



U.S. Department
of Transportation
**Federal Transit
Administration**

REGION IX
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JUN 6 2016

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

Mr. Daniel A. Grabauskas
Executive Director and Chief Executive Officer
Honolulu Authority for Rapid Transportation
1009 Alakea Street, Suite 1700
Honolulu, Hawaii 96813

Re: Recovery Plan for Completion
of the Honolulu Rail Project

Dear Mayor Caldwell and Mr. Grabauskas:

As you are aware, the recent Risk Report for the Honolulu Rail Transit Project (“Project”) indicates the total cost to complete the Project will range between \$7.73 billion and \$8.01 billion, with an estimated completion date of December 2024. These costs and the schedule extend far beyond the costs and schedule set forth in the December 2012 Full Funding Grant Agreement (FFGA) between the Federal Transit Administration (FTA) and grant recipient, the City and County of Honolulu. In accordance with the terms and conditions of the FFGA, I write today to require the City and County of Honolulu and the Honolulu Authority for Rapid Transportation (HART) to submit a *Recovery Plan* for completion of the Project which demonstrates HART is taking every reasonable measure to mitigate the cost overruns and minimize the delay in opening the Project to revenue operations. The FTA Acting Administrator Carolyn Flowers and I will expect your *Recovery Plan* on or before August 7, 2016.

We appreciate the many challenges HART has faced in the design and construction of the Project, among them, the unfavorable market conditions, unanticipated costs for utility relocation, and delays attributable to litigation. Still, HART can do more to contain costs and mitigate the slippage in schedule. Most importantly, HART must re-baseline the Project budget and schedule to reflect current conditions, identify a permanent risk manager, update the Project Management Plan, and streamline its organizational structure with clear roles and responsibilities. Moreover, we urge HART to engage a peer review with industry experts to recalibrate a critical path for Project completion that is entirely consistent with your expected financial resources.

As FTA seeks to protect the public's very substantial investment under the FFGA, and HART seeks to deliver a rail transit system of enormous and lasting benefits to the island of Oahu, we call on you to redouble your efforts to complete the Project as quickly and efficiently as possible. The

Acting Administrator will contact you in the near future to gauge your progress on the *Recovery Plan*. In the interim please do not hesitate to contact me should you have any questions.

Sincerely,



Leslie T. Rogers
Regional Administrator