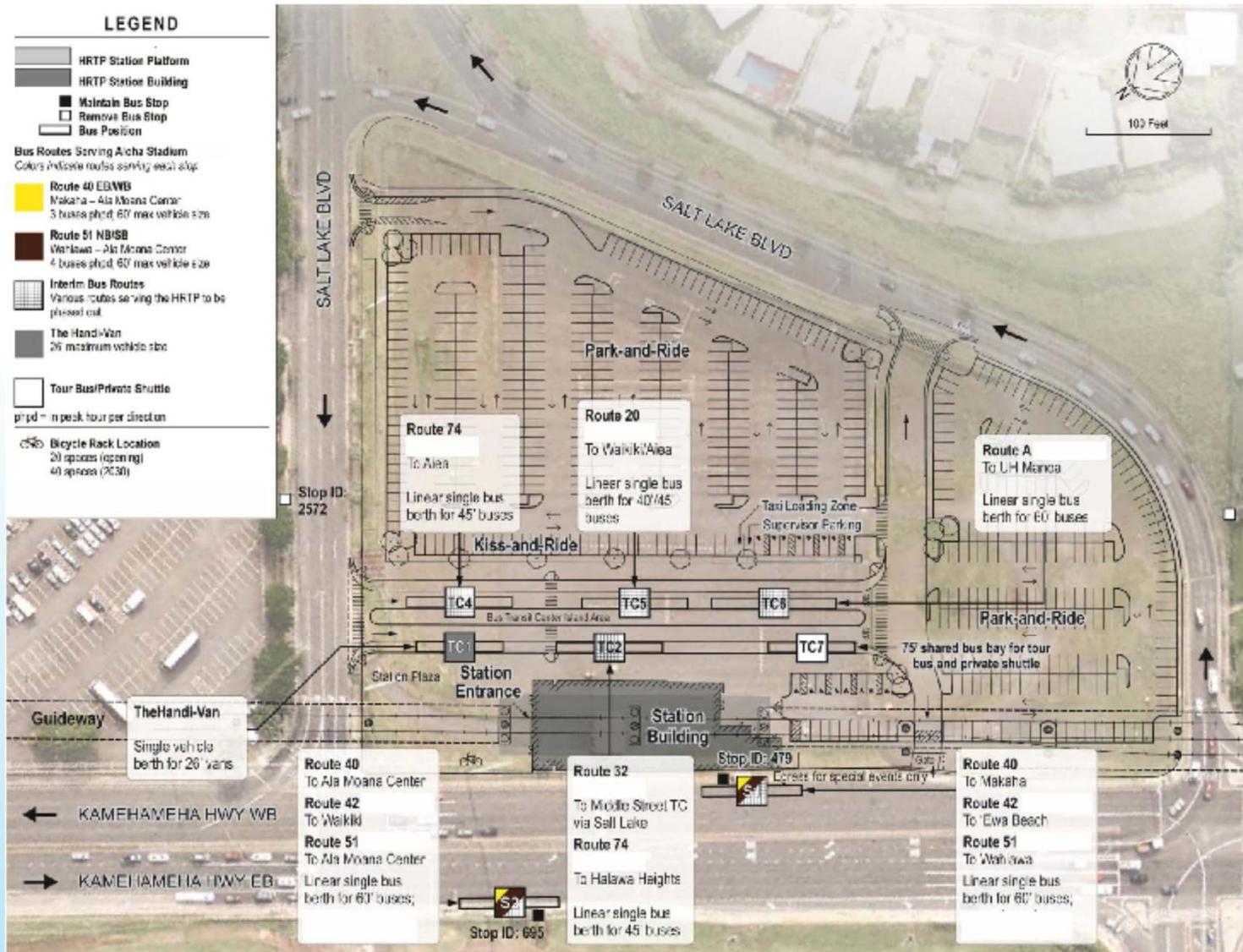
- 1st Vehicles Arrive: **1st Quarter 2016**
- Rail Operations Center: **2nd Quarter 2016**
- West Oahu/Farrington Guideway (6.8 miles): **3rd Quarter 2016**
- Kamehameha Highway Guideway (3.9 miles): **2nd Quarter 2017**
- West Oahu Stations: **4th Quarter 2017**
 - East Kapolei; University of Hawaii/West Oahu; Ho’opili
- Farrington Highway Stations: **1st Quarter 2018**
 - West Loch; Waipahu Transit Center; Leeward Community College
- Kamehameha Highway Stations: **3rd Quarter 2018**
 - Pearl Highlands; Pearlridge; Aloha Stadium
- Systems Certification & Testing: **3rd Quarter 2018**

Phase 1 Milestone (“B” Date)

- Ready for Revenue Service to Aloha Stadium: **3rd Quarter 2018**

*Dates are consistent with Monthly Report dates

Aloha Stadium Station



Phase 1 Milestone Dates

East Kapolei Station to Aloha Stadium Station

- Ready for Revenue Service : **3rd Quarter 2018**

Other Options:

1. Delayed or Deferred Interim Opening

System Operations is beneficial for adding Phase 2 segments

2. East Kapolei to Pearl Harbor

1 additional mile to Pearl Harbor and the Pearl Harbor Station is not in the current scope and would need to be added as a new requirement in the current Airport Segment solicitation

3. East Kapolei to Middle Street (adds Airport Segment)

According to the current contracting plan, this segment will be complete about the same time as the City Center Segment
(3rd Quarter 2020)

Phase 2 (East Segments)



