



HONOLULU AUTHORITY for RAPID TRANSPORTATION

MINUTES

**Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
(entrance on Richards Street)
Wednesday, June 16, 2016, 10:30 a.m.**

PRESENT:

Colleen Hanabusa
Damien Kim
Terri Fujii
Colbert Matsumoto

Ivan Lui-Kwan
Mike Formby
William "Buzz" Hong
Terrence Lee

**ALSO IN ATTENDANCE:
(Sign-In Sheet and Staff)**

Daniel Grabauskas
Randall Ishikawa
Lisa Hirahara
Joyce Oliveira
Cindy Matsushita
Sam Carnaggio
Diane Arakaki
Michael Yoshida
Nicole Chapman
Joseph Stewart

Barbra Armentrout
Natalie Iwasa
Tyler Dos Santos-Tam
Matt Cairns
Joshua Noga
Kirk Caldwell
Mel Kahele
Kymberly Pine
Aki Marceau
Jesse Souki

EXCUSED:

Ford Fuchigami

George Atta

I. Call to Order by Chair

HART Board Chair Colleen Hanabusa called the meeting of the Board of Directors to order at 11:38 a.m.

II. Public Testimony on All Agenda Items

Ms. Hanabusa called for public testimony.

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Barbra Armentrout provided testimony urging the Board to hold its committee meetings on alternate days from the Board meetings in the interest of time. She thanked Board member Ivan Lui-Kwan for his service on the Board. Ms. Armentrout suggested that the Board authorize part of the requested provisional sum for the contaminated material change order. She also spoke of the need for the Pearl Highlands Parking Garage and Transit Center. Ms. Armentrout commented that HART was again requesting commercial paper despite its previous position that would only request it once.

Natalie Iwasa pointed out that regarding commercial paper, the memorandum of understanding requires that the request to Council be made via a HART Board resolution. Ms. Iwasa spoke of the need for a monthly cash flow projection. She pointed out a math error in the PowerPoint presentation for the estimated cash balance at July 29, 2016, which should read \$25,700,000.

Mayor Kirk Caldwell testified regarding a conversation he had with Federal Transit Administration (FTA) Acting Administrator Carolyn Flowers, Region Nine Administrator Leslie Rogers and Honolulu City Council Chair Ernie Martin, in which Mr. Rogers requested a proposal on how HART would meet its funding gap and build a fully functional system with sufficient ridership. Mr. Rogers followed up with a request for a recovery plan by August 7, 2016. Mr. Caldwell expressed his uncertainty as to whether HART would meet that deadline in which to study all of the options presented by its staff in terms of cost, revenue, and ridership. He requested that HART make a recommendation to the Council of ending the project at Middle Street for consideration via public hearing and resolution. Upon Council's action, HART would develop a recovery plan for presentation to the FTA in negotiation for a new Full Funding Grant Agreement (FFGA). Mr. Caldwell said that he agreed with Mr. Martin that the locally preferred alternative, which was voted on by the people of the City and County of Honolulu, should not be altered. He said that Middle Street was achievable with the funds available, and made sense as a multimodal transportation center. The rest of the system should be built later. Mr. Caldwell thanked the Board members for their work on the largest construction project in the city's history.

Mel Kahele of the Ironworkers Stabilization Fund testified in support of building the entire 20 miles, citing the need for traffic relief for west side residents. He also urged the Board to examine the issue of transferring contaminated materials into the Leeward coast.

III. Approval of the May 12, 2016 Minutes of the Meeting of the Board of Directors

Ms. Hanabusa called for public testimony. There was none. She called for corrections or comments to the minutes. There were none. She called for a motion to approve the May 12, 2016 Board of Directors minutes. Board member Colbert Matsumoto so moved, and Board member Damien Kim seconded the motion. All being in favor, the minutes were unanimously approved.

IV. Board Committee Membership

Ms. Hanabusa proposed adding Mr. Matsumoto to the membership of the Project Oversight Committee. There being no comments, Mr. Matsumoto was thereby included as a member of the Committee.

V. Board Leadership Election

Ms. Hanabusa called for the prerogative of the Board regarding leadership.

Mr. Kim made a motion for Ms. Hanabusa to remain Chair of the Board of Directors. Mr. Matsumoto seconded the motion.

Ms. Hanabusa called for public testimony.

Ms. Armentrout testified in support of Ms. Hanabusa as Chair.

Ms. Hanabusa called for a vote on the motion. All being in favor, Ms. Hanabusa was re-elected as Board Chair.

On the matter of Board Vice Chair, Board member Ivan Lui-Kwan made a motion to re-elect Vice Chair Damien Kim. Board member Michael Formby seconded the motion.

Ms. Hanabusa called for public testimony. There was none.

All being in favor, Mr. Kim was unanimously re-elected Board Vice Chair.

VI. Resolution 2016-17 In Acknowledgement and Appreciation of Ivan Lui-Kwan

Ms. Hanabusa called for public testimony on Resolution 2016-17, a copy of which is attached hereto as Attachment A.

Mr. Kim thanked Mr. Lui-Kwan for service to the Board since its inception, and for serving as Vice Chair and Chair.

Board member Michael Formby congratulated and thanked Mr. Lui-Kwan on behalf of the administration, and lauded him for his commitment to the project.

Board member Terrence Lee expressed his gratitude and appreciation to Mr. Lui-Kwan, noting his extraordinary dedication to the project and the residents of the City and County of Honolulu.

Board member William "Buzz" Hong expressed his appreciation for Mr. Lui-Kwan for his dedication in guiding the Board throughout the various lawsuits faced by the project and for accepting the chairmanship.

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Ms. Hanabusa stated that she considered Mr. Lui-Kwan family, having shared a hanai mother, as well as serving alongside him on the Board of Trustees of St. Andrews Priory. She echoed the sentiments of other members.

HART Executive Director and CEO Daniel Grabauskas noted HART staff's appreciation of Mr. Lui-Kwan, whose commitment to the project made everyone's load lighter.

Ms. Hanabusa called for the adoption of Resolution 2016-17. Mr. Kim made the motion, and Mr. Hong seconded the motion. Resolution 2016-17 was unanimously adopted.

Mr. Lui-Kwan expressed his deep appreciation for his fellow Board members, HART staff and the people of the City and County of Honolulu. He thanked U.S. Representative Tulsi Gabbard for urging him to become a member of the HART Board of Directors. He thanked Honolulu City Council Chair Ernie Martin and former Councilmember Nestor Garcia. He expressed his appreciation for Mayor Caldwell and his support of the project. Mr. Lui-Kwan thanked members of the public, such as Ms. Armentrout and Russell Honma, noting his appreciation for their acknowledgement. He thanked the HART Board members, particularly Mr. Hong, Mr. Kim, and former Chair Donald Horner, who were part of the inaugural Board of Directors. Lastly, Mr. Lui-Kwan thanked HART staff, especially Mr. Grabauskas.

VII. Discussion of the Federal Transit Administration's Recovery Plan Request

Ms. Hanabusa said that both Mayor Caldwell and Council Chair Martin had expressed their preference for stopping rail at Middle Street, and both had requested that the HART Board of Directors make a recommendation to the City Council regarding options to build to the project's budget. The Council would then consider the HART Board's proposal via resolution, with the Mayor's input. Following Council's action, HART would then direct staff to negotiate with the FTA on the recovery plan.

Mr. Grabauskas said that the FTA had emphasized that the recovery plan should focus on building the project to the available \$6.8 billion budget.

HART Project Director Charles "Sam" Carnaggio said that staff was preparing a letter advising that HART was proceeding with some of the FTA's recommendations, such as re-baselining the cost schedule, hiring a permanent risk manager, and updating the Project Management Plan. HART had advised Mr. Rogers that while the extensive effort required by a full evaluation of the options would not likely be accomplished prior to August 7, 2016, HART would send the FTA a schedule for formulating the recovery plan. Mr. Rogers said he understood and appreciated HART's position. Mr. Carnaggio said that on the FTA's suggestion, HART was also working to develop a peer review with other transit agencies.

Mr. Grabauskas asked for the Board's direction to staff to explore options other than Middle Street. Mr. Formby indicated his support of Chair Martin and the Mayor's position, and requested that staff examine the excess funds after building to Middle Street, including associated costs such as the crossover to the Middle Street Transit Center. He said that the

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Council had approved it as the minimum operating segment of the locally preferred alternative, and HART has ridership data up to Middle Street.

Mr. Kim requested that staff also examine the impact of the full alignment deferral on Kakaako development, general excise tax (GET) revenue surcharge receipts, and the overall economy.

Mr. Hong asked about the impacts to contracts. Mr. Carnaggio responded that both Mr. Kim and Mr. Hong's points should be taken into consideration, and that stopping at Middle Street would affect contracts and the budget.

Ms. Hanabusa asked whether the FTA had provided any preliminary reaction to the Middle Street option, but Mr. Grabauskas said it had not. The FTA indicated that it would consider what HART presented as its best option, and it was aware of HART's situation.

Ms. Hanabusa asked about the FTA's commitment to its \$1.55 billion contribution. Mr. Carnaggio replied that the FTA had not given any indication that it would reduce its contribution. Mr. Grabauskas added that the FTA had indicated that it wanted the Recovery Plan to be well within budget and to maximize ridership. He noted the importance of connectivity in maximizing ridership, and the importance of the terminus making sense with regard to finances and ridership.

Mr. Lee asked about TheBus capacity to handle the increased traffic from deboarding rail passengers, should the alignment end at Middle Street. Mr. Formby responded that it did not presently, but that a ridership study would inform the necessary changes to bus operations. Mr. Grabauskas said that HART and the Department of Transportation Services (DTS) staff had already been planning for multimodal integration.

Mr. Lui-Kwan asked about the possibility of additional federal funds. Mr. Grabauskas said that the FFGA provides for a fixed maximum grant of \$1.55 billion, and that any variations either come in the form of additional moneys from the local jurisdiction or in the recovery process via a change to the scope.

Ms. Hanabusa asked if the FFGA is amended as a result of HART's Recovery Plan, whether that would be considered a new project under the FTA's New Starts Program. Mr. Carnaggio said it would not. Ms. Hanabusa asked whether the possibility of additional federal monies would be addressed after the FFGA amendment, and Mr. Carnaggio said that the option exists, but would have to go through the legislative process.

Ms. Hanabusa sought clarification on the process: the HART Board forwards its proposal to the City Council, who could agree or disagree via resolution. If the Council agrees, the HART Board would then direct staff to negotiate with the FTA for an FFGA amendment. Mr. Carnaggio said that the proposed working group would probably not be engaged if the Mayor and Council Chair agree with the process as detailed by Ms. Hanabusa. However, he opined that HART would develop the numbers, and the City would participate in the negotiations instead of HART. Ms. Hanabusa agreed that the City is the grantee of the FFGA, but that HART was

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designated as its agent. She speculated that the City would need to make the decision as to who should negotiate with the FTA.

Mr. Formby agreed that the proposed working group was no longer being pursued in favor of the public process as described by Ms. Hanabusa, and with which the Mayor and Council Chair agreed.

Ms. Hanabusa asked about the FTA process that occurred in May, and Mr. Carnaggio said that it was a risk refresh, like the ones that were done in 2012 and 2014. She asked about “betas” that were referenced in the 2014 risk refresh report. Mr. Carnaggio said that betas were factors similar to probability factors. Mr. Grabauskas added that the term referred to risk factors that are utilized in probability calculations. Ms. Hanabusa said that she would like to see 100 percent probability analysis that the FTA would be comfortable with, and would enable HART to build to budget. She noted that in the 2014 risk refresh, the PMOC’s 100 percent probability analysis indicated an additional \$1.586 billion needed; HART had requested \$910 million from the Legislature and \$1.2 billion from the City Council. She said that the PMOC and HART had been fairly accurate in its estimates, and urged staff to recognize the PMOC’s figures.

Mr. Grabauskas said that the contracted amount up to Middle Street would soon be known, as the Airport Guideway and Station Group proposals would be received the next day. He noted that there would be a significant amount of contingency for other issues such as utility relocation for Hawaiian Electric Co. (HECO).

Ms. Hanabusa asked about the contingency that would be required should the alignment end at Middle Street. Mr. Carnaggio said that the FTA had indicated it would like a contingency level greater than the current 15 percent, preferably closer to 20 percent. He added that a Middle Street terminus would require additional changes, such as a crossover. He said that given the Board’s direction, HART would be able to provide more detailed cost estimates.

Mr. Formby said that the 2014 risk refresh report was not made available to the Board in 2014. He stressed the importance of including all costs, as well as a healthy contingency for unquantified items. Mr. Carnaggio agreed, and said that HART had been working with PMOC, who would offer its input.

Ms. Hanabusa asked Mr. Carnaggio about his experience with the FTA requiring transit authorities to reimburse federal funds. He responded that of the several projects highlighted by the FTA, the only one that had to reimburse the FTA was the New Jersey project; the four or five others were not required to reimburse monies. Mr. Grabauskas added that the New Jersey Arc project was canceled outright. He said that the FTA was a partner with HART who would try to work collaboratively to build the best system for the money available.

VIII. Adoption of Fiscal Year 2017 Business Plan

Mr. Grabauskas reminded members that the FY 2017 Business Plan had been presented by Ron Tober at the previous meeting, and that Board members had not suggested any changes or

modifications. He said that staff would recommend adoption of the Business Plan, a copy of which is attached hereto as Attachment B.

Ms. Hanabusa noted her reluctance to adopt a business plan that did not reflect the current reality that the project could not be built for \$6.8 billion, while recognizing that the plan represented a snapshot in time. Mr. Grabauskas replied that Mr. Tober could update the plan to reflect HART's new direction.

Mr. Lui-Kwan agreed with Ms. Hanabusa, saying that the assumptions in the Business Plan had changed.

Board member Terri Fujii questioned the wisdom of waiting for a decision on Middle Street, pointing out that things were constantly changing.

Mr. Grabauskas said that as the Business Plan was not required by Charter, the Business Plan could either be deferred or footnoted to indicate a future update. Deputy Corporation Counsel Randall Ishikawa confirmed that the plan was not required by Charter.

Ms. Fujii asked how much the Business Plan costs HART. Mr. Grabauskas said he would provide her with that information.

Ms. Hanabusa called for public testimony.

Natalie Iwasa testified regarding errors in the Business Plan: page 36 contains a math error of \$100,000, page 18 contains an error in GET collections shortfall of \$100 million. She requested additional review for HART's financials. She also suggested that some aspects of the plan regarding operations may not be applicable vis-a-vis the proposal before the Honolulu Charter Commission regarding HART and DTS. She also raised the question of \$20 million in federal funding that did not match HART's audits. She urged the Board to defer adoption of the Business Plan.

Mr. Kim made a motion to defer adoption of the FY16 Business Plan, and Mr. Lui-Kwan seconded the motion.

Ms. Hanabusa called for the vote. All being in favor, the adoption of the FY16 Business Plan was deferred until resolution with FTA on the Recovery Plan.

IX. Resolution 2016-18 Adopting Operating and Capital Budgets for Fiscal Year 2017

HART Chief Financial Officer Diane Arakaki said that the Board must adopt HART's budgets by July 1, 2016, and that she would be making a PowerPoint presentation on draft Resolution 2016-18. A copy is attached hereto as Attachment C. She provided a background on the fiscal year 2017 (FY17) operating and capital budgets. She said that the HART Board had forwarded its requested budgets and updated reappropriation requests to the City Council, which had recently adopted the budgets in the form of bills 2016-18 through 2016-20. The bills were

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currently with the Mayor for action. Ms. Arakaki summarized the differences between HART's budgets as submitted to Council, and the Council-adopted bills.

Ms. Arakaki said that the Council version reduced HART's operating budget for labor costs by \$463,000, with current expenses reduced by \$1.59 million. The labor reductions are reflected in planning, engineering and project manager positions in the amount of \$463,000, with the addition of \$133,000 for HART Board of Directors-related expenses. The impacts to labor cost reductions could be achieved through a strategic hiring freeze or slow down. Reductions in current expenses are reflected in reduced allocations for office rent, legal reserve, parking, and travel. The reduction in rent could be offset by leasing 11th floor office space to consultants. Any new litigation would likely trigger the need for a supplemental budget request. An additional \$2 million was included in the operating budget for a transit mitigation fund. Overall, there was a net decrease in the FY17 operating budget request for \$54,333. Lastly, there is a reduction in debt service cost of \$5 million to reflect a later date for general obligation bond financing.

Regarding the capital budget, Ms. Arakaki said that the Council had adopted a \$2.5 billion capital budget for FY17 via Bill 19, which contrasts with the \$183 million requested, not to include reappropriations. Ms. Arakaki pointed out the difference of \$300 million was due to the biannual Council budgeting methodology versus HART's annual budgeting.

Ms. Arakaki said that the Airport Guideway and Stations (ASG), City Center and Pearl Highlands Garage and Transit Center projects were capped in the capital budget. The project adjustment account that was included in the Council budget could be used for contracts that exceed the budgeted amounts, and will require Council approval. The Council also limited the use of total project revenues to \$6.831 billion, which limits HART in offsetting FTA contingency requirements.

Ms. Arakaki said that Bill 20 requires an updated financial plan prior to any general obligation bonds. She distinguished these term bonds from the tax-exempt commercial paper that would be discussed later that day.

Ms. Hanabusa noted that she would like a line item in the budget to reflect Board items, such as Olelo broadcasting, Board support, and a pay increase for the Board Administrator. She asked for an amendment to reflect the Board's control over those items.

Mr. Formby asked about the effect of the budget on the ASG bids, which could come in higher than budgeted. Ms. Hanabusa explained that she had requested \$130 million in contingency be included in the project adjustment account. However, the Council was clear that although it wanted to grant HART flexibility, it also desired notification via a resolution that would move funds into the project adjustment account and out to the applicable budget item. This arrangement would take 30 days, which fits with the procurement schedule and thus allow the bid amounts to stand, unlike a bill, which would take much longer, thus putting bid prices at risk of expiring.

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Mr. Grabauskas pointed out that if ASG best and final offer numbers exceeded the budgeted \$820 million, he could not announce the award amount until the award was made. He asked about the timing. Ms. Hanabusa replied that the Board needed to discuss the Charter's grant of authority to HART vis-a-vis the budget process, with the Board's attorneys.

Executive Session

Ms. Hanabusa called for a motion to enter into executive session to receive the advice of the Board's attorneys on the issue of the Board's rights in terms of the budget under the Charter. Mr. Matsumoto made the motion and Ms. Fujii seconded the motion. All being in favor, the Board entered into executive session at 1:15 p.m.

The Board re-entered public session at 2:15 p.m.

A. Public Hearing

Ms. Hanabusa called for public testimony on Resolution 2016-18 on the FY17 operating and capital budgets. There was none.

The item was deferred for later decisionmaking, as the Board lacked quorum.

X. Resolution 2016-19 Adopting Six-Year Capital Program for Fiscal Year 2017 – 2022

Ms. Arakaki said that HART annually updates its six-year capital program; a copy of draft Resolution 2016-19 is attached hereto as Attachment D. Ms. Hanabusa noted that the Charter requires that the Executive Director prepare and maintain a six-year capital project. She noted, however, that as all fiscal years succeeding 2017 contained zero appropriations, she could not support it, as she did not believe it complies with the intent of the Charter. She expressed her doubts that the City Center or Pearl Highlands contracts would be let in FY17, and said that it appears from the materials that construction would be done in 2019. Ms. Hanabusa suggested retooling the six-year capital program once the Recovery Plan was complete.

A. Public Hearing

Ms. Hanabusa called for public testimony. There was none.

B. Decision-making

Ms. Hanabusa called for a motion to defer the six-year capital program for recalculation in light of upcoming events. Ms. Fujii so moved, and Mr. Lui-Kwan seconded the motion. All being in favor, the six-year capital program was deferred.

IX. Resolution 2016-18 Adopting Operating and Capital Budgets for Fiscal Year 2017
B. Decision-making

Ms. Hanabusa returned to Resolution 2016-18. Mr. Lui-Kwan moved to adopt the resolution, and Mr. Lee seconded the motion.

Ms. Hanabusa proposed to amend the resolution to reflect that the Board had taken Council's recommendations into account in adopting HART's budgets. There were no objections from members. Mr. Lui-Kwan moved to adopt the resolution with the amendment. Resolution 2016-18 was unanimously adopted with amendments.

XV. Extension of Deadline to Evaluate Executive Director & CEO

Ms. Hanabusa noted that the Board would take up item XV, as it would soon lose quorum.

She noted that there was a draft letter to extend the deadline for Mr. Grabauskas' evaluation in members' materials, a copy of which is attached hereto as Attachment E.

Ms. Hanabusa called for public testimony. There was none.

Ms. Hanabusa called for a motion to accept the letter extending the Board's deadline to complete the evaluation to August 20, 2016. Ms. Fujii so moved, and Mr. Matsumoto seconded the motion. All being in favor, the extension letter was approved.

XI. Change Order: Establishment of a Provisional Sum to Dispose of Contaminated Material West Oahu Farrington Highway Guideway, Contract No. CT-HRT-10H0137

Ms. Hanabusa called on HART Project Manager for the West Oahu/Farrington Highway (WOFH) and Kamehameha Highway Guideways (KHG), Mike Yoshida, to present the change order, the materials of which are attached hereto as Attachment F. Mr. Yoshida was accompanied by Deputy Director of Construction Kai Nani Kraut. The request was for a bilateral change order in the amount of \$1.875 million for the removal and disposal of contaminated soil from the work area between Fort Weaver Road and Waikele Stream.

Mr. Yoshida said that there are three options for the disposal of contaminated material. The first option is to reuse the soil within the work area; this option is not available because of the contamination. The second option is to reuse the soil off site; but the levels of contamination rendered the soil unusable off site. The last option – disposal at a soil disposal facility – proved to be the only viable option. HART's contract provides for payment to the contractor for the removal and disposal of contaminated material as a change order. Payment will be made as a force account, since the volume of material is an estimate.

Mr. Yoshida detailed the price breakdown for roughly 15,000 cubic yards at 10 yards per truck, for 1,500 truck loads at \$75 per load. The projected moving cost of the contaminated material is \$196, making the net difference \$121. The total cost is \$202,000. The disposal cost estimate is \$48 per ton; at roughly 18 tons per load for 1,500 loads, the total disposal estimate is \$1,296,000.