Phase 2 Milestones

Facilities; guideway; systems (“A” Dates)

- Airport Utilities: **3rd Quarter 2016**
- Dillingham Boulevard Advance Utilities: **3rd Quarter 2018**
- Airport Guideway (5.2 miles) & Stations: **3rd Quarter 2020**
 - Pearl Harbor; Honolulu International Airport
 - Lagoon Drive; Middle Street Transit Center
- City Center Guideway (4.2 miles) & Stations: **3rd Quarter 2020**
 - Kalihi; Kapalama; Iwilei; Chinatown
 - Downtown; Civic Center; Kaka’ako; Ala Moana

Phase 2 Milestone (“B” Dates)

- Systems Certification & Testing: **3rd Quarter 2021**
- Ready for Revenue Service: **4th Quarter 2021**

Subject to review and approval by the FTA

Opportunities for Earlier Opening

- **HART Master Project Schedule is based on:**
 - **Current information**
 - **Historical events**
 - **Lessons from ongoing construction operations**
- **Design/Build contractors may have different approaches to the work, such as:**
 - **More resources**
 - **More work zones (headings)**
 - **More efficient way of performing the work**
- **Potential limiting factors:**
 - **Systems installation capability to do concurrent work**
 - **Impact on businesses and traffic**
 - **Third Party access and utility relocations**

Subject to review and approval by the FTA

FFGA Financial Plan Update:

Project Cost Update

**Corey Ellis, MBA
Project Controls**

10/15/15

1

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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)

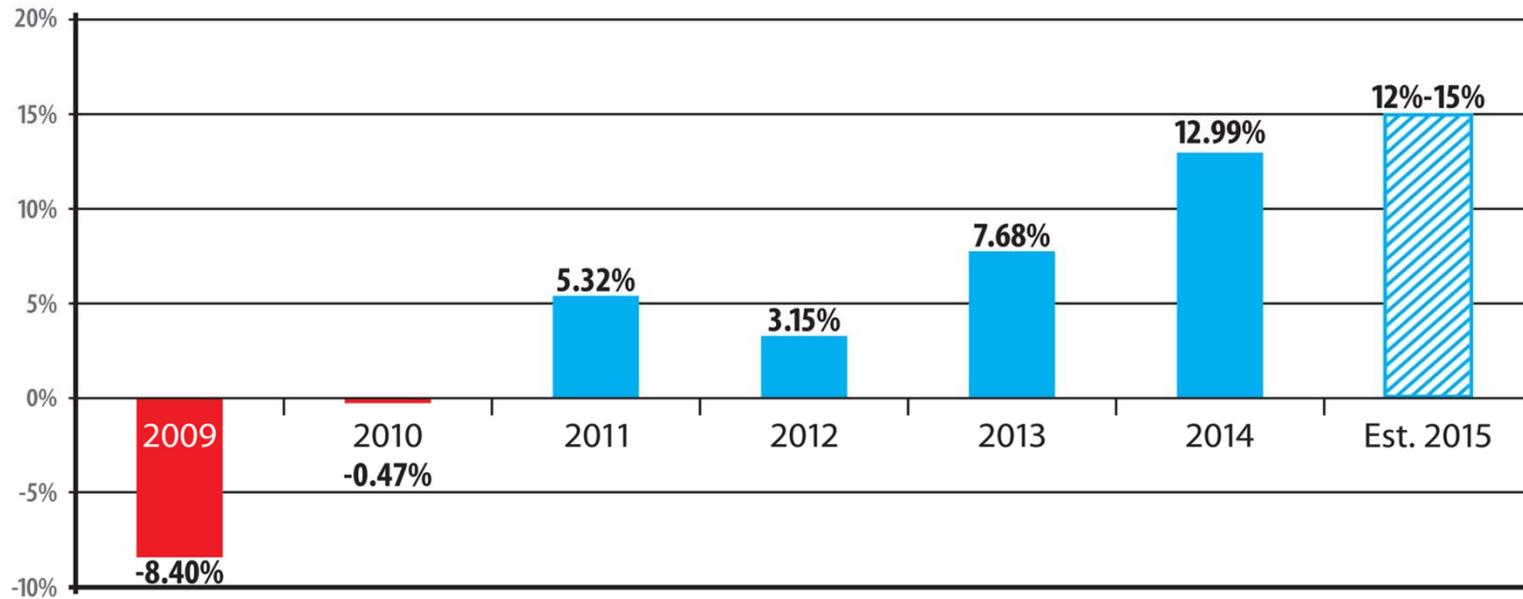
Cost Escalation – Projected \$240M

- 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.

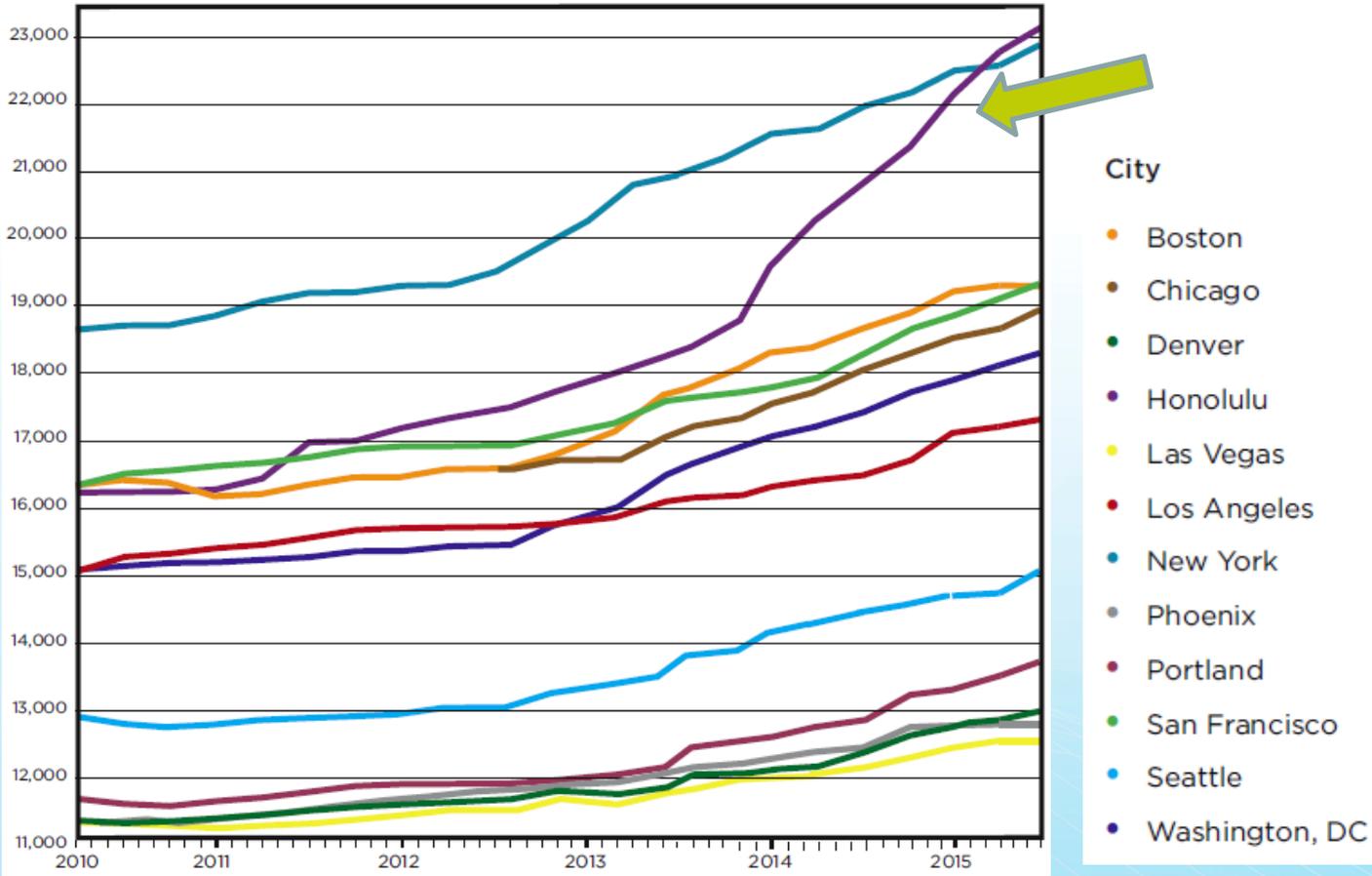
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24-Hour Project Hotline (808) 566-2299