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The total after taxes is \$1.84 million. Mr. Yoshida said that the provisional sum will be reimbursed to Kiewit on an as-expended basis.

Mr. Lee asked about the calculation of estimated truckloads, since each truck has a capacity of 1,500 cubic yards. Mr. Yoshida replied that the trucks should be filled to capacity, to guard against spilling in transit, so that each truckload was estimated as carrying 1,000 cubic yards.

Mr. Formby asked about Ms. Armentrout's question regarding the total figure of \$1.8 million. Mr. Yoshida replied that he thought she may not have been adding two numbers together to include the trucking cost.

Ms. Hanabusa called for public testimony.

Natalie Iwasa thanked Mr. Lee for his question regarding the trucking calculation. She stressed the importance of clarification in presenting that matter.

Ms. Hanabusa added that soil that has been removed becomes looser and takes up more space, accounting for the differential between the soil in the ground versus the soil after it has been placed in the truck. Mr. Yoshida agreed that there was a difference in compacted and non-compacted soil.

Mr. Matsumoto moved to approve the change order, and Mr. Lee seconded the motion.

Mr. Lui-Kwan disclosed that he had been negotiating with the landfill company involved, PVT. Ms. Hanabusa asked whether he had a financial interest in PVT, and he responded that he did not. Ms. Hanabusa noted the uniqueness of the situation, as PVT was the only landfill of its kind that would accept the contaminated soil. She said that she did not think Mr. Lui-Kwan had a conflict, and Deputy Corporation Counsel Randall Ishikawa agreed.

All being in favor, the change order was approved.

Ms. Hanabusa recognized Councilmember Kymberly Pine in the audience, who wanted to provide testimony.

Ms. Pine said that she had been in the Council's Transportation Committee meeting, at which the various options for building the project within budget were presented. She said that she did not like any of the options, particularly the Middle Street option. She expressed her concern about the effect of eliminating stations on ridership, particularly for the residents of her district in west Oahu. She requested that the Board examine each option, station by station, before coming to a decision.

Mr. Formby clarified on behalf of the Mayor, and as described in Chair Martin's June 14th letter, that the recalibration of the critical path for project completion within the budget does not preclude eventual completion of the full 20 miles and 21 stations. However, the FTA had requested that HART provide a proposal as to what it could build for \$6.8 billion by August 7, 2016. He said that the Mayor and Council Chair have not decided that the project would stop at

Middle Street; that decision would be made in a public setting, with opportunities for public and Councilmembers' input. Mr. Formby said that the discussion on options was an effort to keep the project going.

Ms. Pine requested that the Board examine multiple options with ridership numbers, instead of one option without any analysis.

Mr. Formby said that the Council will be the decisionmaking body that will direct, through a public process, the HART Board to guide staff and the City to negotiate with the FTA. He said that the Council had selected the locally preferred alternative.

Ms. Pine said that the meetings should occur soon.

Ms. Hanabusa said that although some Board members may similarly not like any of the alternatives presented, the FTA had made it very clear in tasking HART with formulating a plan to build within budget by August 7th. She said that it would be the Council and Mayor who decide the course of action on HART staff's recommendation, and the HART Board would accordingly direct staff. She said that the Board would work closely with the Council and Mayor on this.

Ms. Pine thanked the members of the Board for volunteering their time to the rail project. She reiterated her hope that the future presentation by HART staff to Council on the options would contain a deeper, station-by-station analysis with regards to finance and ridership. Ms. Hanabusa said that the Board would engage in a public process to come up with a recommendation to the City Council.

XII. Eminent Domain

Ms. Hanabusa said that discussion on this item would be deferred until quorum was restored with the return of Mr. Lee.

XIII. Discussion and Decision on Pearl Highlands Parking Garage Request for Information

HART Land Use and Sustainability Manager Aki Marceau made a PowerPoint presentation on the Pearl Highlands Parking Garage and Transit Center (PHPG) request for information (RFI), a copy of which is attached hereto as Attachment G. The presentation was at the request of the Board for staff to explore public-private partnership (P3) options. She said that the PHPG had been deferred as secondary mitigation against cost overruns in July 2015; in October 2015, the Board had requested that the transit center be restored due to ridership consequences, with the request that P3 opportunities be explored.

In doing so, HART staff realized that the ramp, parking garage and transit center were integrated to the degree that they could not be separated. She detailed diagrams of the PHPG, stating that issuing the transit center as a design-build contract and the parking garage as a P3 would not only be challenging, but probably inefficient. She said HART issued a request for information (RFI), to which it received six responses. Contrary to what most thought, transit-oriented

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development in the garage would not offset development costs. Instead, the respondents proposed an availability payment model in which they would design, build, finance, operate and maintain the structure. HART would reimburse the developer as the facility becomes available over time. This structure would transfer risk to the developer.

Ms. Marceau said that the next steps would be to compare the P3 method to the design-build method, subject to the Board's desire.

Mr. Matsumoto asked about ownership of the parking structure. Ms. Marceau responded that HART would own the structure.

Ms. Fujii asked whether the arrangement would be turnkey. Mr. Matsumoto asked whether the developer would be responsible for operation and maintenance of the structure. Ms. Marceau confirmed that was the case, and that those functions would be turned over to HART after 40 years.

Mr. Matsumoto asked about the nature of title held by the developer, and HART Director of Planning, Permitting and Right of Way Jesse Souki said that the developer would hold a ground lease, with HART retaining ownership. He said that availability payments is a way to guarantee funding, but that a guaranteed income stream such as from the GET surcharge would be required. TOD, on the other hand, does not provide the financing mechanism that P3 does. However, up-front monies paid by an interested developer would offset construction costs. He posed the question of whether HART should focus on P3 or TOD. Mr. Souki said that HART had engaged the services of a P3 consultant, who could provide more insight on the matter. He also added that the RFI responses indicated little interest in TOD at the PHPG location.

Mr. Formby voiced his concern over the cost of a P3 arrangement versus less expensive bonding. He also expressed his doubt that HART would be allowed to engage in a 40-year payout for a capital cost under its FFGA and GET legislation.

Mr. Souki responded that staff was just presenting findings on P3 possibilities. He acknowledged that the legal issues surrounding funding would have to be examined. He asked about the Board's prerogative in directing staff to further explore P3.

Mr. Lee pointed out that the Mayor and Council Chair had encouraged HART to stop the project at Middle Street. Mr. Formby spoke of exploring the possibility of a private investor building the remaining five miles, and possibly operating the entire 20 miles.

Mr. Formby said that HART should build Pearl Highlands sooner rather than later, and suggested examining P3 opportunities along the Dillingham corridor.

Ms. Hanabusa said that she thought HART should build PHPG, as it was an infrastructure matter. Mr. Souki said that HART may still do so after operations, as it would help with ridership.

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Mr. Lui-Kwan asked about how HART would pay the investor back when its sources of revenue were federal monies. He asked whether there were successful examples to look to. Mr. Souki responded that HART's GET and federal revenues would need to be subsidized, but the source was still unknown.

Mr. Lee asked whether the stations could carry additional structures above them. Mr. Souki said that they were not designed for it.

Ms. Hanabusa suggested deferring the matter, as exploring P3 would not assist in negotiating with the FTA regarding ridership. She said that the cost of the Pearl Highlands Parking Garage was included in the capital budget that had just been passed, and any action on P3 may be contrary to that action. She stated that staff needs to assume that HART will build the PHPG, but the Board would be open to hearing other ideas from staff.

XII. Land Acquisition and Eminent Domain Discussion and Actions
Executive Session

Ms. Hanabusa called for a motion to enter into executive session pursuant to Hawaii Revised Statutes sub sections 92- 5(a)(4) and 92-5(a)(2) to consider matters pertaining to the land acquisition and eminent domain discussions and actions and the Board's powers, duties, privileges, immunities, liabilities with regard to eminent domain matters set forth in this part. Mr. Matsumoto made the motion, and Mr. Lui-Kan seconded the motion.

The Board entered into executive session at 3:22 p.m.

The Board returned to public session at 4:03 p.m.

Ms. Hanabusa said that, given the situation HART was faced with, that the eminent domain matters be deferred until the Board had a better sense of what the City Council would do. Mr. Matsumoto made the motion, and Mr. Lui-Kwan seconded the motion. All being in favor, items XII A through D were deferred.

XIV. Resolution No. 2016-24 Relating To The Honolulu Authority For Rapid Transportation's Request To The City And County Of Honolulu To Draw From The City's General Obligation Tax Exempt Commercial Paper Program

Ms. Arakaki provided an update relating to commercial paper, a copy of which is attached hereto as Attachment I. She said that staff was requesting authorization to draw on commercial paper as authorized by the Board and the City Council. She clarified that she was not requesting adoption of a resolution, but rather, providing an update.

Ms. Arakaki said that in April 2015, the Council authorized HART to issue general obligation bonds. In November 2015, the Board requested approval from the City Council for the issuance and sale of commercial paper, which was enacted in Ordinance 15-86. City Council Resolution 15-314, also adopted in November 2015, authorized the sale of commercial paper not to exceed \$350 million. Ms. Arakaki said that HART would soon need to borrow to continue financing the project.

Ms. Arakaki detailed HART's current estimated cash balance through the end of June in the amount of \$65 million, as well as the expenditures through the end of July which are approximately \$60 million per month. Estimated grant revenues were \$38.7 million. The estimated cash balance at the end of July was \$27.8 million. Ms. Arakaki said that HART was required to maintain an average minimum cash balance of \$25 million, pursuant to the memorandum of understanding with the City, and would therefore be in the position to borrow sometime in July or shortly thereafter for cash flow purposes.

Ms. Hanabusa asked whether the HART Board would be required to pass a resolution in order to call upon the \$350 million dollar commercial paper. Ms. Arakaki responded that no further resolution was necessary. Ms. Hanabusa asked that Ms. Arakaki notify Board members when HART would draw down on the commercial paper, and Ms. Arakaki said she would. She said that the Board would be provided a copy of any draw requests to the City made by Mr. Grabauskas.

Ms. Hanabusa also requested an update on the federal fund drawdown, stating that commercial paper may be needed if federal funds were not being drawn down appropriately. She asked Ms. Arakaki to confirm that HART had not drawn down nor called upon commercial paper since January, when Ms. Arakaki had previously informed the Board that commercial paper would be needed. Ms. Arakaki confirmed that was the case. Ms. Hanabusa expressed her hope that as HART had \$250 million in federal funds still outstanding, that commercial paper would not have been utilized.

Ms. Arakaki said that the July commercial paper timeframe is based on current assumptions on right of way acquisition expenditures, and the Airport Guideway and Stations contract award. She said she would inform the Board as to any changes that impact cash flow. Ms. Hanabusa asked about the next GET surcharge receipt. Ms. Arakaki said that it was expected at the end of July, and the commercial paper drawdown would need to occur prior to that unless something changed.

Mr. Formby asked whether cash would be needed for change orders currently being negotiated. Ms. Arakaki said it would, and that she would obtain an update prior to drawing down. Mr. Formby said that it was important for contractors to know that change orders are processed in a timely manner, as it impacts cash flow, as well as federal reimbursements. He said that he did not want to draw down on commercial paper unless necessary.

XVII. Sale of AnsaldoBreda and Ansaldo STS to Hitachi

Ms. Hanabusa said that item XVII would be taken out of order.

HART Director of Procurement Nicole Chapman and outside counsel Joseph Stewart provided an overview of Ansaldo Hawaii Joint Venture's (AHJV) request that HART consent to the change and control of AnsaldoBreda STS. Mr. Stewart said that AHJV had two constituent members in the joint venture, AnsaldoBreda and Ansaldo STS. HART had given preliminary

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June 16, 2016

approval for AnsaldoBreda to sell its assets to Hitachi Rail Italy, a wholly owned subsidiary of Hitachi, subject to the accuracy of their representations.

Mr. Stewart said that at the end of April, Ansaldo Honolulu had made an additional request for consent to a change of control of Ansaldo STS, as required by the joint venture agreement. HART would remain the counterparty, and STS would remain a member in the joint venture. Upon approval and amendment of the contract, the other joint venture partner would be Hitachi Italy, but the same Ansaldo entity would be the counterpart. He said that Ms. Chapman had sent a request for documents that would be reviewed to determine whether more information is needed or whether HART could provide that consent required under the AHJV operating agreement. He said that all bonds are in place, guaranties for the contract are in place, and staff was ensuring that HART remains protected to the fullest extent.

Mr. Matsumoto said that he understood AHJV to be a partnership between AnsaldoBreda and Ansaldo STS. Mr. Stewart said that Hitachi Rail Italy was purchasing the assets of AnsaldoBreda, and its role in AHJV; it would replace AnsaldoBreda as the joint venture partner in Ansaldo Honolulu. Ansaldo STS would remain the other joint venture partner. Mr. Stewart explained that the request was for a change of control of Ansaldo STS, a publicly traded company. Hitachi Rail Italy Investments purchasing a majority of the interest of the shares of Ansaldo STS, and upon completion it will be majority owner of Ansaldo STS, which will remain the other joint venture in Ansaldo Honolulu, counterpart to this. Mr. Matsumoto asked if Hitachi Rail Italy was the 100% owner of AnsaldoBreda, and Mr. Stewart said it was. He clarified that Ansaldo Honolulu was requesting the consent because it was the counterpart of the contract on behalf of its members.

Mr. Matsumoto asked if AnsaldoBreda and Ansaldo STS were equal partners. Mr. Stewart said they are jointly and severally liable. Mr. Grabauskas said that Ansaldo STS had 60%, and AnsaldoBreda had 40%.

Ms. Hanabusa said that she understood that AnsaldoBreda was purchased by Hitachi Rail Italy, who also purchased 40% of Ansaldo STS. She said that was probably equivalent to control of a publicly held company. Hitachi Rail Italy Investments having purchased the remaining portion, she asked what Hitachi Rail Italy do with the 40% of Ansaldo STS. Mr. Stewart said that Hitachi Rail Investments intended to make a tender offer to purchase all outstanding shares of Ansaldo STS.

Ms. Hanabusa asked for clarification on the ownership by Hitachi Rail Italy Investments. Mr. Stewart explained that Hitachi Rail Italy Investments owns 50.77% of the shares of Ansaldo STS, which is the subject of the request. In addition, Hitachi Rail Italy ultimately owned 46%. The combination of the two constitutes a change of control.

Ms. Hanabusa asked who HART would be dealing with, as it would be important to have clarity regarding the parties. Mr. Stewart said that it was dealing with Ansaldo STS joint venture. He said that part of the review process for the documents provided by Ansaldo STS is to confirm the relationships. Ms. Hanabusa said that if the Charter amendment passes, the operations and maintenance of the rail system would transfer to the Department of Transportation Services. As

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Ansaldo STS has the operations and maintenance portion of the joint venture, she said she wanted to ensure that there were no issues in severing the joint venture contract. Mr. Stewart said that he would be able to advise on the issue after looking at the Charter amendment.

Ms. Chapman said that in November 2015 when the initial sale agreement was executed, 40% of Finmeccanica shares transferred to Hitachi Rail Italy Investments. Ms. Hanabusa agreed, but said that it was important to know who the entities and their relationships are, particularly since they are Italian corporations. She expressed her concern over the Board and the Executive Director's roles, and the implications of severing the core systems contract, and asked Ms. Chapman to follow up on the matter.

Mr. Formby asked about the time frame for resolution of the sale. Mr. Stewart replied that one of the last items is for HART to give consent regarding the chain of control of Ansaldo STS, which would be done after receipt of their documentation.

Ms. Hanabusa asked for clarification regarding who gives consent. Mr. Grabauskas said that he would come to the Board prior to consent.

Mr. Matsumoto asked about the effect of the Charter amendment to the core systems contract. Mr. Stewart said that he would have to look over the Charter amendment and the core systems contract.

XVIII. May Monthly Progress Report

XIX. May Project Management Oversight Consultant Report

XX. Construction and Traffic Update

XXI. Right of Way Update

XXII. Executive Director & CEO's Report

Ms. Hanabusa said that items XVIII through XX would be deferred, as the Board had one last item to address.

XVI. Executive Director & CEO's Performance Evaluation and Upcoming Performance Objectives
Executive Session

Ms. Hanabusa called for a motion to enter into executive session pursuant to Hawaii Revised Statutes Section 92-4 and Subsections 92-5(a)(4) and 92-5(a)(2), as consideration of matters affecting privacy would be involved and to consult with the Board's attorneys on questions and issues pertaining to the Board's powers duties privileges immunities and liabilities with regard to these matters. Mr. Matsumoto made the motion, and Ms. Fujii seconded the motion. All being in favor, the Board entered into executive session at 4:35 p.m.

The Board re-entered public session at 5:07 p.m.

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XXIII. Adjournment

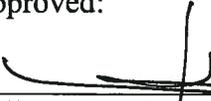
There being no further matters before the Board, Ms. Hanabusa adjourned the meeting at 5:08 p.m.

Respectfully Submitted,



Cindy Matsushita
Board Administrator

Approved:



Colleen Hanabusa
Board Chair

JUL 28 2016

Date

ATTACHMENT A

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2016-17

IN ACKNOWLEDGEMENT AND APPRECIATION OF IVAN M. LUI-KWAN

WHEREAS, Ivan M. Lui-Kwan has served on the inaugural Board of Directors (Board) of the Honolulu Authority for Rapid Transportation (HART) since its inception in 2011; and

WHEREAS, Mr. Lui-Kwan served two terms as the Board's Chair from 2013 to 2015; and

WHEREAS, Mr. Lui-Kwan served as the Human Resources Committee Chair from 2011 to 2013; and

WHEREAS, Mr. Lui-Kwan served as the Finance Committee Chair from 2015 to 2016; and

WHEREAS, as an attorney with a distinguished career of over 40 years in both private practice, focusing on land use, administrative and real estate law, as well as in government as the Director of Budget and Fiscal Services for the City and County of Honolulu, Mr. Lui-Kwan brought to the Board significant legal, public policy, and public administration insight, and contributed in numerous ways to the success of the Board;

WHEREAS, Mr. Lui-Kwan has been an extremely engaged and dedicated Board member, investing innumerable hours in ensuring the rail project's success and shepherding the agency through many difficult situations; and

WHEREAS, Mr. Lui-Kwan has been a staunch supporter of HART staff, and is very highly regarded by them; and

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

1. That the Board of Directors of the Honolulu Authority for Rapid Transportation officially recognize Ivan M. Lui-Kwan's distinguished and devoted service as a member of the Board and extend to him its sincere appreciation for his many contributions to HART and the people of Honolulu; and
2. That a certified copy of this statement of appreciation be transmitted to Ivan M. Lui-Kwan.

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

_____.

Board Chair

ATTEST:

Board Administrator

ATTACHMENT B

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

BUSINESS PLAN for FY2017



May 2016

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Glossary of Acronyms

AHJV	Ansaldo Honolulu Joint Venture
AIS	Archaeological Inventory Survey
AIT	Art-in-Transit
BOD	Board of Directors for HART
CE&I	Construction engineering and inspections
CM	Construction Management
DB	Design-Build contract project delivery method
DBB	Design-Bid-Build contract project delivery method
DBE	Disadvantaged Business Enterprise
DBOM	Design-Build-Operate-Maintain contract project delivery method
DPP	Dept. of Planning and Permits, City & County of Honolulu
DTS	Dept. of Transportation Services, City & County of Honolulu
EIS	Environmental Impact Statement
FD	Final Design
FEIS	Final Environmental Impact Statement
FFGA	Full Funding Grant Agreement
FTA	Federal Transit Administration
GEC	General Engineering Consultant
GET	General Excise Tax
HART	Honolulu Authority for Rapid Transportation
HCDA	Hawaii Community Development Authority
HDOT	Hawaii Department of Transportation
HECO	Hawaiian Electric Company
HFD	Honolulu Fire Department
HPD	Honolulu Police Department
HRTP	Honolulu Rail Transit Project
MMIS	Maintenance Management Information System
MOU	Memorandum of Understanding
NEPA	National Environmental Protection Act
OCC	Operations Control Center
OCIP	Owners Controlled Insurance Program
OIBC	Oahu Island Burial Council
O&M	Operations and Maintenance
OSB	Operations and Servicing Building
PE	Preliminary Engineering
PLA	Project Labor Agreement
PMSC	Project Management Support Consultant
PMP	Project Management Plan
P3	Public-Private Partnership
QA	Quality Assurance
QAP	Quality Assurance Plan
RCMP	Risk and Contingency Management Plan
RFI	Request for Information
RFP	Request for Proposals
RFQ	Request for Qualifications
ROC	Rail Operations Center
ROD	Record of Decision
ROW	Right-of-Way
SHPD	State Historic Preservation Division
SSCP	Safety and Security Certification Plan
SSMP	Safety and Security Management Plan
TAC	Transit Art Committee
TMSC	Transit Management Services Contractor
TOD	Transit-Oriented Development
TSA	Transportation Security Administration
TVA	Threat and Vulnerability Analysis
TVM	Ticket Vending Machine
VE	Value Engineering
YOE	Year of Expenditure

HART FY20167 Business Plan

Introduction and Executive Summary

This document constitutes the sixth annual Business Plan for the Honolulu Authority for Rapid Transportation (HART) covering fiscal year 2017 (July 1, 2016, through June 30, 2017). The Business Plan describes HART's business strategies, planned work activities and resource allocations during fiscal year 2017 in accordance with the agency's responsibility for building and ultimately operating the Honolulu Rail Transit Project (HRTTP), from East Kapolei in West Oahu to Ala Moana Center currently expected to begin operations in early calendar year 2022.

The FY2017 HART Business Plan describes why HART exists as an organization; the goals and performance measures the agency has established; what it will seek to accomplish during its sixth year; and how it will go about performing its responsibilities. The HART Board of Directors (BOD) will review and approve the FY2017 Business Plan in conjunction with its final approval of an FY2017 Budget. The annual Business Plan provides historical information and a projection of key operating and financial information for the fiscal year which is the focal point of the Plan. When the agency completes construction and testing of the HRTTP, and should HART become the operating agency, future business plans will provide not only historical information but also include look-ahead projections of operating and financial information two years beyond the fiscal year which is the focus of the Business Plan.