www.HonoluluTransit.org

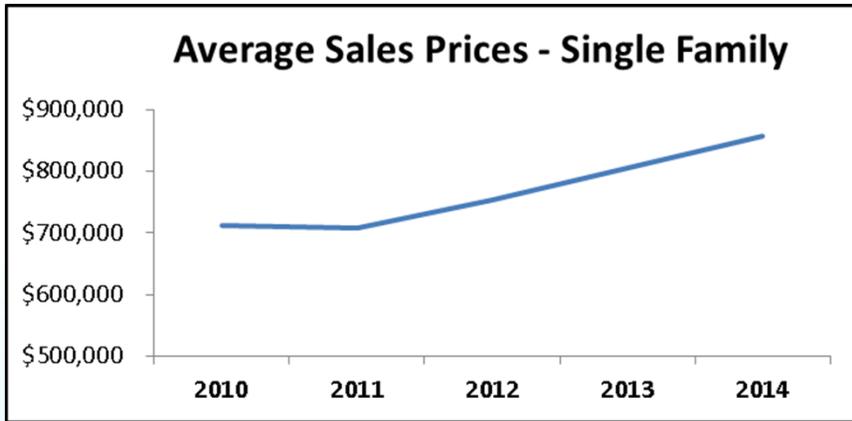
Extraordinary Market Conditions

COMPARATIVE COST INDEX

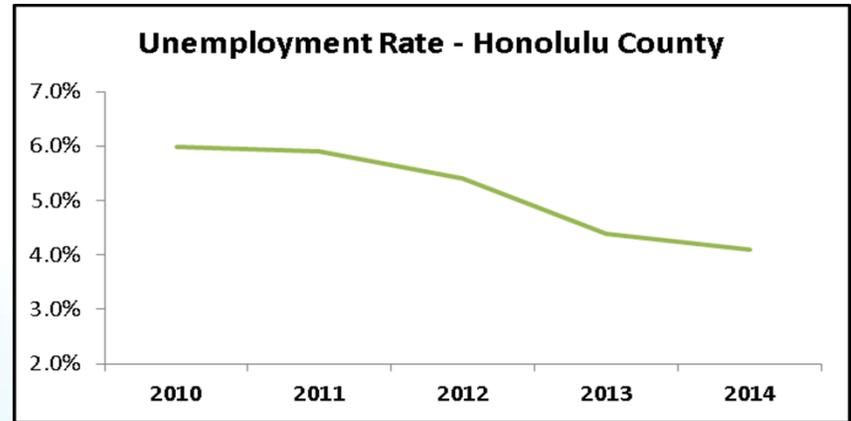


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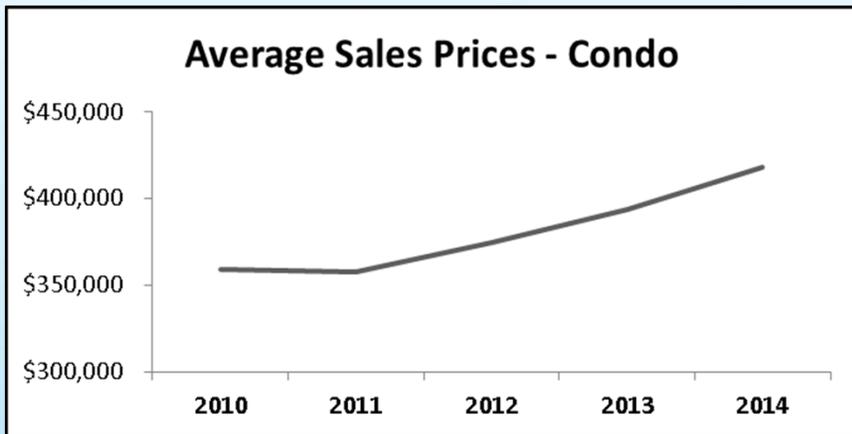
Extraordinary Market Conditions



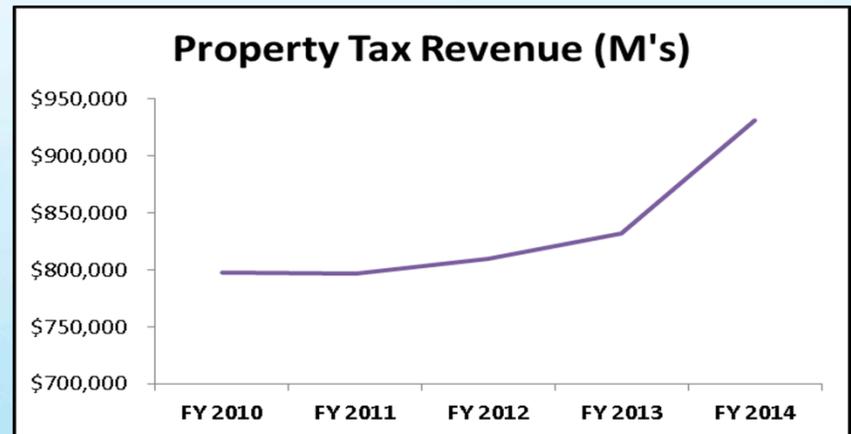
Source: Honolulu Board of Realtors



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

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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.**

ATTACHMENT B



Public Involvement Contract Provisions

November 12, 2015

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Purpose of Public Awareness and Community Relations Rewrite (GC7.24)

- Increase Contractors' Role and Responsibilities
- Raise public awareness
- Ensure meaningful communications between all affected parties
 - Early
 - Frequent
 - Continuous
- Build public support
- Enable contractor and HART to gain public understanding and perceived impacts
- Incorporate lessons learned from previous construction work
- Incorporate Public Involvement successes from other major municipalities such as Los Angeles

Communication

- Know who is being affected
- Meet with businesses and residents
- Explain the work and time frame
- Listen to the affected parties
 - Businesses
 - Residents
 - Traveling public (pedestrians, cyclists, vehicles)
 - Appointed and Elected officials
 - Stakeholders

Understanding the Impacts

Develop a Business and Residential Impact Mitigation Plan (mirror on Los Angeles success)

- What types of businesses affected?
- How do the businesses in the affected areas operate?
- How are the residential neighborhoods affected?
- Where are the first responders located?
- Where are the medical facilities located?
- Where are the schools and other industrial facilities located?
- What roads are used for commuting?

Maintenance of Traffic Plan Development

- Share with the public early in plan development
- Address meaningful feedback and use in plan development
- Address potential business impacts and business owners' concerns
- Address potential noise and dust impacts
- Address impacts to community traffic
- Build public support for the plan

Implementation of the Plan

- Provide daily public notification via:
 - Business access maps
 - Parking areas
 - Time of work
 - Clear identification of work zones
 - Canvassing
- Weekly reporting
- Establish database of public communications contacts
- Hotline – Respond to issues and work to mitigate

Assessing the Plan's Success

- Continued public outreach
- Development and adoption of awareness programs via:
 - Canvassing
 - Business and residential surveys
 - Stakeholder communication
 - Public meetings
 - Hotline
- Obtaining input from public
- Modifying work zones to address local impacts
- Continue to look for solutions to specific impacts

Always Vigilant

- Continued public outreach
- Review actions
- Maintain hotline database
- Provide full-time day-to-day contact with affected project area residents and businesses
- Communicate early and often
- Listen – Learn – React

Summary

General Condition 7.24 has been modified to provide a robust Public Awareness and Community Relations contract requirement which will support:

- HART's Project Management team in improving community relations
- HART's Construction Engineering & Inspection Team's ability to help ensure a successful PA/CR Program through enforcement
- HART's Public Involvement (PI) team in furthering Community Outreach in partnership with the contractor's PI team.
- Will provide a 'spring board' for future discussions revolving around financial outreach to the Business Community.

Mahalo!



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7.24 Public Awareness and Community Relations

7.24.1 Submittals

(a) **Submittals by the Contractor under this Section include:**

- (1) Contractor's Public Awareness and Community Relations (PA/CR) Plan (including Business and Residential Impact Mitigation Plan);
- (2) Monthly reports of activities undertaken to implement the PA/CR Plan;
- (3) Weekly reports, including traffic updates and construction activities for HART public information and hotline staff;
- (4) Weekly report of public contacts and responses provided;
- (5) Changes to access along with up-to-date access maps;
- (6) Sample of project identification sign;
- (7) Public notices for scheduled disruptions;
- (8) Public notices for unscheduled disruptions;
- (9) Monthly public notices with project updates regarding disruptions to be posted on the project website, print outlets, and media outlets; and

7.24.2 General

The Contractor shall maintain good communications and community involvement while minimizing impacts to businesses, residents, and traffic, which are critical to the successful development of the Honolulu Rail Transit Project (HRTP).

7.24.3 Public Awareness and Community Relations Program

(a) HART has developed a system-wide set of goals and objectives covering construction-related activities, including community relations (with specific outreach to impacted businesses), construction and traffic mitigation, public information, and responsiveness to public concerns. Based on HART's goals and objectives, the Contractor shall develop a Project-specific PA/CR Plan to be approved by HART for all construction-related activities. The Plan shall be designed to ensure effective community relations and successful mitigation of construction impacts businesses and residents near construction work sites. Those efforts shall include, at a minimum, an ongoing public information program, public meetings, door-to-door canvassing, construction advisories, newsletters, and/or e-blasts, and public notifications related to construction work and impacts using print, radio, and online ads. If requested by the Contractor, HART will provide a template and/or sample PA/CR Plan for use by the Contractor in developing its PA/CR Plan and Business and Residential Impact Mitigation Plan. The Contractor, under HART's direction, shall also provide other City departments and HDOT with construction advisories and current construction-related traffic information.

(b) **The PA/CR Plan shall include:**

- (1) An implementation plan to build a positive image for the HRTP;
- (2) Regular reports on the Contractor's progress;
- (3) Acceptable mechanisms for community outreach, public input and responding to construction concerns;
- (4) Mitigation programs for construction impacts for area residents, business owners, and commuters in the vicinity of the Project; and

- (5) Placing a high priority on being responsive to the concerns of the public, neighborhoods, and business owners throughout the life of the Project. Concerns and contacts should be properly documented electronically for future reference and to provide ongoing reports and research and refining outreach and communications plans.

(c) **HART's Role:**

- (1) HART maintains oversight for public involvement and information for the HRTP in its entirety, from East Kapolei to Ala Moana and, specifically for this Contract, will monitor the Contractor's performance for compliance with the approved PA/CR Program plan. As part of its oversight, HART will:
 - (A) Provide leadership in establishing the messaging for HRTP project communications policy and strategic direction;
 - (B) Provide the Contractor with communications goals and objectives;
 - (C) Ensure that the Contractor's communications programs and products are consistent system-wide and in line with HART's overall public information and outreach efforts; and
 - (D) Conduct HART-sponsored public relations activities targeted to the general public.

(d) **The Contractor's Role:**

- (1) The Contractor has the responsibility for the PA/CR effort to prepare affected neighborhoods for construction and to minimize the actual impact of construction.
- (2) The Contractor shall perform the Project-specific PA/CR activities, manage the day-to-day PA/CR program and mitigate the impact of construction for businesses and residents in the Project area.
- (3) The Contractor shall support HART's general public information and outreach efforts in the Project-specific areas, including providing timely reports, public information and additional personnel to assist in distribution of materials, public canvassing, and participation in HART sponsored activities to ensure a successful program.
- (4) The Contractor's communications program and products shall be consistent system-wide and in accordance with the communications goals and objectives provided to the Contractor by HART.

7.24.4 Contractor's Responsibilities

(a) **Contractor's PA/CR Plan:** Within thirty (30) days of the NTP, the Contractor shall complete and submit to HART for review, comment and approval a PA/CR Plan, which will include the Business and Residential Impact Mitigation Plan as defined below as a subset of the PA/CR Plan. The PA/CR Plan shall be consistent with HART's communication goals and objectives and shall target PA/CR activities to those most affected by Project construction. The Contractor's PA/CR Plan shall include, at a minimum, the items described in the Contract Documents. The Contractor shall:

- (1) Use the official Honolulu Rail Transit Project (HRTP) logo on all communications products with HART's approval. The Contractor may also identify itself and use its logo, where appropriate. HART must approve all deliverables before final production.

- (2) Update the PA/CR Plan at least semi-annually, soliciting input from the businesses and residents along the corridor and the stakeholders representatives and using the results of market research described later in this Section. Submit a copy of each update to HART for review, comment and approval.
- (3) Provide monthly reports of activities undertaken and notifications provided in the implementation of the PA/CR Plan in the previous month and anticipated in the coming month. Submit the monthly report in a format acceptable to HART on or before the 10th day of the month for activities undertaken during the previous month.
- (4) Assess the effectiveness of the PA/CR Plan: Working in conjunction with HART's public involvement team, use market research techniques semi-annually to provide information to HART. Information will be used to determine if any course corrections are needed in the delivery of information and interaction activities with Project area residents, businesses, and commuters.
- (5) Coordinate all PA/CR issues directly with HART that arise within and adjacent to the Project's geographical limits during the time the Contract is in force. This includes PA/CR issues that may be attributed to other concurrent H RTP contracts.