FY2017 Executive Summary

FY2017 will be another critical year for HART coming on the heels of the difficulties the agency has faced over the past several years. Events during FY2015 and FY2106 caused HART to take affirmative steps to work on resetting the HRTTP budget and schedule with the latest information available. As of the end of FY2016, the revised project cost estimate is \$6.8 billion and the schedule for the start of operations has been reset to 2019 for interim operations and 2022 for full service operations over 20 miles. With these changes, during FY2017 HART will have four key priorities:

- Cost Containment and change order oversight
- Risk mitigation
- Schedule adherence, and
- Enhanced communications and transparency

Despite these challenges, as the agency enters the new fiscal year, there are reasons to be positive about where things are at. All but two of the construction contracts for the project will have been awarded by the end of FY2016 and the western ten miles of the rail guideway will be substantially completed in FY2017. Construction has started on the first rail stations, the Rail Operations Center (ROC) is near completion and the first railcars have been delivered to the island. No new litigation has been initiated on the project and construction work is proceeding in an effort to catch-up with delays caused by past litigation. Federal

support for the project is strong and running close to plan. There remains a high level of interest in creating transit-oriented development (TOD) and more affordable housing around rail stations with several projects in the works. And the agency's financial situation has improved with approval of an extension of the general excise tax (GET) surcharge that will help cover increased construction costs and an expected shortfall in the project's GET revenue sources.

Despite these positives, HART will face very big challenges in FY2017 and over the next several years. Major construction contracts will be awarded during the year totaling nearly \$1.8 billion in contract value. The agency will need to issue short term debt to help deal with cashflow needs for the increasing level of expenditure that will occur as a result of all the construction activity on the project. The agency's Financial Plan will need to be updated to reflect a revised project budget, schedule and current revenue picture. Finally, and of critical importance, will be HART's efforts to manage the ongoing construction against the reset schedule and budget for the project while mitigating traffic impacts and maintaining close communications with businesses and residents along the route under construction.

Under the work program planned for FY2017, by the end of the fiscal year, HART will have achieved several milestones for the project. Approximately 50% of the rail guideway will have been completed with track installed and installation of needed systems underway. Construction will be underway on all of the nine stations on the western portion of the alignment. Contracts for construction of the remaining sections of guideway and the remaining 12 stations will have been awarded. Property acquisitions, third party agreements and any needed permitting are targeted for completion by the end of FY2017 in time for work on the Airport and City Center sections to begin during late FY2017 and in FY2018.



Aesthetic columns at the site of the Waipahu Transit Center Station

During FY2017, the HART Board and the agency's management and staff will need to undertake several actions including some major policy decisions. These include:

- Updating the agency's Financial Plan to reflect the extension of the GET surcharge, the results of solicitations for the remaining major construction contracts and the final

resolution of utility relocation matters with Hawaiian Electric Company (HECO) and others

- Taking actions to address specific findings from recent audits
- Awarding the final major construction contracts for the project
- Making a decision on how to proceed with the Pearl Highlands Parking Garage and whether it is feasible to have a public-private partnership (P3) for TOD at the Station that would include the planned parking for the rail line
- Making a decision on whether to initiate planning for future extensions of the rail line during FY2017 or delay any such effort until a future time
- Making a series of key Fare Policy decisions to guide the final design of the rail and bus fare collection system need to be made by the middle of FY2017
- Making decisions that concern the future operations and maintenance of the integrated rail and bus system including:
 - The integration of administrative functions between the rail operation and the City and County's bus operation to save money and provide good customer service
 - How the rail line will be policed by law enforcement and security personnel
 - How HART would execute oversight of the operating contractor and carry out the functions such as inspections and repairs of stations and the aerial guideway structure
 - Progress on determining how the operations and maintenance of the combined rail and bus public transportation system will be funded by the City and County of Honolulu in the future

Note: Several of these decisions will be informed and guided by the results of a possible Honolulu City Charter amendment currently being considered by the Honolulu Charter Commission established by the City and County of Honolulu and a possible vote of the public in November 2016.

During FY2017, HART will once again have to face a number of risk factors that could adversely impact the schedule and budget for the project and the underlying assumptions and projections that have been made on both aspects. This includes the following:

- The high level of construction on Oahu has and will continue to result in greater competition for resources in a confined, remote marketplace and thus higher costs for materials, labor and construction equipment
- Timely award of the last major design-build construction contracts for the project which could be subject to delays in the evaluation process and/or protests from proposers
- Timely availability of construction sites for contractors to avoid costly delays
- Timely relocation of utilities along the alignment at reasonable costs
- Interest rate increases driven by marketplace dynamics, world events and federal policy actions
- Actual vs. planned GET surcharge growth in the future.

HART has experienced the impacts of some of these risks over the past several years. The agency has and will continue to take steps to address the impacts by re-setting the project's budget and schedule and will do so again if circumstances require action to be taken. HART

will continue to take steps to minimize or protect against potential impacts to the maximum extent possible while carrying out the implementation of the H RTP. Specific actions include at least the following:

- Monitoring and controlling the pace of construction and carefully evaluating change orders that arise
- Taking steps to foster greater competition for any new construction contracts
- Timely award of these construction contracts
- Completing permitting, utility relocations and property acquisitions in a timely manner to avoid construction delays
- Managing the project scope and budget carefully to maintain a cost cushion against exceptional cost increases and/or underperforming revenue receipts while still delivering a quality product for the public to use and one that is consistent with the commitments HART has made and with the project's Final Environmental Impact Statement (FEIS)
- Making needed policy decisions in a timely fashion
- Maintaining the organization's technical capability and financial capacity to successfully carry out implementation of the project as well as preparations for the start of passenger service.

HART Business Strategy

Public transportation is a service business that utilizes both human and physical assets to deliver its product in the marketplace. A transit agency is in competition with the automobile to increase its share of the travel market. Success in achieving a greater market share requires that a transit agency have a clear strategy for how it will go about delivering its product to prospective consumers. As a public agency, HART's business strategy must not only be easily understandable to the agency's employees and contractors but must also be understandable to the general public.

This section of the FY2017 Business Plan describes the basic elements of the HART business strategy. The elements include statements on why the agency exists and what it is trying to achieve, as well as a framework for how HART will go about accomplishing what the public has asked it to do. This framework includes Goals and a "Balanced Scorecard" (BSC) for measuring and tracking over time how well HART is doing its job. A later section of the FY2017 Business Plan describes the organizational development strategy HART is utilizing to achieve its Mission and Vision and accomplish the Goals the BOD has established.

Mission Statement (*why the agency exists under Revised Charter of the City & County of Honolulu provisions*)

HART's Mission is to plan, design, construct, operate and maintain Honolulu's high-capacity, fixed guideway rapid transit system.

Vision Statement (*what HART is trying to achieve*)

In accomplishing its Mission, HART will contribute to the quality of life on Oahu by:

- **Mobility**: Improving mobility for all residents, visitors, and businesses on Oahu particularly in the densely populated and congested corridor along the urbanized southern shore of the island.
- **Reliability**: Improving the reliability of travel in the corridor by offering a travel choice that will not be subject to at-grade level traffic congestion.
- **Land Use**: Supporting the City's land development policy by providing access to an area targeted for development of a new urban center and helping create TOD along the rail line.
- **Equity**: Providing people who are dependent on public transportation with an improved means of accessing economic and social opportunities and activities.
- **Sustainability**: Protecting the environment and lessening dependence on non-renewable fossil fuels.

Note: This **Vision Statement** is based in part on the EIS prepared for the HRTP.

Goals (*how HART will go about accomplishing the Vision and fulfilling its Mission*)

In order to accomplish its Mission and realize the benefits described in the Vision, HART must accomplish the following goals:

1. **Project Delivery**: Complete the project in conformance with the revised project budget and schedule while:
 - Ensuring the safety and security of the public, HART employees, and construction workers;
 - Minimizing the impacts on adjacent natural, cultural, and built environments and communities; and
 - Fulfilling environmental mitigation commitments.
2. **Service Delivery**: Ensure that the design and actual construction of the project will facilitate the delivery of safe, high quality, and cost-efficient service in the future.
3. **Stewardship of Resources**: Maintain public trust through the prudent and transparent use of financial, human, and environmental resources.
4. **Livability**: Support the creation of mixed use, pedestrian-friendly, compact development along the rail line.
5. **Partnerships**: Pursue partnerships with the private sector to create economic opportunities and generate income and cost savings for the rail transit system.
6. **Agency Culture**: Foster an organization that is open, accountable, inclusive, and delivers better than promised results.

Performance Metrics

Performance expectations and metrics flow out of the Vision and Goals for the agency and are intended to help an organization measure its progress toward achieving the Vision and Goals. Performance metrics for HART will help the BOD and agency management, as well as the Authority's stakeholders and the general public, measure and evaluate the agency's progress and will aid in maintaining transparency on what HART is doing with taxpayer money. Management staff will compile and provide periodic reports to the BOD on the performance metrics. The information will also be reported to the City Council and the community in an annual report.

Performance metrics for HART have been incorporated into a BSC for the agency. The BSC establishes and will track over time metrics that measure performance in achieving the Goals which the BOD has established for the agency. The proposed HART BSC is shown in **Appendix A** of the Business Plan.

As shown in Appendix A, the HART BSC is structured to provide performance measures and metrics encompassing the six Goals the BOD has approved. The BSC establishes the fiscal year objectives for each measure. Space is provided for HART management to provide information on actual results or status for each of the performance measures and metrics delineated in the BSC during quarterly reports to the HART BOD. These reports will include a summary of any material changes in the status of performance measures to enhance the transparency of the progress being made on implementing the H RTP.

In FY2017 and for the next several years HART will be engaged in completing the construction of the H RTP. The earliest that actual operation of rail service will begin is 2019 with the start of interim operations on the western section of the rail line. As such, the BSC shown in Appendix A is heavily oriented toward project implementation. The BSC does include some measures dealing with Service Delivery as it relates to the current project implementation stage of the project. Additional metrics will become meaningful when actual revenue service begins. Illustrative examples of such metrics include:

- Ridership level
- Reliability measures including:
 - On-time departures/arrivals
 - Miles between mechanical failures
 - Elevator and escalator availability (% of time available during operating hours)
 - Fare collection equipment availability (% of time available during operating hours)
- Safety and Security measures including:
 - Accidents per 100,000 passengers
 - Security incidents per 100,000 passengers
 - Employee on-the-job injuries
- Financial measures including:
 - Operating Ratio
 - Cost per vehicle hour and vehicle mile
 - Cost per passenger
 - Accident Claims received/closed/outstanding

Given the current project implementation focus of HART's business activities, HART management provides quarterly updates of the HART BSC in reports to the BOD and the public. When actual revenue service begins on the rail line, monthly BSC reports will become relevant.

Using a BSC which ties to the Goals that HART has established will enable the agency to evaluate its progress on achieving the agency's Mission and Vision and to report to its stakeholders and to the community

Agency Progress: FY2016 Highlights

The period from July 1, 2015 thru June 30, 2016 was HART's fifth year of existence. During the year, the agency did make progress toward achieving the vision of bringing transformative rapid transportation to Oahu despite the challenges many of which were created by the super-heated level of construction underway on the island and past delays to the project schedule. Shown below is a brief summary of major events, challenges and accomplishments that occurred during HART's fifth year:

Litigation Matters:

No new litigation concerning the project was initiated in FY2016. However, the 13 month project schedule delay caused by that previous litigation continued to bedevil the project in FY2016. This delay has contributed to the approximately \$170 million in delay claims the project has incurred which have all been resolved.

Project Delivery:

- Significant construction progress was made in FY2016. As of the third quarter, the following construction had been completed on the western guideway section and at the ROC:
 - 320 guideway support columns in place
 - 430 column foundations completed
 - 4,300 guideway segments had been cast
 - 270 spans erected
 - 4.6 miles of track on the guideway has been installed
 - 95% of the ROC completed and all track is in place
 - The first four-car train set has been delivered and is at the ROC

The Rail
Operations Center



While the construction of the guideway is behind schedule, approximately 7seven miles of the guideway will be up and with track in place by the end of FY2016. The Core Systems contractor Ansaldo Honolulu Joint Venture (AHJV) is on schedule with the design and manufacture of the project's railcars.

- As of the third quarter of FY2016, overall project completion is approximately as follows:
 - Percentage of overall project completed = 45.0%
 - Percentage of design completed = 88%
 - Percentage of construction completed = 37%
 - Percentage of utility work completed = 41%
- While progress was made in FY2016 under previously awarded construction and systems contracts, the letting of new construction contracts ran into major problems. Bids received in FY2015 for the nine station Westside Station Group greatly exceeded budget estimates. This occurrence resulted in the cancellation of the solicitation and the temporary suspension of the procurement for the Pearl Highlands Garage. A major effort was then undertaken to review the project including an analysis of the new circumstances now facing HART with the high level of construction underway on Oahu. This effort considered ways to reduce costs and achieve a 2022 opening date for the project and included extensive contractor interviews.
- Updated cost estimates were developed for the Westside stations and the remaining portions of the rail alignment in the fall of 2015. The result of these efforts was a new plan for how construction of the remaining project elements should be carried out. This revised plan includes a re-packaging of contracts and a change in the delivery method for the eastern 10 mile section of the rail alignment with the following specific elements:
 - Construction of the nine Westside stations was broken up into three packages of three stations each to increase competition.
 - The schedule for the start of interim service on the Westside was pushed back from 2017 to 2019 to ease schedule pressure on prospective contractors.
 - The construction of the eastern portion of the rail alignment, including both the guideway and the stations, was broken into two sections, both of which will be procured using the design-build (DB) project delivery method.
 - Utility relocation and miscellaneous civil work in the City Center area were included in planned DB contract for that section.
- During FY2016, results under the above described plan and progress on previously awarded construction contracts has been as follows:
 - Bids for the three packages of Westside stations were advertised starting in late FY2015. The bids received were significantly better than when all nine stations were advertised as a group and were at or close to estimates. Three contracts, one for each package of three stations, were awarded, resulting in a savings of \$38 million.
 - A groundbreaking for the first of the nine stations (West Loch and Waipahu stations) was held and construction work will start in early FY2017.



Groundbreaking at the West Loch Station

- A solicitation for the Airport Guideway and stations DB contract was issued. Three potential proposers were qualified and proposals were received from them in April. A contract to the firm selected is expected to be awarded in May of FY2016.
- A solicitation for the Center City guideway and stations DB contract was also issued. Proposals are due in October of the current calendar year.
- Construction of the H2R2 ramp was suspended when contaminated soil was discovered at the site. HART and State of Hawaii Department of Transportation (HDOT) have worked cooperatively to address the problem and construction will resume in FY2017.
- The Pearl Highlands Parking Garage project remained on hold pending a determination on the feasibility of a possible P3 for a development that would include the parking garage for the station. A Request for Interest (RFI) was issued in March and responses are due in May FY2016. The expressions of interest in a P3 that HART receives will determine whether a P3 project will be pursued or, alternatively, construction bids for the garage will be sought. The full cost of HART building the Garage is included in the current \$6.8 billion estimate to complete the project. A decision on how to proceed with this important element of the project's scope is expected in the first quarter of FY2017.
- Work on manufacturing the Elevators and Escalators to go into the stations is on hold pending resolution of final schedules with Kiewit for the west guideway as well as the station construction schedules particularly on Kamehameha Highway.
- Third Party Agreements – HART made significant progress reaching third party agreements with other governmental units and private interests in the corridor. These agreements include partnering arrangements that will advance elements of the HRTP while assisting the partners to accomplish improvements they would like to make. The

agreements will save money, minimize conflicts and help avoid repeat disruptions to adjacent communities and businesses along the rail alignment. Specific cases include the following:

- Roadway improvement along Farrington and Kamehameha Highways – HDOT and HART worked together to have the HART guideway contractor put in place needed road changes and improvements that HDOT would normally be responsible for. This means that the adjacent businesses and residential areas will only be impacted once during rail construction. HDOT will reimburse HART for the costs of the roadway work.
 - A new road at the UH-West Oahu campus – HART’s contractor building the temporary park-n-ride lot contractor will build the new roadway for UH to avoid the costs of obtaining and mobilizing a separate contractor to build the roadway. UH will reimburse HART for the costs involved.
 - Special maintenance equipment for HECO – HART and HECO are testing special trucks for HECO to use to maintain power lines along the Farrington and Kamehameha Highways to avoid much of the cost of relocating the power lines.
 - Additional parking at the Ho’opili Station – DR Horton has worked with HART to possibly expand the temporary parking that will be provided at this station utilizing DR Horton land.
- Fare Collection System – A significant step was taken in FY2016 to put in place a joint fare collection system for the rail line and Honolulu’s bus system. After issuing a Request for Qualifications (RFQ) for a fare system contractor in FY2015, a best value RFP competitive procurement was initiated in the first quarter of FY2016. A \$31 million contract to design, build, operate and maintain (DBOM) the joint bus-rail fare system was awarded in March to Init, Innovations in Transportation, Inc., based in Virginia. The fare system will be account based using smart card technology for payment with electronic tickets and passes. It will provide for seamless transfers between rail and bus services. Customers will be able to load fare value on their farecards in rail stations, via the web and at terminals that will be located at the Middle Street Transit Center, satellite City Halls and at approximately 200 retail outlets across the island.

Components of the system include the following based upon the preliminary design:

- Back office account management system, data warehouse and financial accounting management system
- Rail ticket vending machines – 110 units with 22 spares
- Station faregates – 139 units with 27 spares
- Bus card readers – 605 units with 120 spares
- Customer service terminals – 15 with 3 spares
- Various ancillary equipment including bus driver display units, spare parts, a test bed, mobile data routers and routers in rail stations to communicate data for station-based fare equipment.

The preliminary schedule for implementing the new joint fare system is as follows:

- Bus system pilot implementation in the 4th quarter of FY2018
- Full bus system implementation and start of back office operations in 1st quarter of FY2019
- Interim rail operation at 9 stations in early 2019

- Full rail operation at additional 12 stations in early 2022

The procurement, implementation and future operation of the joint system is guided by two Memoranda of Understanding (MOU) between HART and the City Department of Transportation Services (DTS), one dealing with capital aspects and one dealing with future operations of the fare system. These two MOUs provide for the following:

- Capital and future operating costs will be split 50/50 between HART and DTS and the two agencies will have joint ownership of system assets
 - Oahu Transit Services (OTS), the City’s Transit Services Management Contractor (TSMC), will be responsible for customer service, account management and maintenance of the rail station fare equipment as well as the bus fare equipment
 - Init will provide system maintenance for two years after startup of system operations as well as back office operation of the system thru the 10-year timeframe of their contract
 - HART will utilize a third party security firm to collect cash from the rail stations
- Core Systems and Rail Equipment – For this key element of the project, several significant events occurred during FY2016:
 - A change order was negotiated with the Core System contractor AHJV to change the train configuration to four cars from the originally planned two-car consist. This resulted in a \$5.2 million credit to HART.
 - The first four-car train was delivered to Oahu and transferred to the ROC for inspection and testing. AHJV is on schedule to deliver the remaining 19 four-car trains.



The first rail cars arrived at the Rail Operations Center in April

- AHJV is 30 months behind their original schedule for systems elements of the project primarily due to delays in construction of the west half of the guideway

and stations. However, they are positioned to have all systems in place to meet the current schedule to start interim operations in 2019 on the western 10 miles of the project.

- HART was able to resolve AHJV’s 277-day delay claim for \$8 million.
 - In November 2015 the sale of Ansaldo Breda to Hitachi was closed. HART staff is working to insure that the pending transition of Ansaldo STS to Hitachi will not affect the schedule, quality or performance of the railcars and project systems and that all prior assurances and protections will carry forward under the new ownership.
- **Utility Relocation:** During FY2016, work was underway along the length of the first 10 miles and in the section between Aloha Stadium and the Middle Street Transit Center past the Honolulu Airport. HART staff and HECO made substantial progress in working through issues associated with the need to either relocate or leave in place power lines in various sections of the rail alignment. For the area along Farrington and Kamehameha Highways, HART borrowed special bucket trucks for HECO to test for maintenance of overhead lines in the vicinity of the elevated guideway structure. These trucks are currently being tested by HECO. If the testing is successful, the trucks would avoid having to relocate or underground the power lines along the two highways saving the cost and disruption involved with moving the lines. Along Dillingham Boulevard, with its tight cross section, HART has agreed to pay for undergrounding the lines. HART and HECO are currently working together to determine when the undergrounding should occur – prior to guideway construction, after the guideway is up, or perhaps in a phased manner to minimize costs and conflicts. The estimated cost (\$120 million) of the undergrounding has been included in the current \$6.8 billion cost estimate for the project.
 - **Property Acquisition:** HART has obtained construction access to approximately 92% of the land area required for the project. To date, the real estate expenses are running \$7 million under budget. The following table provides a snapshot of the status of property acquisitions at the end of the third quarter of FY2016:

	Current No. of Parcels Needed	Site Control Obtained	Acquisitions Completed	Relocations Completed	Properties Available for Contractor
Full Acquisitions	44	41	39	31	39
Partial Acquisitions	94	25	13	--	14
Easements	85	51	13	--	50
Totals	223	117	65	31	103

As the project proceeds, there may be additional parcels identified as needed. Of the currently identified parcels needed, 146 are privately owned and 77 are government owned. Acquisitions Completed includes 49 that were privately owned. There are 16 agreements completed for the transfer or joint use of government owned parcels.

Of particular note, during FY2016 an agreement was reached with the US Navy for the use of nine parcels in the vicinity of Pearl Harbor. Also, by the end of FY2016, HART

expects to reach agreement with the US Postal Service and the Aloha Stadium Authority for use of properties owned by both entities.