(b) Staff Requirements:

- (1) Provide, at a minimum, a full-time Public Involvement Manager (PIM) responsible for managing the Contractor's PA/CR Plan. The PIM is a key person on the Project list of Key Personnel. Other Contractor staff must be provided to accomplish Project specific tasks and to support HART's general public information and outreach efforts. (2) The PIM shall have and provide "real-time" access to all Project details that may be relevant to the public, public agencies, emergency service providers, businesses, and residents. The PIM shall have readily available and provide current and accurate information to HART when requested by HART.
- (3) The Contractor's PIM is the primary interface between the public and the Contractor's organization.

(c) Public Interaction:

The Contractor shall maintain day-to-day contact with the affected Project area residents, businesses, and commuters and provide information to all parties impacted by the Project on how to deal with any Project-related disruptions, impacts or issues. If a resident, business, commuter, or other member of the public has a question or comment related to construction or preparation for construction, the first and preferred point-of-contact should be the Contractor.

(d) Public Notifications:

- (1) Notify the public and community in general and specifically, affected businesses and residents along the Project area through personal contact of construction progress and upcoming events. Provide information to mitigate impacts that have immediate and long-term results.

- (2) Provide the specific notifications specified in Table 1 below.

Table 1: Table of Notifications

Notice	Requirement
30-day heavy construction notification	Provide written notification of heavy construction thirty (30) days prior to construction. Provide access maps per the Maintenance of Traffic Plan (MOT).
Utility outages	Provide written notice of at least seven (7) days in advance of, but not more than fourteen (14) days before, utility shut-off and diversions.
Weekly construction updates	Provide a construction update to each business or resident fronting a construction zone. The update shall be a personal visit from the Contractor's PA/CR Team.
Emergency unforeseen utility disruptions, hazardous conditions, traffic signal emergencies, security and loss of access	See GCDB Section 7.24.4(k) below.
Road and driveway closures or changes	Provide written notice and personal contact at least seven (7) days in advance.
Removal of surface encroachment, such as privately owned plants and shrubbery, from the City's right-of-way	Provide notice to affected owners at least two (2) weeks in advance of the commencement of the removal. Provide construction start date and the location of plants or other encroachments to be removed for each owner.

- (3) Utility shut-off/diversion announcements shall be made in the form of personal contact by the PIM or designated member of the Contractor's PA/CR staff. The Contractor shall include written notices to the affected parties.

(e) **24-Hour Public Information Hotline:** HART has established a 24-hour public information hotline for the Project. The Contractor will assist by ensuring that a Contractor representative shall be available at all times to respond to inquiries and reports generated via the hotline and reported by HART. The Contractor shall develop reports on an updated and regular basis for the hotline staff, accepted by HART, containing the necessary guidance needed to address any number of issues called into the hotline, including basic Project information, procedures for handling situations, a prioritized call-tree, the types of notification to use in specific incidences, emergency phone procedures, and any other applicable information. The information provided must always be current.

(f) Submit a weekly written report to HART, identifying the nature of public contacts and Contractor responses for the preceding week. The Contractor's PIM must be available at the request of HART to discuss the report.

(g) **Database:** The Contractor shall log all contacts including canvassing, email, phone calls and other communications it has made with the public. All contact information shall be inputted into a searchable database within three (3) days of contact by the Contractor. HART may provide a spreadsheet template for the Contractor's database to maintain consistency across the HRTP. Entries shall include the following:

7.24.5 Business and Residential Impact Mitigation

(a) **Business and Residential Impact Mitigation Plan:** Complete, update, and submit a Business and Residential Impact Mitigation Plan, which includes but not limited to:

- (1) **Door Hangers:** The Contractor may use door hangers to inform particular property owners/residents about day-to-day construction progress and disruption.
- (2) **Access Maps:** Develop access plans with businesses and residents on each block and provide maps showing existing and planned patron, delivery and residential access during any construction period. The map(s) shall identify times of business operation and deliveries. The Contractor may show the utilization of alleys or adjacent driveways upon receiving written permission from HART or owner having jurisdiction over such driveways or alleys. Individual business and residential access shall be recorded in the database. The Contractor shall make the access maps available at least seven (7) days prior to construction where a business or residence is impacted.
- (3) **Changes to Access:** Inform businesses and residents in writing and by personal contact of any changes to access that may impact them as required in the Table of Notification. Changes in access, along with access maps, shall be submitted to HART for review and comment at least three (3) weeks prior to start of construction.
- (4) **Work within Private Property:** Notify each property owner affected by such work with the approximate start date and total duration of work within their property. Notification shall be made in writing, via a notification flier, in accordance with the timeframes listed in the Table of Notification. Submit draft to HART for review and comment at least three (3) weeks prior to start of construction.
- (5) **Garbage and Recycling Removal:** Provide adequate access for all garbage and recycling removal. Negotiate with public and private garbage and recycling removal services and provide them access at agreed times.
- (6) **Construction Mitigation Signage:** On blocks that are undergoing construction, maintain "open for business" signage at intersections on both sides of the street that includes the names of the businesses impacted by construction where access is limited or disrupted. This signage shall be approved by HART and maintained throughout the duration of construction in any area affected.
- (7) **Public Notification:** Provide and pay for public service announcements to promote safety and construction awareness including, but not limited to, radio and newspaper notices.