- Procurement Activities: In late FY2015 and during FY2016, the following significant procurement actions were taken:

- Farrington Highway Stations contract awarded June 2015
- West Oahu Stations contract awarded July 2015
- Construction Engineering & Inspections contract awarded September 2015
- Kamehameha Highway Stations contract awarded January 2016
- Fare Collection System contract awarded April 2016
- Independent Financial Auditor contract awarded March 2016

For the eastern half of the rail alignment, the following was accomplished:

- Pre-qualification of firms for the two remaining east segments of the rail alignment was completed resulting in the identification of three qualified firms for each segment to submit proposals for the DB contracts
- Technical and price proposals for the Airport segment DB contract were received from all three firms in April and are currently under review and evaluation
- Technical and price proposals for the Center City segment are due in the 3rd quarter of FY2017
- Undertook procurements of outside specialty legal counsel and appraisal services to assist in property acquisitions and related litigation that may occur

Finally, a number of actions were completed or are in progress involving procurement of miscellaneous consulting services for real estate support, Kakaako planning activities, fare collection technical support, construction claims support and art-in-transit.

- Contract Administration Activities – During FY2016, the Contract Administration group accomplished the following key activities on top of normal business requirements:
 - Got fully staffed up to three Contract Administrators and three Assistant Contract Administrators plus the Director
 - Began a re-write of the agency's contract administration procedures
 - Issued a new Change Order procedure which helped streamline the process greatly, improved documentation and resulted in more complete Change Order files
 - Made significant progress on processing non-construction related invoices
- Job Creation: In FY2015, the number direct jobs working on the project increased to 1,550 of which about 63% are local jobs
- Planning: Key activities completed in FY2016 included:
 - Completed negotiations with HDOT for an agreement for construction of the H2R2 ramp
 - Issued an RFI for identifying the potential to create a P3 that would involve construction of the needed station parking garage at Pearl Highlands
 - Reviewed project designs to identify excess parcels that could be made available for possible future station area TOD development in coordination with the City's Department of Planning and Permitting (DPP)

- Hosted the annual meeting for FTA and Section 106 Programmatic Agreement stakeholders
 - Continued efforts to monitor approved permits and mitigation plans for compliance by the contractors involved.
 - Coordinated with DTS on bus integration
 - Lead efforts on project elements that support multimodal integration including bike share and bike/pedestrian path connectors
 - Secured green energy rebate from the State of Hawaii clean energy program
 - Ensured photovoltaic and other energy efficiency actions are incorporated in project elements.
- TOD: In FY2016, HART continued to devote staff time to land use planning and coordination with partner agencies and surrounding landowners. HART staff worked with DPP on TOD community plan development efforts for several station groupings. Also, HART staff collaborated with DPP which received a US Environmental Protection Agency Brownfields Assessment Grant and Federal Transit Administration Technical Assistance Grant for TOD. During the year, HART participated in State TOD Meetings composed of representatives from HART, the City, the State and various other organizations and groups.
 - Construction and Traffic Impact Mitigation: HART continued to take a multi-pronged approach in FY2016 in keeping the public informed about construction and traffic impacts to communities and businesses along the alignment. HART had the following programs and activities underway in this multi-pronged approach including:
 - Open for Business Initiatives: Our “Open for Business” initiatives include signage, collateral, coordinating our work schedules when possible to allow for busy times and deliveries, and making sure our contractors keep access to businesses clear. The contractor also provides notices and detour maps for businesses to give to their customers, email to contacts and place on their websites.
 - HART’s Business Alliance Program: More than 1,000 businesses are currently signed up for the program that provides regular updates on business outreach programs, including free workshops and other business development programs. The Alliance also provides feedback to help refine and enhance existing mitigation programs. One-on-one meetings and construction updates for businesses are also provided.
 - Monthly Business and Community Meetings: In addition to the regular Business Alliance meetings, additional monthly business and community meetings are held to provide project updates and traffic information.
 - Business Briefings: HART holds tailored briefings regularly for various business groups along the route, including businesses in the Dillingham and Kakaako areas. These targeted briefings are designed to answer questions specific to individual business and business groups’ concerns.
 - Shop & Dine on the Line: HART’s Shop & Dine on the Line Program is a partnership with businesses to assist them during construction. About 100 businesses in the Waipahu, Pearl City, and Aiea areas are currently participating in the program, which includes discount offers pulled together under and encourages people to visit

businesses impacted by construction and mention the Shop & Dine on the Line Program to receive special discount offers as an incentive to generate additional customers during construction. The special offers are distributed in brochures, using social media, and can also be found at www.ShopAndDineOnTheLine.com and via our mobile site.

- Shop, Dine & Shuttle: This free trolley service is provided to customers and area residents so that they can patronize businesses along the rail corridor. HART's initial service started at Aloha Stadium, which encouraged swap meet goers to participate, and ran along Kamehameha Highway, stopping at various shopping centers and plazas. A similar program will be considered for the Waipahu community.
- Art-In-Transit (AIT) Program: The Transit Art Committee (TAC) composed of art and design professionals and HART staff completed its evaluation of the artist applications received and recommended a pool of artists for all 21 stations and for the Operations and Service building at the ROC. Confidential negotiations with the artists for the nine westside stations and the ROC building began. Selection of the artist for each art opportunity is made public upon the execution of the contract. Three have been completed: UH-West Oahu and Ho'opili stations and the ROC/Operations and Service Building. These three artists are presently working on conceptual designs for their art work. Negotiations with the remaining seven artists are on-going at the end of FY2016.

Finances:

- Project Cost Estimate – The continued escalation of construction costs on Oahu driven by a high level of construction activity continued to be a major problem for the project. This fact plus challenges associated with utility relocations, in particular with HECO, has necessitated the need for staff and the agency's consultant team to update the Independent Cost Estimate for the project in the fall of 2015. The current project cost estimate is \$6.8 billion, an increase of \$800 million. This revised estimate does include \$539 million in contingency. The project cost estimate will be updated again in FY2017 following the results of the procurements for the two remaining guideway contracts and negotiations with HECO on a final utility relocation plan.
- Project Revenues – In early FY2016, the bill to extend the GET tax by five more years was signed into law by the Governor. In January of 2016 the Honolulu City Council approved the extension and it was signed into law by the Mayor on February 1st, 2016. These actions will provide the project an additional \$1.8 billion thru 2027. Additional revenue results in FY2016 include:
 - GET collections during the year are expected to total \$236.2 million, bringing the total collected to date to \$1.38 billion, which is \$45 million less than forecast in the project's June 2012 Financial Plan. Recent receipts have come in better than expected, but the projected \$100 million GET shortfall in the future remains an issue.
 - HART expects to receive \$161.5 million in FY2016 from the FTA, bringing total federal funding actually received to date for the HRTF to \$573 million. Congressional appropriations for the project are \$1.306 billion, which is approximately 85% of the \$1.55 billion committed to the project in the Full Funding Grant Agreement (FFGA). The President's FY2017 budget includes

another \$244 million for the project which if appropriated will complete the federal commitment to the project under the FFGA.

- Financial Reporting – Staff continued to work on improving HART’s financial reporting to the HART Board, the City Council and the State Legislature and to the community through the HART website. The monthly reports and the agency’s quarterly Balanced Scorecard are distributed widely and regularly.
- Financial Audit – Completed the agency’s fourth annual financial audit cycle, which yielded overall favorable conclusions and only one finding concerning compliance with the federal Davis-Bacon Act prevailing wage requirement, specifically, that some contractors on the project were not timely submitting the required payroll reports. Staff has taken action to insure that all contractors and subcontractors are submitting payroll reports in a timely manner.
- Construction Insurance – HART continued administration and oversight of the project’s Owners Controlled Insurance Program (OCIP) which provides coverage for Workers Compensation, General Liability and Excess Liability for Construction Contractors performing work within the physical geographical limits of the project. The OCIP also includes such coverage for designated sites not within the physical limits of the project such as the casting yard and storage facilities. HART also provides Builders Risk coverage for Construction Contractors while performing construction work on the project within the project limits, including designated sites not within the physical limits of the project. The On-Call Construction Contracts are not covered by the OCIP and are not covered by Builders Risk. Marsh is the HART OCIP consultant and Aon Hawaii is providing brokerage services.

Organizational Development:

- Staffing – In FY2016, HART continued its efforts to insure that the organization has the technical and administrative capability needed to meet the challenges the project faces. Several key positions were filled with highly qualified people including:
 - Director of Planning, Right-of-way and Utilities
 - Director of Operations and Maintenance
 - Director of Design and Construction
 - Safety Certification Manager
 - Director of Communications
 - Chief Financial Officer

These efforts are mindful of the need for HART to continue to have the technical capacity needed to carry out the largest public works project in Hawaii’s history and to meet FTA requirements in accordance with the FFGA. All of the above positions were filled with people that have substantial experience in dealing with the type of construction and technology that are inherent in the H RTP and the administrative and management functions needed in a public agency that is undertaking the largest public works project in Hawaii history. In addition, HART continued the transition of consultant provided embedded staff in several positions to positions held by HART employees.

- Training activities for HART staff continued in FY2016 covering a wide variety of areas including ethics awareness, safety awareness, the Contract Management System and

various other computer systems, procurement, quality assurance, civil rights, and environmental related areas.

- Preparing for future operations:
 - Operations Management – A highly qualified new Director of Operations and Maintenance was recruited. The individual hired has 35 years of experience in transportation operations including as a senior operations manager for the Vancouver, BC Rapid Transit system which is an automated, driverless train system very similar to the H RTP.
 - Bus – Rail Integration: The working group established with DTS and its transit management contractor OTS continued its work on exploring how best to integrate bus and rail services, as well as opportunities for consolidating administrative and other functions between HART and DTS/OTS to enhance cost efficiency and customer service.
 - Maintenance Management Information System (MMIS) – The subcontractor hired by AHJV advanced work on developing the MMIS system. This system will be used by AHJV, HART Operations management, and other vendor contractors as an integrated maintenance tracking and scheduling system.
 - Policing – Staff continued work with the Honolulu Police Department (HPD), the State Sheriff office, the FBI Division and the Transportation Security Administration (TSA) on refining a plan for providing security on the rail line and at rail facilities in preparation for the HART Board to adopt a plan.

- On Safety and Security, several things were done in FY2016 including:
 - Achieved an outstanding on-the-job injury rate of 0.16 injuries per 200,000 work hours, well below the 3.8 injuries per 200,000 work hours typically experienced by projects of a similar size and complexity and well below the 4.6 rate in Hawaii. Work stand-downs were ordered twice for Kiewit and six times for various subcontractors when problem trends or unsafe practices were observed by HART staff.
 - Various HART committees continued to meet regularly including the Fire-Life-Safety Working Committee, the Safety and Security Review Committee for design reviews, and the System Safety Executive Committee made of senior HART staff.
 - Training was held for emergency and first responders at the ROC. No other formal training exercises or table-top exercises were held during the year.
 - On Safety Certification, work continued on verifying items in the Design and Construction phase to ensure compliance with Federal, State, City, local laws and regulations, and that best practice codes and guidelines are followed and hazards are mitigated to ensure the safest transit system possible. Work was done to prepare for safety certification of the ROC and yard in preparation for final occupancy in late FY2016.
 - In the area of Federal Rail Safety Oversight requirements, HART staff meets weekly with HDOT and quarterly with FTA representatives to review a wide range of matters associated with project design, construction and future operations.
 - Staff continued to hold regular meetings with the Core Systems contractor AHJV on planning for operations and safety certification efforts.

- On Equal Employment Opportunity (EEO) matters, HART will have achieved the following in FY2016:
 - Disadvantaged Business Enterprise (DBE) participation on the project to date totals 6.3% of FTA funding drawdowns against the approved project goal of 13%. This is an improvement over the FY2015 level of 5.7%. Participation results are expected to improve with the construction contracts awarded in FY2016 and as additional construction contracts are let in FY2017 and beyond.
 - Staff undertook efforts to work with contractors whose DBE performance was lacking, making use of specific DBE participation requirements incorporated in newer contracts let by HART. These efforts include working to see if contractors are making good faith efforts to utilize DBEs. Monthly reports on this area are submitted to the FTA.
 - The agency's workforce utilization profile remains very close to matching the service area's population make-up with underutilization existing in only three areas, one of which has less than 2% workforce availability. Recruitment efforts for all three will continue to be a focus in the future.
 - Staff worked with DTS representatives to update the combined EEO Program in accordance with FTA requirements and expectations. A new three-year update of the combined program was submitted by DTS to FTA in June 2015.

FY2017 Work Program

Agency Business Operations

HART functions as a semi-autonomous agency of the City & County of Honolulu government. During FY2017, HART will continue to use various City business systems and administrative practices as appropriate when conducting the agency's business activities. On an ongoing basis, HART will evaluate the extent to which it should develop its own business systems to improve efficiency and delivery of needed business services consistent with the agency's Mission as described in the previous section.

During FY2017, HART will continue to take steps to further develop the organizational capacity and capability to fulfill its Mission. Several of the actions that will be taken are designed to ensure that HART will maintain eligibility to receive Federal funding for the H RTP. A preliminary listing of the priorities and tasks that will be pursued in FY2017 is as follows:

- Recruit and hire key management, technical, and support staff to fill key vacancies as they occur or needs arise.
- Update the project's Financial Plan in mid-year FY2017 to reflect:
 - The costs of the Airport and Center City guideway and stations based upon the competitive proposals that are received and negotiated
 - Updated cost estimates of other project elements including utility relocations, property acquisitions and ongoing construction and systems contracts
 - Updated estimates of income sources including GET receipts
 - Final actions to issue short term debt to meet the project's cashflow needs as construction proceeds over the next five years or so.
- Monitor ongoing construction activities to control or reduce costs and insure schedules are being met and to insure work is being completed in accordance with contractual requirements, best safety and environmental practices and minimizes impacts on communities and businesses
- Maintain a management reporting system on key performance metrics and financial information including:
 - Continue to develop internal processes that will enhance the control over fiscal processes while increasing processing efficiencies.
 - Achieve zero findings in the Authority's annual audit, specifically addressing any deficiencies identified in previous audit reports.
 - Continue to build finance, accounting and internal controls capability.
 - Address audit findings or recommendations as described in the Financial Strategy, Plans and Budgets chapter.
- Continue emphasis on safety and security as top priorities during construction and ultimately during future operations.

- Council, state and federal officials, the Oahu Metropolitan Planning Organization Policy Committee and the general public to ensure transparency by providing a flow of information regarding the progress of the HRTP through electronic means, printed materials and the availability of HART staff. Submit the required annual report to the Governor and Legislature stemming from the extension of the GET
- Continue efforts to increase local business and DBE participation in the project.
- Continue the creation of an organizational structure and agency culture that will enable the fulfillment of the agency's Mission and Vision. This includes:
 - Provide ongoing staff training, employee develop and succession planning
 - Ensure that effective cost control measures are in place
 - Ensure that processes, policies and work practices are interpreted and applied consistently and effectively
 - Encourage internal communication, teamwork and collaboration across all functions and activities
- Continue to add and/or modify administrative procedures and practices that are specific to a transit agency in areas such as procurement and contract administration, safety and security, employee relations and development, management reporting and those needed in preparation for HART to become an operating agency.

HRTP Project Implementation

Project Description:

The scope of the HRTP has remained unchanged despite the increased cost to complete and the revenue shortfalls that came to light in FY2015. **Appendix C** hereto provides a summary description of the project along with background on the planning for the project. Completing the project description shown is essential in order for HART to comply with the terms of the Full Funding Grant Agreement (FFGA) executed by the City and the FTA.

FY2016 Project Implementation Work Activity:

- Construction and Design – During FY2017, HART expects to undertake the following work:
 - Completion of construction work, including track installation and the required safety certifications, on the western 10 miles of the rail alignment
 - Begin close-out of the initial DB contracts for the western 10 miles of guideway
 - Initiate closeout of ROC contract
 - Start construction on all 9 stations on the western portion of the alignment
 - Start construction on the H2R2 ramp
 - Start of final design development in the 3rd quarter by the Airport segment DB contractor for the guideway and stations in the segment

- Core Systems and Rail Equipment – During FY2017, the following activities are expected to occur:
 - Delivery of the 2nd 4-car trainset in the 1st quarter of FY2017
 - Completion of ROC systems installation and testing 1st quarter of FY2017
 - Start Train qualifications testing in 2nd quarter of FY2017
 - Complete power installation and testing from Waipahu to West Loch
 - Complete functional track systems installation for testing Waipahu to Ho’opili
 - Initiate Automatic Train Control testing in the second half of FY2017
 - Participate in safety certification elements of the first 10 miles of guideway
 - Participate in the fare collection system design process
- Fare Collection System – In order to meet the previously described schedule for starting up the new fare collection system in late FY2018, the contractor Init must provide a conceptual design for the system in July 2016 for review by HART and DTS. Init must then complete its final design for the system for review by the 3rd quarter of FY2017.

In order to inform the system final design, several key fare policy decisions will need to be made by the end of calendar year 2016. These include:

- A fare recovery policy for the rail system must be decided on
 - Fare levels and any discounts must be established
 - Any changes in fare products to be used by customers must be determined
 - A policy on how revenues will be split between the bus and rail systems must be decided
- Design Work – The only significant design work that will occur in FY2017 will be as part of the two DB contracts for the eastern sections of the project guideway.
 - Consulting Contracts – Consulting contracts will be continuing for various design, engineering, construction management and inspection services; and for support in various areas including real estate, cultural resource monitoring, safety and security and oversight of the core systems and equipment contract. During FY2017, a new solicitation for Program Management Support Consultant (PMSC) services will be undertaken.
 - Utilities – During FY2017, the following key activities will occur:
 - Determination of whether any power lines along Farrington and Kamehameha Highways will need to be relocated based upon the results of the test of the special bucket trucks HART has arranged for HECO.
 - Airport segment relocations will continue until such time as the DB contractor that is selected is able to mobilize on site to complete any remaining work that is needed.
 - A final agreement between HART and HECO on the plan for sequencing undergrounding the power lines along Dillingham Blvd. as related to construction of the aerial guideway thru this stretch of roadway.
 - During the second half of FY2017, HART will work with the City, affected utilities and the DB contractor selected to build the Center City Guideway and stations on how utility work will be accomplished.

- Property Acquisition and Third Party Agreements – The objective for FY2017 is to obtain 100 percent site access for identified right of way needs for the contractor including intergovernmental agreements with various government agencies for access and use of real property under their jurisdiction for the Project. Final disposition of property acquisition transactions will extend beyond 2017, which may include quit claim deeds, permanent disposition through intergovernmental agreements, long-term easements, orders of possession through eminent domain, or other real property instruments that convey site control for the life of the Project. Similar work will be pursued for design changes that require additional, yet unidentified right of way, and for utility easements outside of the right-of-way which are currently being identified. Additional support services will be procured as needed to assist in these transactions.

Note: Risks to advancing the planned construction work described earlier include any delays in utility relocations and delays in acquisition of needed parcels of property as well as contractor difficulty in obtaining needed permits, materials, labor and other resources needed for their particular contract; and challenges in resolving interface issues between contractors.

- Planning & Permitting- During FY2017, activities will include:
 - Monitoring of construction to identify the presence of *iwi kupuna*.
 - Continued coordination and consultations with stakeholders and project partners on AIS and Programmatic Agreement matters.
 - Obtaining all needed permits for the Airport and City Center sections.
 - Monitoring for permit compliance and any renewals required.
 - Work on station naming with the community advisory committee.
 - Support for Board deliberations on possible changes to the project scope and on whether to initiate planning for future extensions of the rail line.
- Contracting – Procurement and contract administration activities planned for FY2017 are described in the Procurement and Contract Administration sections found later in this chapter.
- Pearl Highlands Parking Garage – A determination on how to proceed with this project element will be made in the 1st quarter of the fiscal year following the results of the solicitation to explore whether the garage could be built as part of a P3 to create a TOD at the Pearl Highlands Station designed to both save HART money and achieve the level of customer parking envisioned for the rail line in the project EIS and the FFGA. It should be noted again that at present the full cost of HART building the Garage is included in the current cost estimate to complete the project.
- Project Labor Agreements (PLAs) – HART and its PLA contractor Solis Group will work with both labor and contractor interests to ensure that the HARTP retains labor stability in the years ahead as the project moves toward completion.
- Safety and Security - Planned activities include:
 - Continued design reviews and pre-safety certification activities.

- Final safety certification of the ROC (MSF) and the issuance of a certificate of occupancy permit.
 - Involvement in the testing of the first railcars.
 - Preparation of a new System Safety and Security Plan which AHJV is responsible for and HART must approve for submittal to the HDOT oversight consultant and the FTA.
 - Beginning safety certifications and the issuance of occupancy permits for completed portions of the guideway and related facilities.
 - Conduct of additional TVA's for the project.
 - Conduct of the first formal emergency preparedness drills using both table top exercises and field drills at the sections of the guideway in place on the western end of the alignment.
 - Additional training for emergency responders including military interests and TSA.
 - Board adoption of a plan for how the rail system will be policed and what the role of private security firms might be.
 - Continued implementation of the Owners Controlled Insurance Program (OCIP).
- Planning for Operations – During FY2017, planning and decision-making for the start of rail operations in 2018 will continue. Specific activities planned include:
 - Operations Management – Recruit an Assistant Director and an experienced maintenance person to oversee AHJV operations planning activities. This will include working with AHJV on their staffing plans particularly in maintenance areas and on operating policies and protocols.
 - Fare Policy – Providing support to policy makers for final adoption by the mid-year of a Fare Policy for the rail system including farebox recovery requirements; fare structure elements including fare levels and discounts, types of fare media and how revenues collected by the joint bus-rail fare system will be split between rail and bus operations.
 - Service Integration – Continue work on bus – rail service plans in conjunction with DTS and its transit management contractor OTS for coordinated bus services in anticipation of the start both interim and ultimately full rail operations
 - Maintenance and Support Functions – Plans for how various ongoing operating functions will be handled including: an integrated customer service function for both bus and rail services, facilities maintenance including station maintenance and repairs and guideway structural inspections and repairs.
 - Maintenance Management Information System – Work will continue on development and populating of the MMIS for the rail operation and how it will interface with all other rail-related systems
 - Administration – Finalization of plans to combine or integrate administrative and other functions between HART and DTS/OTS to improve cost efficiency and effectiveness in delivering quality public transportation services. (Note: These efforts will be informed by possible Charter amendments approved by the voters that may involve responsibility for rail operations in the future.)