7.24.6 Community Updates/Neighborhood Boards

(a) Besides the daily contacts made, conduct community updates to give the public the opportunity to discuss the Project. All neighborhood meetings shall be advertised in neighborhood and community newsletters. At a minimum, community updates shall be hosted once per month starting one month prior to construction. The Contractor is responsible for selecting an appropriate, easily accessible venue and for convening the meetings at a convenient time for maximum attendance. The information displayed or discussed shall include schedule, staging, maintenance of traffic and access, and any other Project information. The stakeholders will be provided the opportunity to participate in all community updates, which are to be advertised in accordance with the Table of Notification. (b) Accompany HART representatives to neighborhood board meetings in the affected areas to serve as a resource when HART representatives present Project updates.

- (1) Contact name, business name, address, phone number;
- (2) When the contact was made;
- (3) Who accepted/responded to the contact;
- (4) How the contact was made (in person, phone, e-mail, facsimile);
- (5) A brief description of the nature of the contact;
- (6) A brief description of handouts; and
- (7) A brief description of how any issues or concerns were resolved.

(j) **Complaint/Comment Forms:** Provide complaint/comment forms to businesses and residents along the Project as a method for the public to express Project concerns. These forms shall provide all information needed for entry into the database. The forms shall indicate the business address, website address, and fax number where the forms can be sent and the forms shall include the 24-hour public information hotline number.

(1) Responses to the Hotline Calls and Complaint/Comment Forms shall:

- (A) Respond to complaints within twenty-four (24) hours.
- (B) Evaluate emergency calls relating to hazardous conditions, diminished security, or loss of access or utility services on a case-by-case basis. Verification calls shall be provided on all calls to inform the callers that their calls have been addressed.

(k) **Emergency, Unforeseen Utility Disruptions, Hazardous Conditions, Traffic Signal Emergencies, Security, and Loss-of-Access Notifications:**

- (1) Initiate immediate response to emergencies by trained personnel from an incident response team within thirty (30) minutes of receiving notification from HART, a utility owner, or affected business(es) or resident(s).
- (2) Explain all emergency or unforeseen disruptions to the public immediately by personal contact from the PIM or a designated member of the Contractor's public information staff. The person making the contact shall provide to the affected party(ies) information such as:
 - (A) Cause of disruption (i.e., whether it is construction-oriented or not);
 - (B) Actions being taken to alleviate the problem;
 - (C) Anticipated duration of the disruption.

(l) **Construction Schedule/Maintenance of Traffic and Access:**

Notify businesses and residents along the Project and publicize commencement of construction in accordance with Table 1 herein. The notices shall provide, at a minimum, information addressing public safety, business impact mitigation, and proposed alternative routes and detours. This notification shall indicate the projected dates for the construction by individual notices to stakeholders, community groups, businesses, and residents along the corridor as well as along alternative routes. Provide all relevant information concerning the construction schedule to HART which will then publicize such information to appropriate media outlets.

7.24.7 Construction Tours

When HART schedules construction tours, the Contractor shall observe required safety program guidelines, such as the wearing of protective equipment and waiver of liabilities. The Contractor shall participate in tours as requested to provide construction information.

7.24.8 Incident Notification

Establish and manage an emergency response telephone tree. All appropriate stakeholder personnel shall be included on this telephone tree for immediate response in the event of an emergency. Divide the telephone tree into areas of expertise so that the proper people are called for specific emergency situations.

7.24.9 Media Relations

(a) An ongoing media relations program will be implemented and managed by HART. The Contractor shall not meet with the media without HART's authorization and shall direct all questions from the media to HART. The Contractor shall provide timely information to HART regarding construction activities for use in media events.

(b) The Contractor shall develop press releases for HART as needed to keep the public informed of the Project. All press releases shall receive prior approval from HART before distribution to media outlets. The Contractor shall work with HART to develop a process to ensure that official stakeholders and elected officials will receive press releases before or at the same time as the media.

(c) Radio and television traffic reporters shall receive appropriate and timely updates on construction activity and traffic management information. Public service announcements shall be developed as part of the Contractor's traffic management information.

(d) Neither the Contractor nor any of its subcontractors nor their employees shall conduct or participate in media interviews or events, radio or television broadcasts relating to the Project, without the consent and approval of HART, except in emergencies. In emergency situations, immediately notify HART of any situation that may involve the media.

7.24.10 Public Notices

(a) The Contractor shall prepare public notices and information for radio, television, and cable television and for the HART website and other media outlets to notify the public of inconveniences caused by the project works, including traffic and utility disruptions. The Contractor will submit public notices for scheduled disruptions to HART at least fourteen (14) days in advance of the event. Inconveniences caused by unpredictable events (e.g., damage to utility lines, extended street closures) shall be communicated to the public as expediently as possible. Costs associated with production and publication/airing of these updates will be borne by the Contractor as a part of this Contract.

(b) Submit to HART a regular project updates (monthly or as determined by HART) for posting on the HRTP website and for use in other print and broadcast media outlets as needed. The information should be designed to prepare Project area residents and business owners for construction and to mitigate the impact of construction. HART has final approval on the content of these updates. Any costs associated with production and publication/airing of these updates will be borne by the Contractor as a part of this Contract.

7.24.11 Special Events

(a) The Contractor shall assist HART as needed with the planning and implementation of special events that recognize significant Project milestone achievements, such as groundbreaking.