- Art-In-Transit Program – Activity planned for FY2017 includes:
 - During the 1st and 2nd quarters, complete negotiations with the artists for the remaining 7 stations on the westside of the rail alignment.
 - During the 1st quarter undertake negotiations with the artists for the 4 Airport segment stations and complete them in time for the start of final design work by the contractor selected for the Airport DB contract.
 - During the second half of FT2017, begin negotiations with the artists for 8 stations in the City Center segment of the rail alignment.

Land Use Connection: TOD

Federal, State, and City policy direction to concentrate growth around transit stations is designed to achieve several public policy goals and support greater utilization of the public transit system. It will also enhance the value of real property adjacent to transit stations and create attractive investment opportunities for the private sector while facilitating local economic development and affordable housing goals and redevelopment efforts.

Under the City’s Charter, HART is authorized “to promote, create and assist TOD projects near fixed guideway system stations that promote transit ridership, and are consistent with the intent of the adopted community plans and zoning.” In addition, the HART Executive Director is to “administer programs promoting appropriate developments near transit stations, including compilation of city incentive programs,” and “review development projects having significant impact on the operation of the fixed guideway system.”

With the exception of areas under the authority of the Hawaii Community Development Authority (HCDA), the City controls planning and permitting for all of the land along the 20-mile corridor. State owned land makes up the majority of landholdings within half mile of the 21 rail stations. Commercial, residential or mixed use development located on lands acquired for the Project require FTA approval for development. Coordination of these activities between the respective agencies is necessary to successfully leverage public and private investment in the corridor. Both the HCDA and the City are preparing TOD plans for the 21 transit station areas and investigating revisions to the land use regulatory requirements, which will provide the policy framework for private development. The responsibilities for station area TOD planning is as follows:

- The Civic Center and Kakaako Stations are within a state-designated Kakaako Community Development District (KCDD) which is under the jurisdiction of the HCDA. The State has approved for the Final TOD EIS for this area.
- The City and County of Honolulu Department of Planning and Permitting (DPP) is responsible for TOD plans for 19 of the 21 stations, which are outside of the state-designated KCDD.

In FY2017, HART TOD and land use planning staff will:

- Continue to provide technical support to DPP in its planning efforts on areas such as system description, modal connectivity, multi-modal station access, parking, safety and security and on the DPP effort to develop and gain approval of a City TOD Special District ordinance around station areas under City jurisdiction.
- Work with public and/or private owners of land within close proximity of each planned transit station to optimize ridership and accessibility.
- Work on identifying and creating development opportunities for parcels acquired by HART that could be made available for future TOD developments.

- Continue to work with various advisory groups composed of representatives from stakeholders such as the City, State and private development interests and various other organizations and groups, including the TOD groups organized by the State Legislature and facilitated by the State Office of Planning, and the Mayor’s Subcabinet on TOD

Procurement and Contract Administration Plans

Procurement:

The Procurement section plans to update the agency’s procurement policies and procedures during FY2017. In addition, Procurement will conduct routine operating budget procurements for needed services, equipment, and supplies to support the conduct of agency business operations.

On project implementation, Procurement will face major challenges in completing procurements of several construction contracts including the last two major contracts involving DB construction of the Airport and City Center guideways and station. These contracts and any other upcoming construction contracts represent risks because of the continued high level of construction on Oahu. Agency staff from several departments will work to ensure that all bids and proposals received are accurate, complete and devoid of unwarranted risk costs, all of which are of paramount importance. Design and construction contracts to be awarded or decided in FY2017 are shown in the following table:

FY2017 Quarter	Contract
First	<ul style="list-style-type: none"> • Airport Guideway and Stations Design-Build • Pearl Highlands P3 feasibility decision • Temporary Park-n-Ride Lot at UH-West Oahu
Second	<ul style="list-style-type: none"> • City Center Guideway & Stations Design-Build
Third	<ul style="list-style-type: none"> • Program Management Support Services recompile
Fourth	<ul style="list-style-type: none"> • Permanent Park-n-Ride Lots at E. Kapolei & UH-West Oahu

Contract Administration:

During FY2017, the Contract Administration group will work to achieve the following improvements:

- On Change Orders, strive for timelier processing of changes, particularly in the field, to address issues and avoid festering problems that could become bigger ones later. Also, formalize the issuance of a quarterly Change Order report.
- Strengthen cost-price analysis capabilities of the staff, particularly for post-award, and continue to grow the professionalism of the staff.
- Update policies and procedures for Contract Administration to reflect current roles and responsibilities and incorporate industry best practices.
- Work to address some process improvements in conjunction with other HART departments.

2017 EEO and DBE Programs:

In accordance with federal and state laws and requirements, HART maintains active programs to ensure equal employment opportunities and to foster the involvement of disadvantaged and small businesses in HART's business activities. The EEO Program is coordinated with DTS. DTS as the area's bus operator maintains its own FTA approved EEO Program. HART staff works with DTS to prepare a combined report for both the rail and DTS programs which DTS submits to the FTA for review and approval. The FTA had previously approved the combined EEO program for HART/DTS for a three year period which ended. FTA's review of the June 2015 submittal is pending at this time. During FY2017, HART will continue to work with DTS to address FTA requirements and any comments received on the latest combined EEO Program that was submitted to the FTA for approval.

HART manages its own DBE Program utilizing the State of Hawaii's Unified Certification Program to identify DBE firms and works with HDOT to reach out to these firms. HART has an FTA authorized 13% goal for DBE participation in the overall HRTP and does not set annual goals. Contract specific goals are established when or if appropriate. Program staff will be working with contractors who have not met their contract goals and will continue to work with HART's procurement and contract administration staffs on gaining increased DBE participation in the upcoming construction contracts and on previously awarded contracts whenever possible.

HART Organizational Development Strategy

History and Background

The initial planning and development of the HRTP was done by DTS. DTS managed the completion of the required planning, economic, engineering, and environmental studies needed to advance the project through the stages of the FTA's New Starts project development process including: analysis of alternatives; technology and alignment selection; conceptual and preliminary engineering (PE) work; the preparation of a FEIS; the development of an initial contracting strategy for building the project; and the procurement of the initial construction contracts for the Project.

The implementation of a large public works project like the HRTP is a complex undertaking involving planning, civil and systems engineering and operational and community relations expertise. The initial organizational strategy DTS employed was to maintain a relatively small staff and hire consultants to provide the expertise necessary to perform various aspects of the required work. The City project staff was supplemented by a PMSC that provided experienced and technically proficient personnel to fill key positions and roles in the project organization including professional, technical, managerial and other support services to initiate and complete the PE/EIS phase of the project and initiation of final design and construction. PMSC personnel essentially functioned as embedded staff assisting City employees in managing and overseeing the work.

DTS also retained the services of a General Engineering Consultant (GEC) to undertake the planning, economic, engineering, and environmental work that was required to advance the project through FTA's New Starts process. The GEC assisted DTS by preparing competitive procurement documents for the initial Design-Build (DB) contracts and the Core Systems Design-Build-Operate-Maintain (DBOM) contract.

Under this organizational strategy, the Project passed the critical milestone of completing the FEIS and obtained a Record of Decision (ROD) issued by the U.S. Department of Transportation in accordance with the National Environmental Policy Act (NEPA) and Hawaii State law. The issuance of the ROD resulted in FTA granting authority to begin property acquisition and undertake utility relocation work. DB contracts for initial phases of the project were awarded and construction work started on the initial phases.

In 2010, the voters of the City and County of Honolulu approved a Charter amendment that provided for the creation of HART to assume responsibility for implementing the HRTP and ultimately operating the rail line. HART came into existence on July 1, 2011. At that time, some DTS staff and the embedded PMSC staff were transitioned to become the core staff of the new agency. HART has utilized the basic components of the original DTS organizational strategy during its five years of existence. However, the agency's organizational strategy will be evolving as described in a later section of this chapter.

FTA Requirements

Because the HRTP is funded in part with federal dollars through the FTA, HART must demonstrate that it meets FTA requirements for grantees pursuing a major investment project

like the HRTP. Principal among these requirements is that the grantee must exhibit the “technical capacity and capability to efficiently and effectively” carry out the project. The FTA conducts an ongoing assessment of a grantee’s technical and financial capacity and capability by looking at a number of things including the following:

- Organizational structure.
- Staff qualifications and experience.
- Roles, responsibilities, and interfaces among key project team members laid out in a responsibility matrix.
- Staffing plan showing labor distribution over the life of a project.
- Copies of various key procurement documents.
- Description of management processes and procedures including the division of decision-making authority between the BOD and management staff; financial and procurement policies and procedures; and community outreach and relations efforts.
- Resumes of senior project team members.

The above information is embodied in a Project Management Plan (PMP). The PMP is periodically updated as a project moves through the various stages of project development. With each successive update of the PMP, the expectations for the technical capacity and capability of the grantee increases. In other words, the grantee must demonstrate a growing capacity and capability to match the increasing scope, complexity, and magnitude of the work to be performed in the next project phase in order to receive FTA approval to proceed. Ensuring that HART will meet the FTA’s technical capacity and capability requirements is a major factor in the formulation of the organizational development strategy embodied in the PMP and described herein.

The FTA employs the services of a Project Management Oversight Contractor (PMOC) to monitor HART’s activities and progress on implementing the HRTP. The PMOC also conducts an ongoing assessment of HART’s technical capacity and capabilities. These ongoing monitoring and assessment activities include monthly reports issued by HART and monthly meetings between HART staff and PMOC representatives. In addition, quarterly meetings between representatives of the FTA’s regional office in San Francisco and HART management and technical staff are held to report on Project progress and challenges and to address any issues that develop as the Project moves toward completion. These ongoing activities amount to a significant level of independent oversight of HART and its work implementing the HRTP.



HART Organization

Work on the Project is now in the final phases of FTA's New Starts process. Work continues on property acquisitions and owner/tenant relocations, utility relocation and any remaining design work. Construction work on the western section of the Project alignment has been underway for some time.

The organizational approach embodied in the PMP for the current phase of the Project requires a staff of 139 positions and continues the role of the PMSC but with a diminished number of positions serving as embedded staff for HART. **Appendix B** contains a series of organizational charts that depict the Authority's functional structure and show the placement of the positions that make up the proposed FY2016 HART staff. Of these positions, 15 or roughly 11% of them are expected to be PMSC provided staff.

Consultant Roles:

The GEC's role has evolved to reflect the evolution status of final design and construction work. The GEC will provide procurement and engineering support and provide technical studies and management support for implementation of the Section 106 Programmatic Agreement Mitigation Support for the ROD. Construction management services and oversight will be provided by two separate Construction Engineering and Inspection (CE&I) consultants for roughly one half of the alignment each. A separate contractor will provide oversight of the Core Systems Contract. These three contractors will perform quality assurance inspections of all contractor activities; reviews of contract document submittals including shop drawings and specifications; reviews of contractor invoices; reviews of requests for information; reviews of requests for changes and change order estimates; conduct inspections; and do value engineering.

The services of engineering design consultants (EDCs) were utilized to develop final detailed designs of the certain project elements. This has not included several DB contracts or the Core Systems and vehicles contract since final design is a function within the scope of those contracts. The EDCs did prepare final designs for the 9 stations on the western section of the alignment, preliminary designs for the 12 stations on the eastern half of the alignment and for various fixed facilities.

Future Organizational Development

At present and for the next five years, HART will be a project development agency with no daily operating or service delivery responsibilities. This, of course, will change as the rail transit project gets completed and actual passenger service begins operating initially in 2019 with full service along the entire alignment starting in 2022. The staffing needs and business systems needs of the agency will evolve over time as the change from project development to operations and service delivery occurs. How well this transformation is accomplished will be important to the success HART has on accomplishing its Mission and Vision. The strategy for managing this evolution is outlined below:

- Phase out use of PMSC and build HART staff capability.
 - Identify those positions that HART will need long term for operations and the planning of extensions and seek to fill these positions with direct hires.

- Examples: Chief Operating Officer, Chief Engineer, Internal Audit, Marketing, Planning, Property Management.
 - Use PMSC to temporarily fill such roles when recruitment for a City employee is unsuccessful or cannot be completed in a timely fashion.
 - PMSC employees will mentor and help train HART staff and new hires; this may require some overlapping of positions.
 - Utilize the services of the City's Department of Human Resources for assistance on organizational development including a classification and compensation structure, and recruitment and employee development strategies.
 - Current PMSC contract expires in 2017. A procurement of a new PMSC contract will be undertaken during FY2017.
 - GEC, CE&I consultants and a few EDCs will continue their roles/scope until the project construction, system integration and testing, and start-up work is completed.
- Develop internal business processes and systems that fit the needs of the transit system.
 - Develop a seamless, integrated multi-modal (bus and rail) transit system.
 - Engage in joint planning with DTS and its Transit management contractor OTS for reconfiguration of the bus system to complement rail.
 - Implement the joint bus-rail fare collection system (hardware, software and support systems) along with plans for system maintenance and a revenue processing set-up to reduce interface problems and achieve economy of scale cost savings.
 - Establish plans for how marketing, customer information and relations activities will be handled for the expanded bus and rail transit system.

Future issues that will need to be addressed:

- ✓ Fare policy details for the integrated rail and bus system including fare levels and farebox recovery requirements.
- ✓ The sources of ongoing funding for operating and maintenance expenses of the transit system not covered by fare revenues.
- ✓ Identify opportunities for advertising, concessions, leases and rents, and possible joint use of transit facilities and assets to generate additional streams of operating income.
- ✓ Development of operating policies and rules and the identification of any implications for project design and the operating and capital improvement budget.
- ✓ Plans for maintenance of elements of the rail line that are not covered by the Core Systems contract operating component.
- ✓ Staffing and management information systems needed to oversee the operational, safety, maintenance and customer service performance of the rail line by the Core Systems contractor AHJV.
- ✓ Plans for providing security on the rail line and the costs thereof.

Consultant Roles:

The GEC's role has evolved to reflect the evolution status of final design and construction work. The GEC will provide procurement and engineering support and provide technical

studies and management support for implementation of the Section 106 Programmatic Agreement Mitigation Support for the ROD. Construction management services and oversight will be provided by two separate Construction Engineering and Inspection (CE&I) consultants for roughly one half of the alignment each. A separate contractor will provide oversight of the Core Systems Contract. These three contractors will perform quality assurance inspections of all contractor activities; reviews of contract document submittals including shop drawings and specifications; reviews of contractor invoices; reviews of requests for information; reviews of requests for changes and change order estimates; conduct inspections; and do value engineering.

The services of engineering design consultants (EDCs) were utilized to develop detailed designs of the certain project elements. This has not included several DB contracts or the Core Systems and vehicles contract since final design is a function within the scope of those contracts. The EDCs did prepare final designs for the 9 stations on the western section of the alignment, preliminary designs for the 12 stations on the eastern half of the alignment and for various fixed facilities. Final designs for the 12 remaining stations will be done by the DB contractors selected for the eastern guideway segments.

HART Financial Strategy, Plans and Budgets

Financial Strategy Overview

HART maintains a detailed 20-year financial plan in accordance with the requirements of the FTA to receive federal funding for the HRTP. The HART Financial Plan provides a summary of the capital costs and funding sources associated with both the HRTP and the City's ongoing operating and capital needs for the existing public transportation system. It also includes a preliminary plan to fund the future operations and maintenance (O&M) costs associated with the rail line, TheBus, and TheHandi-Van services. The current HART Financial Plan was prepared in June 2012. The Financial Plan is will be updated via a Risk Refresh with the FTA to be completed in the August/September timeframe with the complete update of the Plan completed between December 2016/January 2017.

The financial strategy reflected in the HART Financial Plan can be summarized as follows:

- Implementation of the HRTP will be funded primarily by revenues from a one-half percent (0.5%) surcharge on the State's GET and grants from the federal government provided by the FTA. The 0.5% GET tax is currently set to expire on December 31, 2027.
- Short and medium term debt financing will be used to help manage cash flows during construction of the HRTP. However, the Financial Plan assumes that all debt will be retired by the time the GET tax expires.
- Ongoing funding for operation of the integrated bus and rail public transportation will be provided through a combination of fare revenues from passengers and other operating income, City and County general funds, and some FTA grant programs.

Events during the past two years caused a reassessment of the above described financial strategy in light of the roughly \$1.4 billion increase in the project's estimated cost to complete and the estimated \$310 million reduction in project reviews. This revenue gap includes \$100 million in lower projected GET revenues and the withdrawal of \$210 million in federal capital grants the City expects to receive that were originally expected to be made available for the project. As noted earlier, this reassessment resulted in an effort in 2015 to gain state approval to extend the GET surcharge beyond the original 2022 termination date to 2027 to cover increased costs and the revenue shortfall.

The Financial Plan will be updated again mid-year in FY2017 to reflect the results from proposals for the remaining major construction contracts, the latest estimates of all project costs based upon then current trends in construction costs on Oahu and the final results from negotiations with HECO on utility relocations. The update will also reflect the latest projections of revenue sources especially the GET tax.

Appendix D contains a summary of revenues and expenses as shown in the approved HART 2012 Financial Plan for the HRTP and for operating the City's integrated bus – rail public transportation system over the 20-year period covered by the Plan.

FY2017 Operating and Capital Expense Budgets

HART staff prepared and submitted preliminary FY2017 Operating and Capital Budgets to the HART BOD in September 2015. On December 1, 2015, the HART Executive Director/Chief Executive Officer transmitted the proposed FY2017 Budgets to the Mayor and the City Council. This section of the FY2017 Business Plan describes in summary form the proposed Operating and Capital Budgets. City Council requested further detailed information of the HART proposed budget during the spring of 2016, and will ultimately include the HART budgets in the City's budget bills anticipated to be approved before June 30, 2016. The HART Board is scheduled to discuss and adopt the FY2017 Operating and Capital budgets by June 30, 2016. The final version of the FY2017 Business Plan will reflect the final FY2017 Operating and Capital Budgets adopted by the HART BOD. The total budget request for FY2017 was as follows:

Operating Budget	\$ 31,380,800
Capital Improvements	<u>182,299,000</u>
Total FY2015 Budget Request	\$ 213,679,800

Appendix D includes a summary table which provides actual operating and capital expense historical information for FY2014-15 actual expenses, FY2016 budget and projected actual information, and the proposed FY2017 Operating and Capital Budgets which are described in more detail in the sections that follow.

FY2017 Operating Budget

The following table summarizes the FY2017 Operating Budget:

Expense Category	FY2016 Budget	FY2016 Projected	FY2017 Proposed
Personnel	\$14,019,000	\$12,912,448	\$14,577,200
Current Expenses	7,187,800	4,919,768	6,797,600
Equipment & software	6,000	17,625	6,000
Subtotals	\$21,212,800	\$17,849,842	\$21,480,800
Debt Service	8,000,000	619,339	10,000,000
TOTALS	\$29,212,800	\$18,469,181	\$31,480,800

The HART Operating Budget includes expenses for HART staff and administrative expenses (i.e. office and equipment rent and supplies, legal services, telecommunications and various administrative services). It also includes expenses related to the support HART receives from other City departments as well as a contribution to City overhead expenses. The HART Operating Budget has four major expense categories as shown in the table above. The table provides a breakdown of these cost components for FY2017 and a comparison against the budget and projected actual amounts for FY2016. The FY2016 projected amounts shown in the table are preliminary; there will be adjustments made through August 2016 to record payable amounts.

The Personnel category of the FY2017 Operating Budget includes funding for 139 full-time equivalent (FTE) positions, the same level since FY2013. As described in the Organizational Development Strategy section, the staffing level proposed is designed to ensure that HART has the technical capacity and capability to manage the implementation of the HRTP and meet the requirements of the FTA.

The following chart provides a summary breakdown of the number of positions included in the FY2017 staffing plan by major functional category. The chart also shows that the number of PMSC (labelled PMC in the chart below) provided staff will decrease by 1 position in Other Professional area. See **Appendix B** for detailed organizational charts.

Function	FY 2015 FTE Count	No. of PMC FTEs	2016 FTE Count	No. of PMC FTEs	Diff. in FTE Count	Diff. in PMC FTEs	2017 FTE Count	No. of PMC FTEs	Diff. in FTE Count	Diff. in PMC FTEs
Executive	10	4	10	2	2	-2	10	2	0	0
Project Control	13	2	13	2	0	0	13	2	0	0
Financial, Procurement & Contracts	23	3	23	1	0	-2	23	1	0	0
Planning, Utilities, & ROW,	22.9	1	22.9	0	0	-1	22.9	0	0	0
Engineering & Const. Mgmt.	41	9	41	9	0	0	41	9	0	0
Other Professional	18	5	18	2	0	-3	19	1	0	-1
Admin. Svcs.	11.1	0	11.1	0	0	0	11.1	0	0	0
Totals	139	24	139	16	0	-8	139	15	0	-1

The following table provides a breakdown of the reimbursements to other City departments included in the proposed FY2017 Budget under the Current Expenses line item:

City Department/Purpose	Amount
Corporation Counsel – Staff Salaries	\$633,400
Corporation Counsel – Current Expenses	40,300
Design & Construction – Staff Salaries	50,000
Budget & Financial Services – Staff Salaries	10,000
Fringe Benefits Associated with Above Salary Items	319,000
Adjustments	0
CASE – Central Administrative Services Expenditure	1,018,100
TOTAL	\$ 2,070,800

FY2017 Capital Budget

Construction activities currently underway and most of the construction contracts currently planned to be let just before or in FY2017 have been funded thru prior year HART Capital Budgets. Some of these funds must be re-appropriated for FY2017. The proposed FY2017 Capital Budget includes the additional funds required and is smaller than what was provided for in recent HART Capital Budget

requests. The following table provides a summary of planned FY2017 capital appropriations by major project budget component.

FY2017 Proposed Capital Program Contract Name	Proposed FY2017 Expenditure
Park-n-ride Lots Construction	\$7,351,000
Project-wide Elevator/Escalator Design-Furnish-Install-Operate	15,354,000
Westside Construction Engineering & Inspection (CE&I) Services	5,923,000
HDOT Coordination Consultant – W. Oahu/Farrington Section	750,000
HDOT Coordination Consultant – Kamehameha Section	1,000,000
HDOT Coordination Consultant – Airport Section	2,000,000
HDOT State Safety Oversight Agency (SOA) Consultant	591,000
Kako’o Consultant	400,000
On-Call Contractor 2	1,000,000
Owner-Controlled Insurance Program (OCIP) Broker + Insurance	8,000,000
Core Systems Contract Oversight Consultant	8,770,000
Safety & Security Certification Consultant	800,000
LEED Commissioning Services for MSF	15,000
Programmatic Agreement – Humanities Program	110,000
Programmatic Agreement – HPC Park Improvements	113,000
Contracts Total	\$52,177,000
Project Contingency	70,000,000
Unallocated Contingency	60,122,000
Contingency Total	\$130,122,000
GRAND TOTAL	\$182,299,000

Debt Financing

Over the next several years HART’s expenditure level on construction and other project implementation activities will ramp up significantly. Cash payouts to contractors will exceed available cash and new receipts from both the GET and FTA reimbursements under the FFGA. Consequently, it will be necessary for the City & County of Honolulu to issue short term debt to help meet the project’s cashflow needs. This occurrence was anticipated in the HART Financial Plan and is consistent with the financial strategy described earlier in this section. HART expects to begin issuing this debt using short term 270-day commercial paper to address cashflow needs starting in the 1st quarter of FY2017. Experience with GET receipts and drawdowns of federal funds under the FFGA along with the results from the procurement of the two remaining guideway contracts and the resolution of outstanding utility relocation issues with HECO will inform the planned update of the HART Financial Plan that is expected to occur midway thru FY2017. This update will determine if or when it might be necessary to issue 7-10 year bonds to meet cash needs for completion of the project.

Audit Reports Follow-up

Several actions are being taken to follow-up and address findings and recommendations from the Annual Financial Audit and the City Auditor’s report on HART. These include:

- Davis-Bacon contractor reporting – a corrective action plan has been put in place to insure the timeliness and completeness of contractor payroll submittals. A staff person assigned to monitor payroll submittals from both prime contractors and subcontractors.
- Contract administration – Several actions are being taken including:
 - Contract administration training for project managers
 - Re-alignment of on-site construction oversight between consultant resident engineer's and HART project managers.
 - Contract administration procedures will be updated and will clarify roles and responsibilities.
- Contractor Progress Payments – The procedure will be updated and a contractor invoice procedure will be prepared to standardize the invoice payment process.
- Operations and Maintenance – A highly qualified Director with automated guideway experience has been hired and a deputy director position will be added. In addition the Operations and Maintenance Plan has been updated and is under review by the PMOC. It will likely be necessary to update the Plan again after Fare Policy decisions are made in FY2017 and should there be further changes to the schedule for the start of operations or other operational characteristics or responsibilities..

Project Risk Factors

Any public works project is subject to a variety of risks that can impact its schedule and budget. The HRTTP is subject to such risks some of which are amplified because of Honolulu's geographic location far from the U.S. Mainland. Managing and protecting against risk factors is important to insure the successful completion of the HRTTP. The project has the following risks that are not within HART's direct control but could impact both the project schedule and budget performance. Several of these risk factors did impact the project during FY2016 and are likely to continue to be present in FY2017 and beyond. They include the following:

- The significant level of construction currently on Oahu may continue to impact the availability of skilled labor and the pricing of materials such as steel, copper and concrete
- The current level of construction and Oahu's remoteness from the mainland may impact the amount of competition that HART for upcoming construction contracts
- Delays in utility relocations and/or property acquisitions that delay construction work and cause contractor delay claims
- Complications that might arise in completing construction work on the remaining portions of the project's alignment such as unforeseen site conditions and any extraordinary efforts required to mitigate construction impacts
- The possibility of interest rate increases that could impact any debt service payments
- GET surcharge revenue receipts continuing to come in below the assumed rate of growth
- The important thing is to recognize the existence of these risks and to take steps to minimize or protect against potential impacts to the maximum extent possible while carrying out the implementation of the HRTTP.

Appendix A
HART Balanced Scorecard

DRAFT

Activity	Time Period	Actual	Plan	Variance	Status	Comments and Legend
<p>For Project Finances, reporting will be based on Current Quarter, Fiscal Year, FFGA Financial Plan and Inception to Date data as appropriate.</p>						
Project Finances						
Operating Budget (Negative = below Plan)						
Operating Expenditures	Current Quarter (Q2 FY16) Oct., Nov., Dec. 2015	\$4.6	\$5.3	(\$0.7)	●	<p>For Current Quarter monitoring purposes: \$21.2M FY16 Total Budget (before debt svc.)/4 quarters = \$5.3M.</p> <p>The Plan number for Inception to Date = the FY12 to Q2 FY16 budgets + actual expenditures for fiscal years 2007 through 2011.</p> <p>The Plan number for the Financial Plan = the FY12 to Q2 FY16 budgets + actual expenditures for Oct. 16, 2009 through FY11.</p> <p>*Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund which also includes expenditures for other City Departments (e.g., DPP for TOD expenditures, BFS and City Council which were paid with GET surcharge revenues).</p>
	FY2016 Total July 2015 - December 2015	\$7.8	\$10.6	(\$2.8)	●	
	FFGA Financial Plan Oct. 16, 2009 - December 2015	\$83.8	\$107.6	(\$23.8)	●	
	Inception* to Date Jan. 2007 - December 2015	\$87.7	\$111.6	(\$23.8)	●	
Capital Budget (Negative = below Plan)						
Capital Expenditures	Current Quarter (Q2 FY16) Oct., Nov., Dec. 2015	\$146.5	\$177.6	(\$31.1)	●	<p>Plan amounts are per the Full Funding Grant Agreement Financial Plan.</p> <p>*Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund.</p> <p>The Plan numbers for Inception to Date = the Plan amounts from 10/16/2009 to 12/31/2015 + actual expenditures for fiscal year 2007 through 10/15/2009.</p> <p>The expenditures for fiscal years 2007 to 2011 were reconciled to the expenditures reported in the Transit Fund included in the City's CAFR report.</p> <p>The "Current Quarter" and "FY16 Total" actual amounts are on a cash basis. All audit adjustments for the previous years are now reflected in the "FFGA Financial Plan" and "Inception to Date" actual amounts.</p> <p>Actual expenditure amounts continue to be below plan due to contractor work lagging, slow station construction starts, and schedule of milestones billing. The Master Project Schedule was presented to the Board in October and in November. Key remaining bid packages are Kamehameha Highway Stations Group (bid, awarded, award under protest), and the Airport and City Center Design-Build packages, both of which are under procurement.</p>
	FY2016 Total July 2015 - December 2015	\$287.5	\$364.6	(\$77.1)	●	
	FFGA Financial Plan Oct. 16, 2009 - December 2015	\$1,829.3	\$3,411.7	(\$1,582.3)	●	
	Inception* to Date Jan. 2007 - December 2015	\$1,912.9	\$3,495.2	(\$1,582.3)	●	
Revenues (Negative = below Plan)						
GET Collections						
Net GET Surcharge Receipts	Current Quarter (Q2 FY16) Oct., Nov., Dec. 2015	\$64.8	\$56.5	+\$8.3	●	<p>GET receipts are reported on a cash basis. The \$64.8M received in October 2015 is for the July-Sept 2015 quarter. The Current Quarter plan is based on annual reporting.</p> <p>\$3,291M = Total Net GET Surcharge revenue forecast for FYs 2010-2023. Actual amounts from inception are the collections from January 2007 to 10/31/2015. The \$1,617.0M Plan amount is equal to the Financial Plan amount of \$1,238.6M from the Project Start date of 10/16/2009 to 10/31/2015 plus \$378.4M collected prior to the Project Start Date.</p> <p>GET surcharge revenue collected prior to Oct. 16, 2009 is included in the Financial Plan as beginning cash balance of \$298M (actual GET collections of \$378M before Oct. 16, 2009, less expenditures of \$80M during that same period).</p> <p>*Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund.</p> <p>Status for the Current Quarter and FY2016 Total have changed from yellow to green.</p>
	FY2016 Total July 2015 - December 2015	\$117.2	\$117.2	(\$0.0)	●	
	FFGA Financial Plan Oct. 16, 2009 - December 2015	\$1,208.0	\$1,238.6	(\$30.5)	●	
	Inception* to Date Jan. 2007 - December 2015	\$1,586.4	\$1,617.0	(\$30.5)	●	
Federal Grants						
Federal Grant Funds New Starts \$5309 (Reimbursed)	Current Quarter (Q2 FY16) Oct., Nov., Dec. 2015	\$42.3	\$0	+\$42.3	●	<p>Forecasted FTA Uses by fiscal years, per HART's 6/2012 Financial Plan, are FY2011 \$21M; FY2012 \$99M; FY2013 \$258M, FY2014 \$442M, FY2015 \$250M, Q1 FY2016 \$0, Q2 FY2016 \$0; Total \$1,070M.</p> <p>The variance for FFGA Financial Plan indicates the prior fiscal years' appropriated amounts not yet used.</p>
	FY2016 Total July 2015 - December 2015	\$77.7	\$0	+\$77.7	●	
	FFGA Financial Plan Oct. 16, 2009 - December 2015	\$489.3	\$1,070.0	(\$580.7)	●	
Federal Grant Funds \$5307 (Reimbursed)	Current Quarter (Q2 FY16) Oct., Nov., Dec. 2015	---	---	N/A	○	<p>Total forecasted \$5307 funds per the FFGA financial plan is \$210M. This section will be removed after the FFGA financial plan has been updated.</p>
	FY2016 Total July 2015 - December 2015	---	---	N/A	○	
	FFGA Financial Plan Oct. 16, 2009 - December 2015	---	---	N/A	○	

Activity	Current Quarter (Q2 FY16)				Inception to Date				Comments and Legend	
	October, November, December 2015				January 2007 - December 2015					
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		
For the remainder of the Balanced Scorecard, reporting will be based on Current Quarter and Inception to Date data.										
25	Project Budget									
26	FFGA Baseline Project Budget	N/A	N/A	N/A	○	\$5,122	\$5,122	N/A	●	\$M FFGA Baseline Project Budget (including contingencies and FTA-eligible finance charges), in accordance with FTA New Starts project guidelines.
27	Committed (\$)	\$6	—	—	●	\$3,154	\$4,461	(\$1,307)	●	\$M Total Committed (awarded Contract Values + approved Change Orders) this quarter and to date vs. the current Total FFGA Project Budget, excluding remaining contingencies and finance charges. Contract awards have been shifted to future years due to AIS delays and the repackaging of contracts. A new baseline budget and Master Project Schedule is being developed.
28	Committed (%)	0.1%	—	—	●	70.7%	—	N/A	●	% \$M Committed of the Inception to Date current Plan FFGA Project Budget, excluding contingencies and finance charges.
29	Incurred (\$M)	\$157	—	—	●	\$1,884	\$4,461	(\$2,577)	●	\$M Incurred (Expenditures + approved Requests for Payment) this quarter and to date vs. the current Total FFGA Project Budget, excluding remaining contingencies and finance charges. The plan is based on the original program cost curve issued in 2009 and is projected to be rebaselined in 2016.
30	Incurred (%)	4%	—	—	●	42%	—	—	●	% \$M Incurred (Expenditures + approved Requests for Payment) of the Inception to Date current Plan FFGA Project Budget, excluding contingencies and finance charges.
31	Estimate at Completion (EAC)	N/A	N/A	N/A	●	\$6,479	\$5,122	N/A	●	\$M current forecasted vs. original Estimate at Completion (EAC = contract values as budgeted or awarded + executed change orders + pending and potential changes). Forecast includes revised cost estimates presented at the Oct. 15, 2015 HART Board of Directors meeting.
32	Contingency									
33	Allocated Cost Contingency	(\$4)	N/A	N/A	●	\$442	\$542	(\$100)	●	Current Quarter = Allocated Project Contingency debited or credited for the quarter, Inception to Date = Current Budget Allocated Project Contingency vs. the Baseline Budget Allocated Project Contingency. Revised cost estimates for future construction contracts includes additional contingency required for those contracts.
34	Unallocated Cost Contingency	(\$1)	N/A	N/A	●	\$46	\$102	(\$56)	●	Current Quarter = Unallocated Project Contingency debited or credited for the quarter, Inception to Date = Current Budget Unallocated Project Contingency vs. the Baseline Budget Unallocated Contingency. Revised cost estimates for future construction contracts includes additional contingency required for those contracts.
35	Total Project Cost Contingency = Allocated + Unallocated	(\$5)	N/A	N/A	●	\$487	\$644	(\$156)	●	See the HART Progress Report for more detailed information on contingency. Current Quarter = Total Project Contingency usage for the quarter, Inception to Date = Current Budget Project Contingency value vs. Baseline Budget Project Contingency. Revised cost estimates for future construction contracts includes additional contingency required for those contracts.
36	Schedule Contingency	0	N/A	N/A	●	0	20	(20)	●	Schedule contingency has been fully utilized due to delays in award caused by protests of several of the bids for recent construction packages and the new procurement strategy to go Design-Build on the east section of the guideway and stations. A revised Master Project Schedule is expected by June 2016. The target Full Opening is 4th quarter 2021, which was presented to the HART Board of Directors during the Oct. 15, 2015 HART Board meeting. Status for Current Quarter and Inception to Date have changed from orange to red.
37	PROJECT DELIVERY - OVERALL									
38	Overall Progress [Positive = ahead of Late Plan; Negative = behind Late Plan]*									
39	Overall Project Progress Completed	3.8%	6.4%	(2.6%)	●	43.0%	61.0%	(18.0%)	●	* All progress charts reflect early program expectations regarding the type of contract, timing of award, design, and execution of the new western stations, eastern guideway and stations, and utilities work. These contracts have been repackaged and rescheduled to later dates and once the overall schedule is rebaselined, the cost curves will be revised to reflect the contract approved dates at that time. % Complete of Final Design and Construction contracts (FD, DBB-DBOM design levels-of-effort and DB, DBB, DBOM and E/E construction) actual vs. late plan. Revised project schedules for WDFH, MSF and KHG have been incorporated into the overall project progress curve and the interim opening will likely be 2018. HART has canceled the solicitation to build the first nine rail stations and HART has repackaged the original contract into three smaller bid packages. All three have been bid, and FHSG and WOSG have received Notices to Proceed. HART has also canceled the solicitation for the Airport-City Center Guideway and Utilities Construction Contract and has repackaged the Airport Section Guideway and Stations & City Center Guideway and Stations into Design-Build contracts and an advanced City Center Utility and Civil Work construction package.
40	Overall Design Progress Completed	0.7%	1.5%	(0.8%)	●	87.8%	98.2%	(10.4%)	●	% Complete of Final Design contracts & DB-DBOM design levels-of-effort actual vs. late plan. The design progress schedule has been rebaselined and the interim opening will likely be 2018. Due to bids coming in higher than HART had budgeted, HART has canceled the solicitation to build the first nine rail stations and repackaged that contract into three smaller contracts. Value Engineering and design modifications have been performed to improve pricing.
41	Overall Construction Progress Completed	4.4%	6.8%	(2.4%)	●	35.1%	53.4%	(18.3%)	●	% Completion of Construction (DB, DBB, DBOM & E/E) contracts vs. planned. The construction progress schedule has been rebaselined and includes revised project schedules for WDFH, MSF and KHG DB contracts. HART has canceled the solicitation to build the first nine rail stations and HART has repackaged the original contract into three smaller contracts. The change will likely delay by one year the planned opening of the first ten miles of the rail system between Aloha Stadium and east Kapolei. HART has also canceled the solicitation for the Airport-City Center Guideway and Utilities Construction Contract and has repackaged the Airport Section Guideway and Stations & City Center Guideway and Stations into Design-Build contracts and an advanced City Center Utility and Civil Work construction package.

Activity	Current Quarter (Q2 FY16)				Inception to Date				Comments and Legend	
	October, November, December 2015				January 2007 - December 2015					
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		
42	Overall Utility Progress Completed	5.8%	14.3%	(8.5%)	●	40.3%	73.0%	(32.7%)	●	% Completion of Utilities progress based on the weighted average progress of the Design-Build and Design-Bid-Build utilities level of effort. Status for the Current Quarter and Inception to Date are red as utility relocations are affecting construction progress. HART's CEO and staff are meeting with HECO's executive management on a bi-weekly basis to attempt to mitigate impacts to HART's construction efforts. Although the two agencies are working together, the impacts are now affecting both design and construction efforts.
43	Contracts Awarded									
44	Total Number of Contracts Awarded	3	4	(1)	●	47	48	(1)	●	Contracts awarded: Fare Collection Technical Support, Programmatic Agreement 106 "II," and Financial Services Small Purchase. The Kamehameha Highway Stations Group Contract was planned to be awarded this quarter, but has been delayed. For a full list of CPP contracts awarded, please see the HART Progress Report.
45	Total Value of Contracts Awarded	\$1.42	\$136.50	(\$135.1)	●	\$3,519.22	\$3,471.22	+\$48.0	●	\$M Awarded. The planned numbers for the Fare Collection Technical Support and Financial Services Small Purchase are based on the independent Cost Estimates. The planned number for the Kamehameha Highway Stations Group Contract is based on the February 2015 Contract Packaging Plan. The Programmatic Agreement 106 "II" replaces the existing Kakoo Consultant and the plan number was derived by a budget transfer of \$277,800. The award and plan amounts include the operating and maintenance cost for the Core Systems DBOM and Elevators and Escalators DFIM Contracts.
46	Change Orders									
47	Change Orders (#)	21	N/A	N/A	●	256	N/A	N/A	●	# Change Orders executed this quarter (6 Final Design, 13 Construction and 2 Professional Services).
48	Change Orders (\$)	(\$17.0)	N/A	N/A	●	\$334.0	N/A	N/A	●	\$M Change Orders executed this quarter (\$0.3M Final Design, \$18.4M Construction and \$1M Professional Services). DBOM-920 (\$5.2M) credit for four Car Consists, and Util (\$23.2M) credit for multiple contract close-out.
49	Claims									
50	Claims Filed	0	0	N/A	○	0	0	N/A	○	# Claims filed vs. anticipated.
51	Claims Resolved	0	0	N/A	○	0	0	N/A	○	# Claims resolved vs. filed.
52	Agreements*									
53	Utility Agreements - Engineering Services	0	0	-0-	●	28	28	0	●	Inception to Date Plan = total number of agreements planned for the project WOFH - all 9 agreements executed. KHG - all 10 agreements executed. KHG/Airport/City Center - 1 agreement executed. Airport/City Center - all 8 agreements executed.
54	Utility Agreements - Construction Agreement	0	7	(7)	●	17	24	(7)	●	Inception to Date Plan = total number of agreements planned for the project WOFH - all 7 agreements executed. KHG - 6 of 7 agreements executed. AT&T Gov now needed. Airport - 3 of the 4 planned are executed. City Center - 1 of the 5 planned are executed. The Q1 FY16 plan amount should have been 5. Airport/City Center - 0 of the 1 planned are executed.
55	Total Utility Agreements	0	7	(7)	●	45	52	(7)	●	Inception to Date Plan = total number of agreements planned for the project WOFH - all 16 agreements executed. KHG - 16 agreements executed (17 agreements planned). KHG/Airport/City Center ESA - 1 agreement planned/executed. Airport/City Center ESA - all 8 agreements executed. Airport Construction - 3 agreements executed (4 agreements planned). City Center Construction - 1 agreement executed (5 agreements planned). Airport/City Center Construction - 0 agreement executed (1 agreement planned). The status is based on the potential for construction to be delayed.
56	Other Utility Agreements/Memorandums of Understanding (MOU)	1	3	(2)	●	7	9	(2)	●	Inception to Date Plan = total number of currently identified MOU's/agreements planned for the project HECO Master Agreement - Executed HECO 95% Design MOU - Executed HECO ROE MOU - 1 of 1 Executed; 2nd for East is no longer needed. HECO Access MOU - Executed HECO Derrick Truck MOU - Executed HECO MSF Advanced Construction MOU - Executed HECO West Clearance MOU - Executed HECO Dillingham Materials MOU - Pending HECO Power Quality MOU - Pending The status is based on the potential for construction to be delayed; the remaining pending MOUs are expected to be executed in early 3Q FY16 and not cause construction delays.