ATTACHMENT C

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015-85

RELATING TO THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION'S REQUEST TO THE HONOLULU CITY COUNCIL FOR APPROVAL OF THE ISSUANCE AND SALE OF COMMERCIAL PAPER

WHEREAS, pursuant to Section 17-109 of Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended ("Charter"), and at the request of the Honolulu Authority for Rapid Transportation ("HART"), the Honolulu City Council ("Council") may by resolution approve the issuance and sale of bonds for the construction of the Honolulu High Capacity Transit Corridor Project ("HHCTCP"), now known as the Honolulu Rail Transit Project; and

WHEREAS, Ordinance 01-28, as amended by Ordinance 04-36, Ordinance 10-15 and upon its approval Bill 73 (2015), CD1 and as may be further amended ("CP Ordinance"), sets forth the authority of the City and County of Honolulu (the "City") to issue and sell general obligation commercial paper pursuant to certain specified terms; and

WHEREAS, the CP Ordinance increases the maximum amount of such commercial paper permitted to be issued and sold, and expands the purposes for which proceeds of such commercial paper may be applied to include public improvements, including equipment, relating to the HHCTCP; and

WHEREAS, HART is required under Charter Section 17-109 and the CP Ordinance to make a request to the Council for the issuance and sale of bonds and other forms of indebtedness, which can currently take the form of general obligation bonds, general obligation commercial paper notes, general obligation bond anticipation notes and other forms of general obligation indebtedness, which proceeds will be used for the HHCTCP (the "HHCTCP Commercial Paper"); and

WHEREAS, the CP Ordinance requires HART and the City to have entered into a memorandum of understanding subject to the provisions of the CP Ordinance; and

WHEREAS, the memorandum of understanding sets forth the obligations of HART to the City concerning HHCTCP Commercial Paper and providing for HART's reimbursement to the City for any payments of principal and interest and any other costs incurred by the City relating to the issuance of HHCTCP Commercial Paper; and

WHEREAS, HART and the City have entered into the memorandum of understanding pursuant to resolution adopted by or to be adopted by the Council, approving or reapproving the memorandum of understanding and authorizing its execution by the Director of the Department of Budget and Fiscal Services, as well as

the execution of any incidental or related agreements, amendments and documents in furtherance of the memorandum of understanding so long as such agreements, amendments and documents do not incur additional obligations on the part of the City; and

WHEREAS, the CP Ordinance requires the Council to adopt an ordinance or resolution, approved by an affirmative vote of at least two-thirds of the members of the Council, (a) authorizing the issuance, sale and use of proceeds of General Obligation Bonds (including General Obligation Commercial Paper Notes) for the payment of the costs of public improvements, including equipment, relating to the HHCTCP, as well as the payment, refunding or refinancing of the HHCTCP Commercial Paper, and (b) determining the maximum principal amount of such General Obligation Bonds (including General Obligation Commercial Paper Notes) to be issued for such issue;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That HART hereby requests approval and authorization from the Honolulu City Council for the issuance and sale of HHCTCP Commercial Paper, including renewals and extensions thereof, in one or more issuances, in an aggregate principal amount outstanding at any one time of up to but not to exceed \$350,000,000, relating to the issue currently identified as Issue B (which designation may change from time to time at the discretion of the City).
2. That the issue of HHCTCP Commercial Paper being requested for approval above shall have such further details as shall be determined by the Director of the Department of Budget and Fiscal Services consistent with the provisions of Chapter 47, Hawaii Revised Statutes, and the CP Ordinance.
3. That copies of this Resolution be transmitted to the Honolulu City Council and the Director of the Department of Budget and Fiscal Services.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on

_____.

Board Chair

ATTEST:

Board Administrator

Honolulu Authority for Rapid Transportation

STAFF SUMMARY

TITLE: RESOLUTION NO. 2015-85 RELATING TO THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION'S REQUEST TO THE HONOLULU CITY COUNCIL FOR APPROVAL OF THE ISSUANCE AND SALE OF COMMERCIAL PAPER

STAFF CONTACT:
Diane Arakaki

DATE:
November 12, 2015

Type:	Goal	Focus Area	Reference Notes
<input checked="" type="checkbox"/> Action/Approval	<input checked="" type="checkbox"/> Project Delivery	<input type="checkbox"/> Livability/Land Use	
<input type="checkbox"/> Information	<input type="checkbox"/> Service Delivery	<input type="checkbox"/> Partnerships	
<input type="checkbox"/> Follow-up	<input checked="" type="checkbox"/> Resource Stewardship	<input type="checkbox"/> Agency Admin.	

1. Purpose:
To request approval and authorization from the Honolulu City Council for the issuance and sale of HHCTCP Commercial Paper.

2. Background/Justification
Interim debt financing is needed to fund the cash flow needs of the project during the peak years of construction. The most efficient, economical and effective way to meet this need is for the City to issue all debt financing for the project; and for HART to pay the cost of issuance, principal, interest and related fees. All costs of the debt for this project will be repaid with the General Excise Tax Surcharge (GET) revenue specifically dedicated to the project and the federal New Starts project grant of \$1.55 billion. HART has entered into a Memorandum of Understanding with the City regarding how the debt financing will be conducted.

3. Procurement Background
The City has conducted procurements, and is in the process of securing access to the necessary debt instruments to meet HART's financing needs.

4. Financial/Budget Impact
The cost of debt financing is included in the project and agency budgets.

5. Policy Impact
N/A

6. Public Involvement
N/A

7. Alternatives
None

8. Exhibits
Memorandum of Understanding between the City and County of Honolulu and the Honolulu Authority for Rapid Transportation Regarding the General Obligation Bonds

Certified and Recommended by:

Executive Director and CEO

11/9/15

Date