Project Progress (continued)

Activity	Current Quarter (Q2 FY16)				Inception to Date				Comments and Legend	
	October, November, December 2015				January 2007 - December 2015					
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		
57	HDOT Master Agreements/Joint Use & Occupancy/Amendments/MOU	0	0	-0-	●	4	8	(4)	●	Inception to Date Plan = total number of agreements planned for the project WOFH and a combined Master Agreement for KHG, Airport and City Center sections are executed (2). KHG and WOFH JUOA - executed (2). Airport and City Center JUOA are being processed. WOFH JUOA and Master Agreement amendments pending, Betterment MOU pending. The status is based on the potential for construction to be delayed.
58	Third-Party Agreements	1	2	(1)	●	12	21	(9)	●	Data is current as of Dec. 14, 2015. Inception to Date Plan is the total number of agreements planned for the project. Inception to Date Actual and Plan numbers may vary each quarter due to advancement of design. The actual numbers are based on "site control obtained." Properties for which HART has obtained site control means that the contractor shall have unrestricted access to the property no later than the NTP date. High priority agreements which could impact ongoing construction are in bold and in red . A master agreement and its ancillary agreements are counted as one entity. AGREEMENTS NEEDED FOR SITE CONTROL – YET TO BE OBTAINED WOFH, KHG, Airport, City Center: -City - Various parcels (DFM, DTS, BFS, DPR) KHG: -Aloha Stadium station park & ride Airport: -U.S. Post Office Honolulu Processing Center City Center: -UH-HCC (UH Honolulu Community College) -OCCC (Dept. of Public Safety) -GSA/Federal Court House -HCDA (Hawaii Community Development Authority) -DAGS (Dept. of Accounting & General Services) -DAGS/DBEDT/HHFDC AGREEMENTS WITH SITE CONTROL OBTAINED WOFH, KHG, Airport: -U.S. Navy Easement Agreements WOFH: -D.R. Horton -DLNR (Dept. of Land & Natural Resources) for Kapolei Park & Ride -DOE (Dept. of Education)/DLNR for Waipahu High School -DHHL (Dept. of Hawaiian Home Lands) for MSF -DPR (City Dept. of Parks & Recreation) for MSF drainage -UH-LCC (UH Leeward Community College) -UH-WO (UH - West O'ahu) KHG: -UH Urban Gardens -Aloha Stadium guideway AIRPORT: -DFM (City Dept. of Facility Maintenance) for Kamehameha Hwy/Makalapa Manor -DLNR (Dept. of Land & Natural Resources) for Keehi Lagoon
59	Real Estate/Right-of-Way (ROW)									
60	Acquisitions*									*Data is current as of Dec. 14, 2015. Inception to Date Plan numbers are the total number needed for the project. Inception to Date Actual and Plan numbers may vary each quarter due to advancement of design. The actual numbers are based on "site control obtained." Properties for which HART has obtained site control means that the contractor shall have unrestricted access to the property no later than the NTP date. Data is provided by the Real Estate Acquisition Database (READ).
61	WOFH Full Acquisitions	0	0	-0-	●	14	14	-0-	●	Site control is obtained for all full acquisitions in the WOFH section.
62	WOFH Partial Acquisitions	0	0	-0-	●	2	2	-0-	●	Site control is obtained for all partial acquisitions in the WOFH section.
63	Summary WOFH Acquisitions (Full + Partial)	0	0	-0-	●	16	16	-0-	●	Site control is obtained for all parcels in the WOFH section.
64	KHG Full Acquisitions	0	0	-0-	●	3	3	-0-	●	Site control is obtained for all full acquisitions in the KHG section.
65	KHG Partial Acquisitions	0	1	(1)	●	3	4	(1)	●	Working to complete negotiations. The remaining parcel does not impact the construction schedule and there are no known issues that may prevent the acquisition at this time.
66	Summary KHG Acquisitions (Full + Partial)	0	1	(1)	●	6	7	(1)	●	

Activity	Current Quarter (Q2 FY16)				Inception to Date				Comments and Legend	
	October, November, December 2015				January 2007 - December 2015					
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		
67	Airport Full Acquisitions	0	0	-0-	●	5	5	-0-	●	Site control is obtained for all full acquisitions in the Airport section. However, status is orange due to an issue with one of the parcels whose signatory's authority to execute a ROE is in question. Construction is not impacted, as this parcel is in the roadway. The status for Inception to Date is orange due to continuing negotiations and ongoing relocation activity.
68	Airport Partial Acquisitions	1	2	(1)	●	2	4	(2)	●	Outstanding partial acquisitions are in escrow. HART will work to obtain site control to ensure construction site access. Status for the Current Quarter and Inception to Date are orange due to project schedule and extended negotiations.
69	Summary Airport Acquisitions (Full + Partial)	1	2	(1)	●	7	9	(2)	●	
70	City Center Full Acquisitions	0	0	-0-	●	16	16	-0-	●	Site control is obtained for all full acquisitions in the City Center section.
71	City Center Partial Acquisitions	4	19	(15)	●	11	67	(56)	●	Appraising properties and tendering of offers are nearly completed. While we have received eminent domain approval for some of the parcels, HART is striving to reach an agreement with each owner to obtain site control and ensure construction site access. Status for the Current Quarter and Inception to Date are orange because the deadline for completion of acquisitions has changed due to design and construction timeline adjustments. HART is working with design and construction on the availability dates for the remaining parcels, as well as is working through alternatives to address the few properties that will not be available by the NTP date.
72	Summary City Center Acquisitions (Full + Partial)	4	19	(15)	●	27	83	(56)	●	Status for the Current Quarter and Inception to Date are orange because the deadline for completion of acquisitions has changed due to design and construction timeline adjustments.
73	Expenditures for Acquisitions	N/A	N/A	N/A	●	\$76.9	\$87.3	\$10.4	●	\$M in expenditures.
74	Easements*									*Data is current as of Dec. 31, 2015. Inception to Date Plan numbers are the total number needed for the project. Inception to Date Actual and Plan numbers may vary each quarter due to advancement of design. The actual numbers are based on "site control obtained." Properties for which HART has obtained site control means that the contractor shall have unrestricted access to the property no later than the NTP date. Data is provided by the Real Estate Acquisition Database (READ).
75	WOFH Easements	0	0	-0-	●	2	2	-0-	●	Status for the Current Quarter and Inception to Date have changed from orange to green because site control has been obtained for all non-government easements in the WOFH section.
76	KHG Easements	0	0	-0-	●	0	0	-0-	●	There are no non-government easements in the KHG section.
77	Airport Easements	1	7	(6)	●	1	7	(6)	●	Appraising properties and tendering of offers are completed. While HART has received eminent domain approval, HART is striving to reach an agreement with each owner to obtain site control and ensure construction site access. TMK 1-2-013-020 and TMK 1-2-013-021 still have significant issues to resolve, but the remaining easements are moving forward. Status for the Current Quarter and Inception to Date are orange because the deadline for completion of easements has changed due to design and construction timeline adjustments.
78	City Center Easements	0	15	(15)	●	0	22	(22)	●	While HART has received eminent domain approval, HART is striving to reach an agreement with each owner to obtain site control and ensure construction site access. There may be complex issues with one owner who oversees 15 parcels. Status for the Current Quarter and Inception to Date are orange because the deadline for completion of easements has changed due to design and construction timeline adjustments.
79	Summary Easements	1	22	(21)	●	3	31	(28)	●	Status for the Current Quarter and Inception to Date are orange because overall risks for all easements are being carefully monitored and there is no threat to the construction schedule.
80	Safety									
81	HART OSHA Reportable Injuries	0	0	-0-	●	0	0	-0-	●	HART # Occupational Safety and Health Agency (OSHA) Reportable Injuries to date. Reportable incidents, requiring OSHA to be notified within 8 hours, include the death of an employee or hospitalization of three or more employees. For additional information on recordable incidents, please see the HART Progress Report.
82	Contractor OSHA Reportable Injuries	0	0	-0-	●	0	0	-0-	●	Contractor's # Occupational Safety and Health Agency (OSHA) Reportable Injuries to date. Reportable incidents, requiring OSHA to be notified within 8 hours, include the death of an employee or hospitalization of three or more employees. For additional information on recordable incidents, please see the HART Progress Report.
83	Quality Assurance (QA)									
84	Completion of QA Audits	6	6	-0-	●	89	74	+15	●	# QA Audits of HART, consultants, contractors and suppliers completed vs. planned. Buy America Audits and Environmental Audits are included.
85	Successful Closure of Design/Audit NCRs	3	4	(1)	●	36	37	(1)	●	# HART Issued Audit/Design Non-Conformance Reports (NCRs) closed vs. issued. For more information on NCRs, please see the HART Progress Report. Status for the Current Quarter and Inception to Date have changed from green to yellow.
86	Successful Closure of Construction NCRs	133	144	(11)	●	780	874	(94)	●	# Construction NCRs closed vs. issued. For more information on NCRs, please see the HART Progress Report. Status for the Current Quarter has changed from green to yellow.
87	Economic Multipliers [negative = below plan]									
88	DBE Participation (%)	0.21%	0.13%	+0.08%	●	1.79%	13%	(11.21%)	●	% actual vs. target participation rate of Disadvantaged Business Enterprises (DBE) to date since Sept. 24, 2007. The planned DBE participation rate is an overall project goal.
89	DBE Participation (\$)	\$3.68	\$2.29	+\$1.39	●	\$31.56	\$229	(\$197.44)	●	\$M actual vs. target participation of DBE to date since Sept. 24, 2007. The planned DBE participation rate is an overall project goal.

Project Progress (continued)



BALANCED SCORECARD
Project Implementation/Pre-Revenue Operation

APPENDIX A
Q2 FY16
Data Date: Dec. 25, 2015

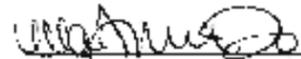
Activity	Current Quarter (Q2 FY16)				Inception to Date				Comments and Legend		
	October, November, December 2015				January 2007 - December 2015						
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status			
90	PERSONNEL										
91	Workforce Development HART Staffing Level	8	0	+8	●	132	139	(7)	●	# Current HART Full-Time Equivalents (FTEs) vs. planned positions in the FY16 Operating Budget. There are 132 FTEs onboard as of Dec. 31, 2015. This includes 111 City employees and 21 Project Management Support Consultant (PMSC) employees. The actual number reported in "Current Quarter" reflects all new hires as well as departures and internal fills. The "Inception to Date" numbers reflect the total number of employees onboard as of Dec. 31, 2015. Please see the HART Progress Report, which lists detailed position fills.	
		---	---	---	○	1,559	---	---	○		
92	Direct Project Jobs Created	---	---	---	○	1,559	---	---	○	# Direct project jobs created. Actual number reflects either input from contractors or agencies, or a calculated count based on invoices presented to HART.	
93	Transit-Oriented Development (TOD) Planning*										
94	Partnerships City Department of Planning and Permitting Draft TOD Plans	0	0	N/A	●	10	14	N/A	●	*TOD planning is being overseen by the city Department of Planning and Permitting and the HCDA City Department of Planning and Permitting (DPP) is responsible for TOD plans for 19 of the 21 stations. A total of 10 stations have Draft TOD neighborhood plans at this time. DPP started developing Draft TOD plans for the remaining 4 stations: Pearl Harbor Naval Base, Airport, Lagoon Drive and Aloha Stadium. The Ala Moana TOD plan is currently under public review. The Kalia and Downtown Draft TOD plans were sent to City Council and are under review. The remaining Draft TOD plans will be sent to City Council for review and adoption during the first half of 2016. In the interim, the Legislature has adopted Bill 71 Land Use Ordinance (LUO) Amendment Relating to Interim Plan Development Permits for TOD, which will allow for negotiations on TOD projects as per the Draft TOD plans before zoning is in place.	
95		Hawai'i Community Development Authority Draft TOD Overlay Plan	0	0	N/A	●	2	0	N/A		●
96		Stations with Final TOD Plans	2	0	N/A	●	7	7	N/A		●
97	Total Stations with Draft or Final TOD Plans	2	0	N/A	●	19	21	N/A	●	TOD plans are being created for 21 stations.	
98	PUBLIC OUTREACH										
99	Build a Social Media Community	90	---	N/A	●	2,609	---	N/A	●	# of unique Facebook followers.	
100	Proactive Community Outreach: Neighborhood Board Meetings	18	---	N/A	●	1,034	---	N/A	●	# Neighborhood Board Meetings in which HART has participated to date since 2006.	
101	Proactive Community Outreach: Presentations/Events	36	---	N/A	●	1,909	---	N/A	●	# Events in which HART has participated to date since 2006.	
102	SERVICE DELIVERY										
103	Fare Collection System				○				○	The Fare Collection System Technical Support Consultant has been awarded. The Fare Systems Contract is under procurement.	
104	Bus-Rail Integration Plan				○				○	In April 2014, Bus-Rail Integration Plans were issued. The plans are subject to change and do not reflect operating costs.	
105	HART Operating Organization Plan				○				○	TBD	
106	HART Service Policy/Standards				○				○	TBD	
107	LIVABILITY										
108	HART Sustainability Policy				●				●	HART staff presented a summary of HART's sustainability and energy strategy to the Board of Directors on Nov. 24, 2015. Status for the Current Quarter and Inception to Date have changed from white to green.	

Appendix B
HART Organizational Charts

December 11, 2015

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Prepared by:

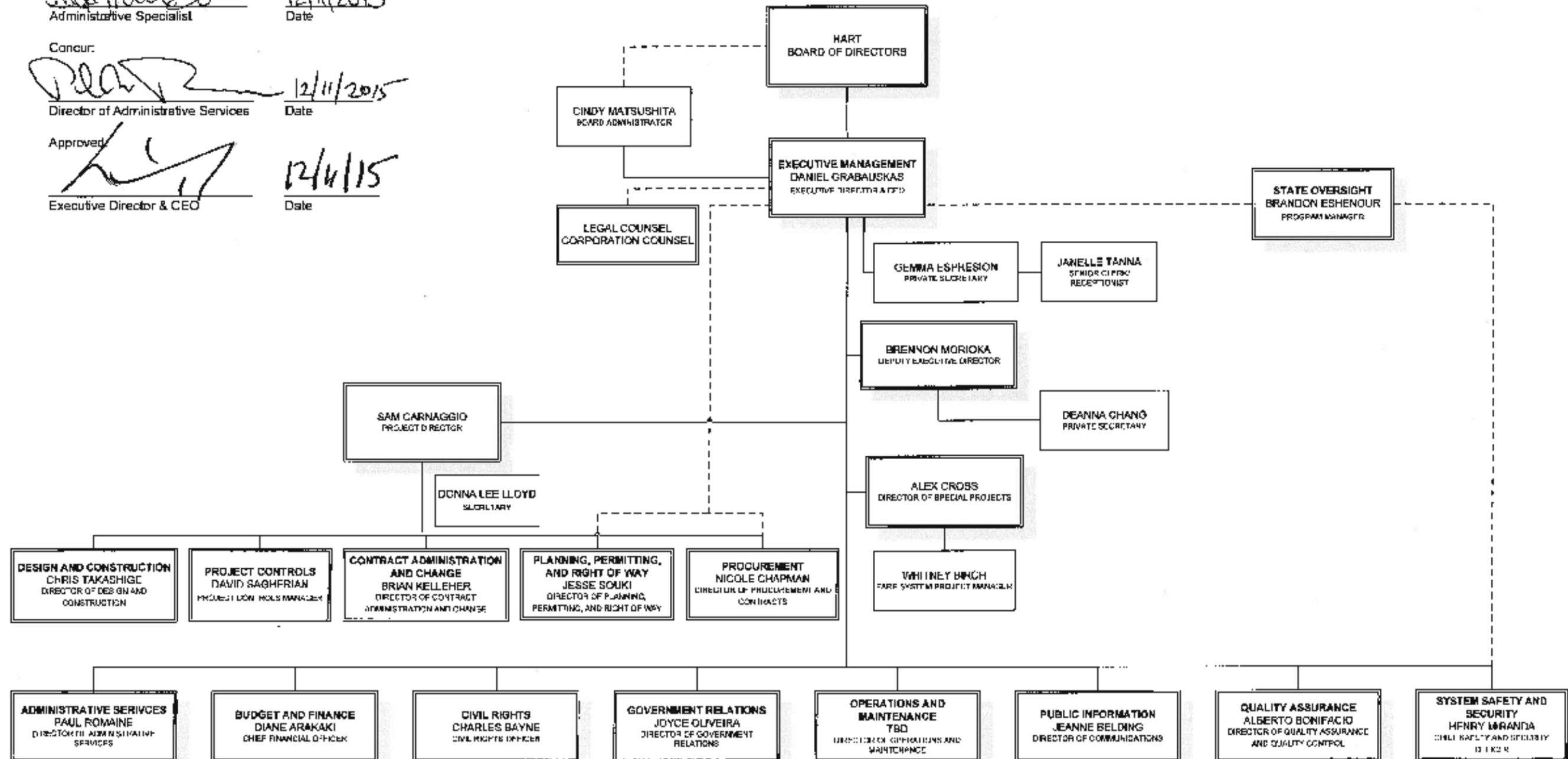

Administrative Specialist Date: 12/11/2015

Concur:

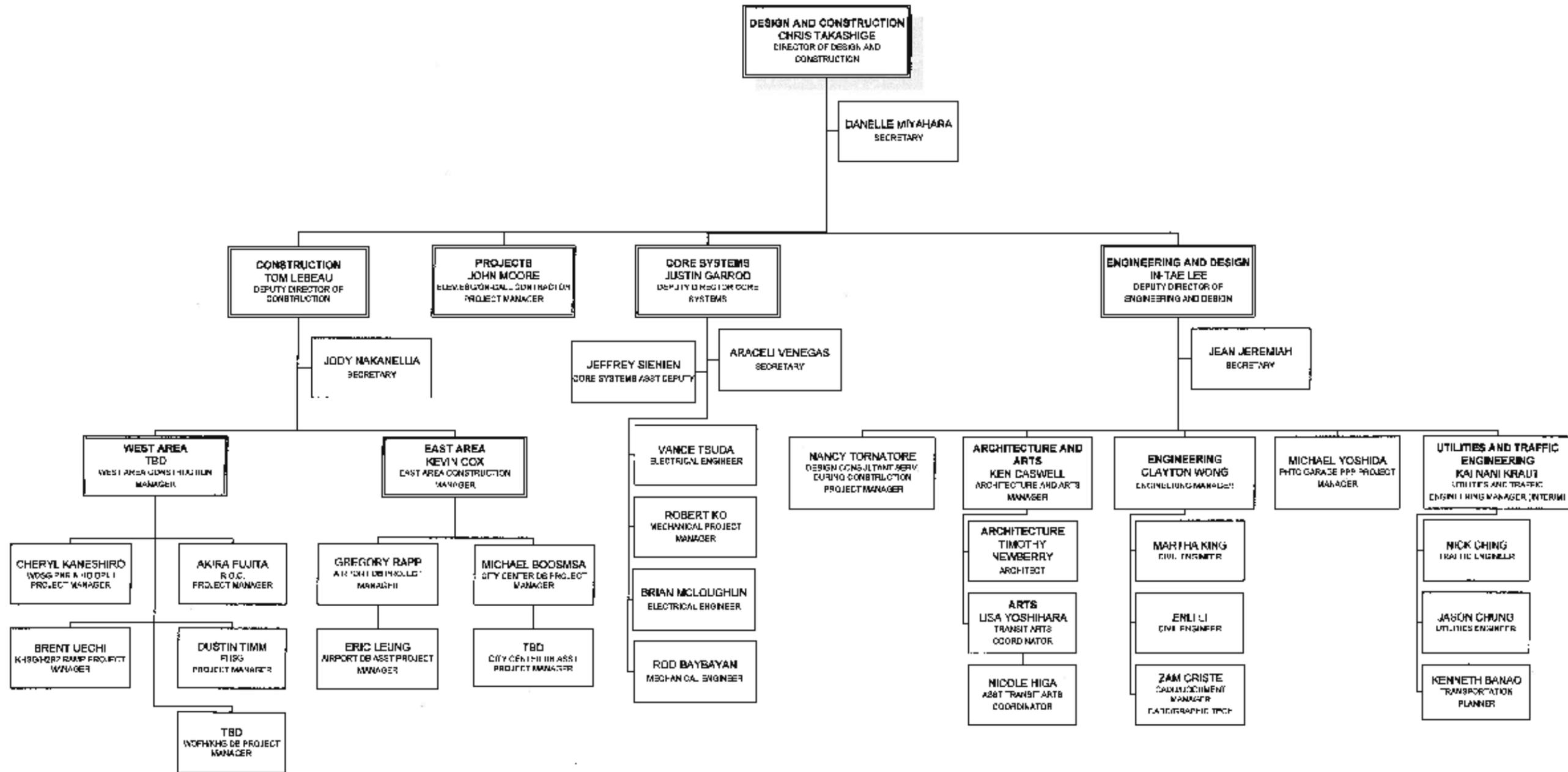

Director of Administrative Services Date: 12/11/2015

Approved:

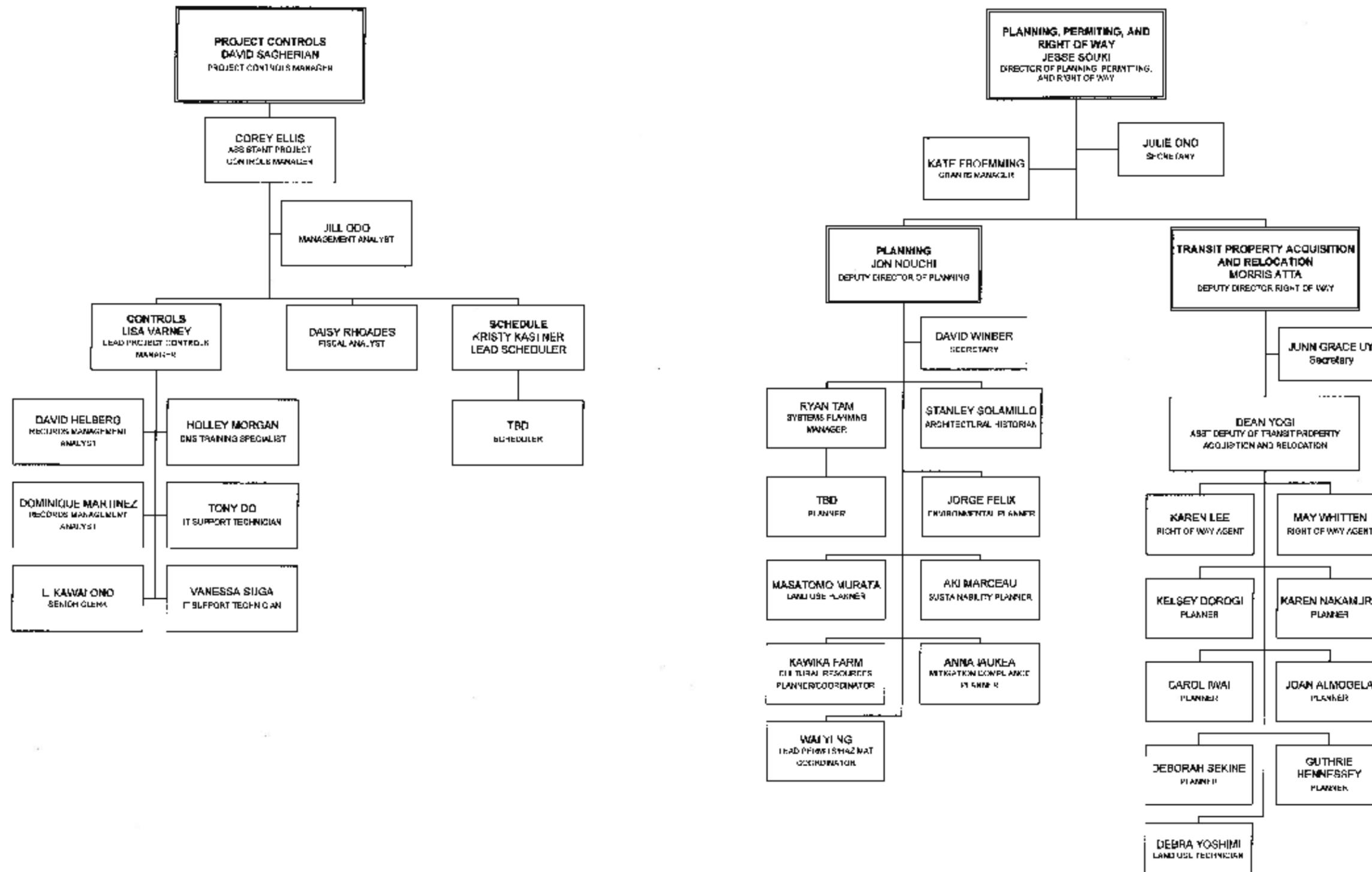

Executive Director & CEO Date: 12/11/15



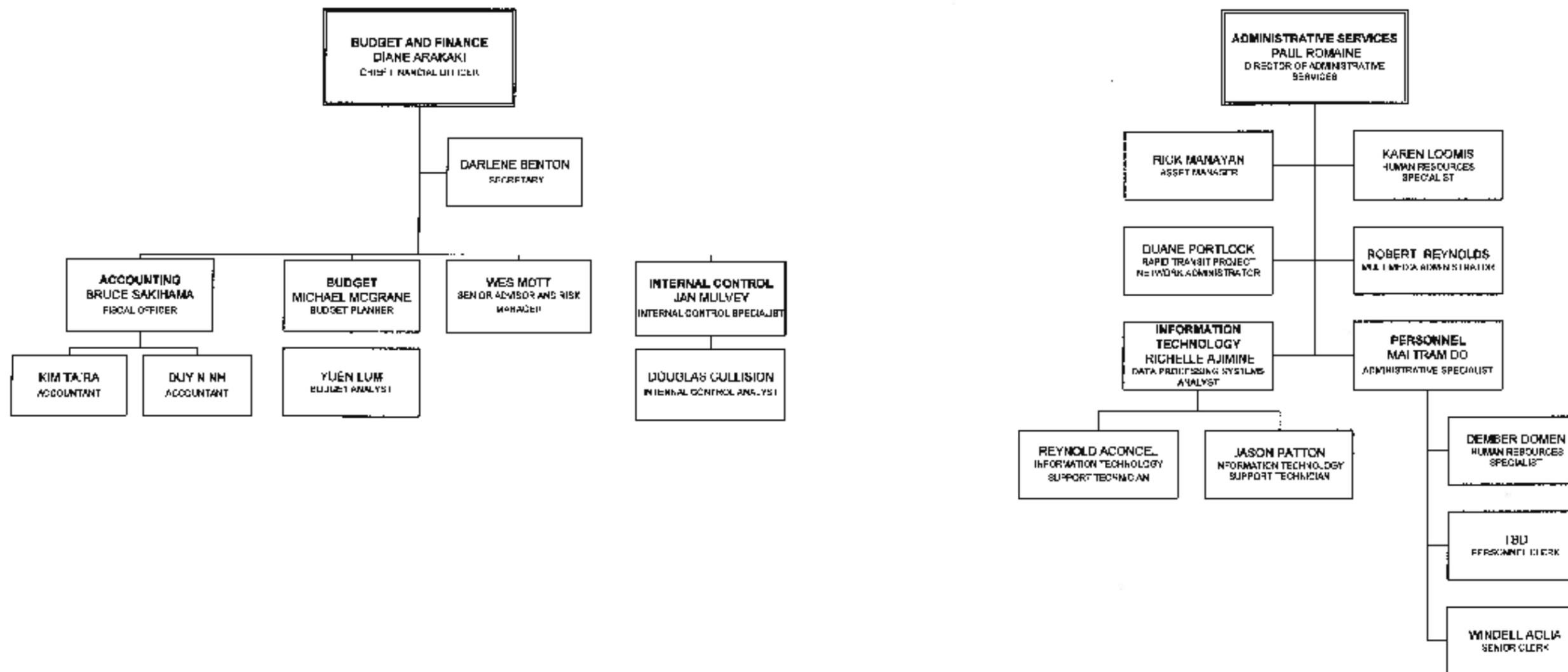
HONOLULU AUTHORITY FOR RAPID TRANSPORTATION DESIGN AND CONSTRUCTION



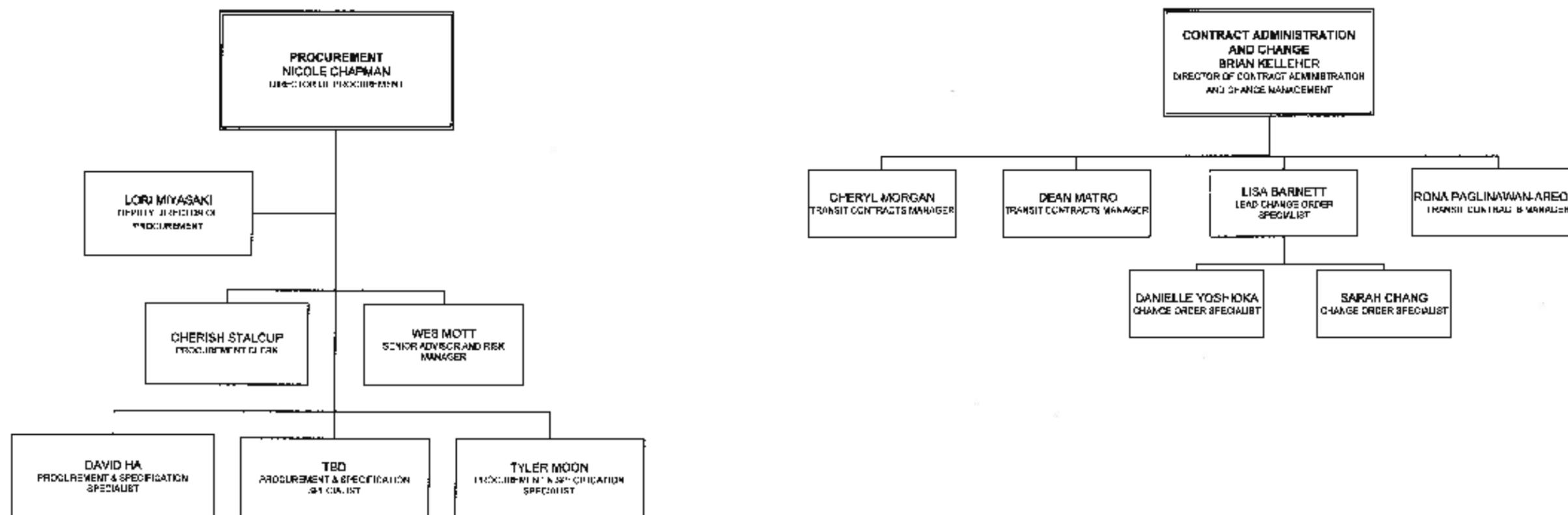
HONOLULU AUTHORITY FOR RAPID TRANSPORTATION PROJECT CONTROLS AND PLANNING, PERMITTING AND RIGHT OF WAY



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION BUDGET AND FINANCE, AND ADMINISTRATIVE SERVICES

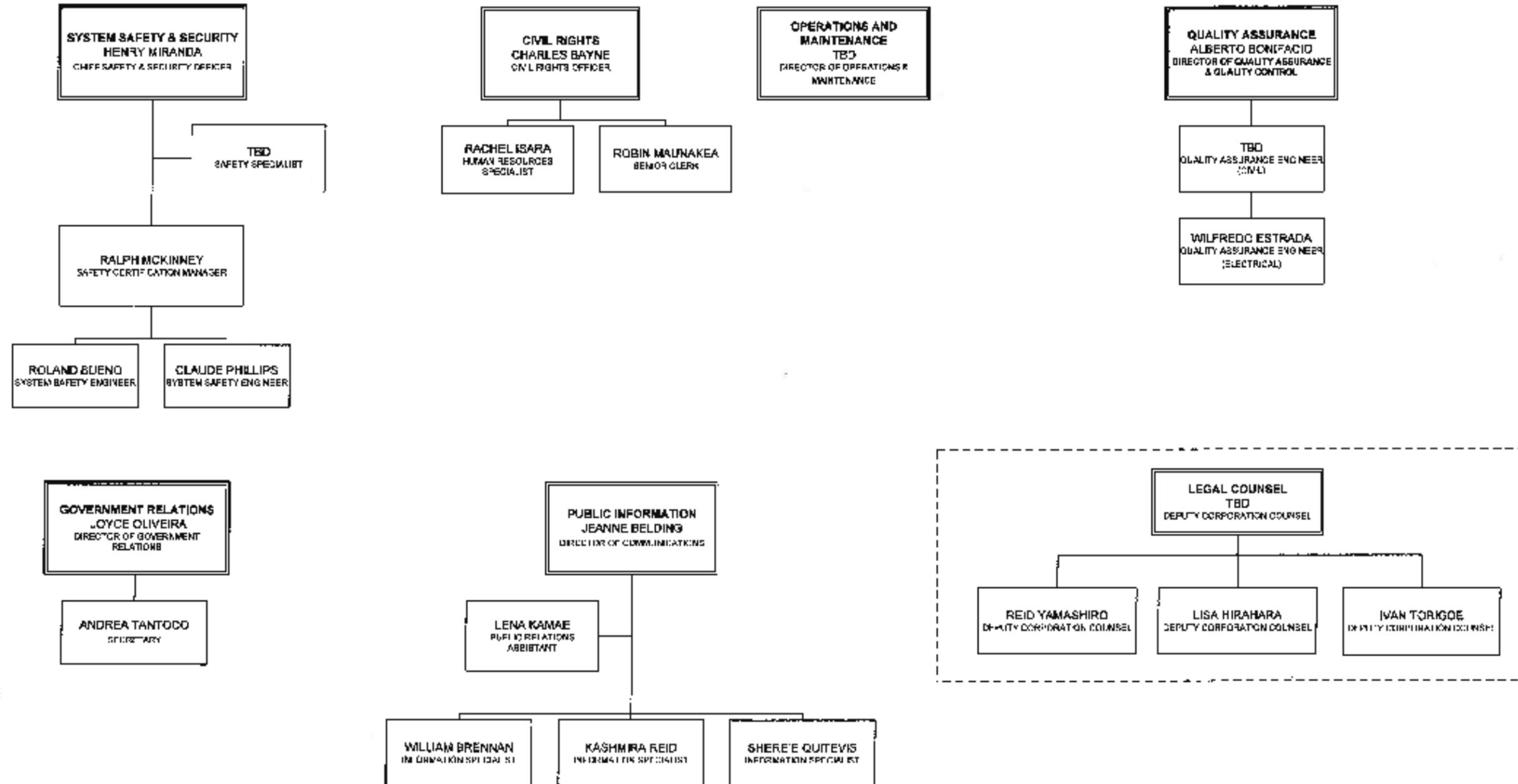


HONOLULU AUTHORITY FOR RAPID TRANSPORTATION PROCUREMENT, CONTRACTS ADMINISTRATION AND CHANGE



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

SYSTEM SAFETY & SECURITY, CIVIL RIGHTS, OPERATIONS AND MAINTENANCE, QUALITY ASSURANCE, GOVERNMENT RELATIONS, PUBLIC INFORMATION, LEGAL COUNSEL



Appendix C

Project Background and Description

The Alternatives Analysis (AA) for the project was initiated in August 2005 and the *Honolulu High-Capacity Transit Corridor Project Alternatives Analysis Report* was presented to the Honolulu City Council in November 2006. The purpose of the report was to provide the City Council with the information necessary to select a mode and general alignment for high-capacity transit service on Oahu. The report summarized the results of the AA that was conducted following the FTA’s planning guidance. It also provided information on the costs, benefits, and impacts of four alternatives: No Build Alternative, Transportation System Management Alternative, Managed Lane Alternative, and Fixed Guideway Alternative.

During November and December 2006, public meetings were held on the AA. On December 22, 2006, the Honolulu City Council enacted Ordinance No. 07-001, which selected a fixed guideway alternative from Kapolei to the University of Hawaii at Manoa with a connection to Waikiki as the Locally Preferred Alternative (LPA) for the project. Ordinance 07-001 identified a specific alignment for the majority of the corridor but left options open in two locations. At the western end of the corridor, the LPA selection identified two alignments (described in the AA Report as Section I – Saratoga Avenue/North-South Road and Kamokila Boulevard/Farrington Highway), with the notation “*as determined by the city administration before or during preliminary engineering.*” In the center of the corridor, the LPA selection also identified two alignments (described in the AA Report as Section III – Salt Lake Boulevard and Aolele Street), also with the notation “*as determined by the city administration before or during preliminary engineering.*”

The LPA selection was made recognizing that the then-identified revenue sources, including revenues from the 0.5 percent county GET surcharge in place from January 1, 2007, through December 31, 2022, and a reasonable expectation of FTA New Starts funds, would not be sufficient to fund the capital cost of the LPA. Thus, a financially feasible project needed to be identified. On February 27, 2007, the Honolulu City Council initially selected a segment of the LPA from East Kapolei to Ala Moana Center, via Salt Lake Boulevard (Resolution 07-039, FD1(c)). However, on January 28, 2009, the Honolulu City Council, under Resolution 08-261, recommended replacing the Salt Lake portion of this initial alignment with a route that includes direct service to Pearl Harbor and the Airport. This section of the LPA, from East Kapolei to Ala Moana Center, which serves the Airport is referred to as “the project” and is shown in **Figure 1**. The LPA is now known as the Honolulu Rail Transit Project (H RTP) and described in Project Description found on the page which follows Figure 1.

Figure 1: The Project



Project Description

The H RTP consists of the design and construction of a 20-mile, grade-separated, fully-automated fixed rail system following the alignment depicted in Figure 1. The rail line will operate in an exclusive right-of-way and be elevated except for a 0.6 mile at-grade section near Leeward Community College. The line will be powered with third rail electrification.

The project scope includes 80 light metro fully automated (driverless) rail vehicles and a Rail Operations Center (ROC) on a 44-acre parcel near Leeward Community College. The ROC will have four buildings that will house various maintenance facilities, a vehicle wash area and a system control center. The ROC site will also include a track storage area for the railcars and an employee parking area. The ROC buildings will be designed to meet Leadership in Energy and Environmental Design silver certification requirements.

The project includes 21 stations with passenger canopies, seating areas and art work. All stations, except for the one at Leeward Community College, will be elevated. There will be four park-n-ride facilities with a total of 4,100 spaces. The park-n-ride facility at Pearl Highlands Station will be a parking structure which will feature an access ramp from the H-2 freeway directly into the parking structure.

The target revenue service date for the project is January 31, 2020. Hours of operation in the opening year will be from 4 am to midnight on weekdays. On weekends and holidays service will run from 6 am to midnight. In the opening year, service will operate every 5 minutes during weekday peak periods, every 11 minutes during weekday off-peak periods, and every 18 minutes on weekday evenings. On weekends in the opening year, service will operate every 18 minutes all day. In the project forecast year of 2030, service will operate every 5 minutes during weekday peak periods, every 9 minutes during off-peak times and every 15 minutes during the evening. On weekends in the forecast year, service will operate every 15 minutes during the day and evening. Average weekday passenger boardings are projected to be 104,300 in the opening year and 119,500 in 2030.

System-wide Elements

The selected transit technology is electrically powered, industry-standard steel wheel on steel rail powered from a third-rail system. The selected vehicle is to be capable of a top speed greater than 50 mph. The vehicles will be fully automated and driverless although train attendants are planned to be riding trains for customer relations and emergency situations. The driverless option is possible because the fixed guideway will operate in exclusive right-of-way with no vehicular or pedestrian crossings.

The traction power distribution system consists of about 14 substations and main line track power distribution facilities. The substations will be spaced at approximately one and one-half mile intervals along the alignment.

Train signaling will use automatic train control and automatic train operations technology. The communications and security systems include emergency phones, closed-circuit television, and public address and information display systems.

The railcars will have a length of roughly 60 feet and the capacity to carry upwards of 160 persons. Trains will consist of four railcars. Additional vehicles can be added to the fleet as passenger demand requires in the future. The ROC will have the capacity to maintain and store up to 150 railcars.

In FY2014, a decision was made to add platform screen barriers and doors to the project scope. As a result, the project will now utilize a Platform Screen Gate system that is more like a fence with automated openings at all rail stations. Safety is the principal benefit for passengers, as the installation of these gates will preclude accidental train track guideway incursion and reduce the risk of accidents, especially when trains are entering the station. Active barrier systems create a safety separation between the track area and the platform to protect people from falling off the platform thereby eliminating the potential hazard of being struck by a moving train or being shocked or electrocuted by the third power rail. This change will also serve to minimize the potential for service interruptions caused by incursions on the track guideway in station areas.

Fare Collection

A unified fare structure is planned, which will be integrated with the City's existing bus system, TheBus. The H RTP was originally contemplated to have a barrier-free, proof-of-payment fare collection system utilizing fare vending machines in all stations and fare inspectors riding the system to verify proof of fare payment. In FY2015, the decision was made to utilize a traditional barrier fare collection system with fare gates that require payment to enter the rail station. This type of system is feasible for the H RTP since nearly all rail stations will be elevated with controlled access. Fare gate systems cost more to initially install but are less expensive to operate long term. They also reduce the potential for fare evasion by train users and provide information on travel and usage patterns which will help with planning service levels and bus-rail connections.

The fare collection system currently planned will be a multi-modal, account-based smart card system using proven technology. Rail fare system components will include both standard and ADA gates with smart card readers and ticket vending machines (TVMs) at each station. Bus fare collection will utilize on-board smart card readers in addition to cash payment. The overall integrated system will include various back office systems with redundancy. A contract to implement this joint fare collection system was awarded in April 2016. During FY2017, a series of key fare policy decisions will be made to guide the final design of the fare collection system.

Appendix D Financial Charts and Tables

Project and Systemwide Sources and Uses of Funds, FY2010 - FY2030, YOY \$millions

SOURCES OF FUNDS	YOY \$M	USES OF FUNDS	YOY \$M
Project Capital Sources of Funds		Project Capital Uses of Funds	
Project Beginning Cash Balance	298	Project Capital Cost	4,949
Net GET Surcharge Revenues	3,291	Subtotal Project Capital Cost	\$4,949
FTA Section 5309 New Starts Revenues	1,550	Finance Charges	
FTA Section 5307 Formula and ARRA Funds Used for the Project 1/	214	Interest Payment on GO Bonds Issued for the Project	191
Interest Income	3	Interest Payment on Tax-Exempt Commercial Paper	10
Transfer from Project Cash Balance to Ongoing Rail Capital and O&M Cost	(193)	GO Bond Issuance Cost	13
		Subtotal Finance Charges	\$215
Subtotal Project Capital Sources of Funds	\$5,163	Subtotal Project Capital Uses of Funds	\$5,163
Ongoing Capital Sources of Funds		Ongoing Capital Uses of Funds	
FTA Section 5309 Fixed Guideway Modernization	80	Additional Railcar Acquisitions	35
FTA Section 5309 Bus Discretionary	116	Project Capital Asset Replacement Program	150
FTA Section 5307 Formula Funds Used for Ongoing Capital Cost	499	TheBus Vehicle Acquisitions	667
FTA Section 5307 and 5309 Grants Carryover from Prior Years	50	Other Capital Cost	235
American Recovery and Reinvestment Act	26	TheHandi-Van Vehicle Acquisitions	138
FTA Section 5316 (JARC) and 5317 (New Freedom)	0		
Transfers to the State's Vanpool Program	(3)		
Transfer from Project Cash Balance to Ongoing Rail Capital Cost	54		
City General Obligation Bond Proceeds	404		
Subtotal Ongoing Capital Sources of Funds	\$1,225	Subtotal Ongoing Capital Uses of Funds	\$1,225
TOTAL CAPITAL SOURCES OF FUNDS	\$6,388	TOTAL CAPITAL USES OF FUNDS	\$6,388
Operating Sources of Funds		Operating Uses of Funds	
Fare Revenues (TheBus and Rail)	2,098	TheBus O&M Costs	5,459
Fare Revenues (TheHandi-Van)	60	Rail O&M Costs	1,613
Subtotal Fare Revenues	\$2,158	TheHandi-Van O&M Costs	1,310
FTA Section 5307 Formula Funds Used for Preventative Maintenance	247	Other O&M Costs	55
FTA Section 5316 (JARC) and 5317 (New Freedom)	20		
Transfer from Project Cash Balance to Rail O&M Cost	140		
City Operating Subsidy	5,871		
TOTAL OPERATING SOURCES OF FUNDS	\$8,436	TOTAL OPERATING USES OF FUNDS	\$8,436

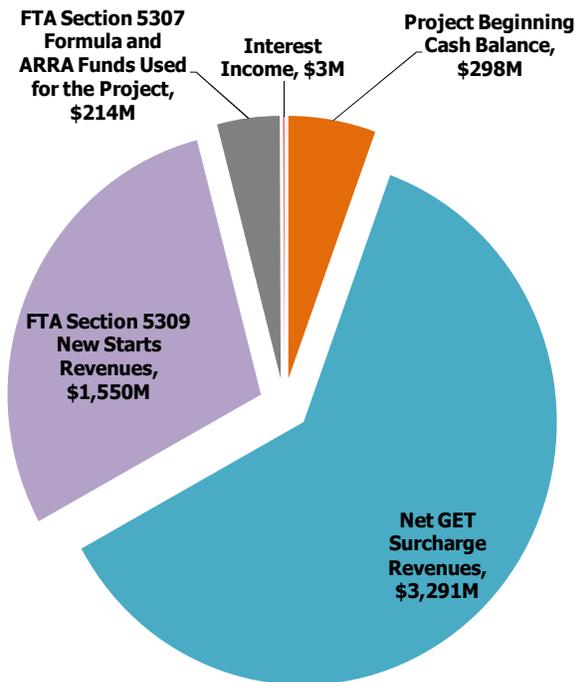
1/ Includes \$4M from American Recovery & Reinvestment Act of 2009

Note: totals may not add due to rounding

Source: 2012 Financial Plan

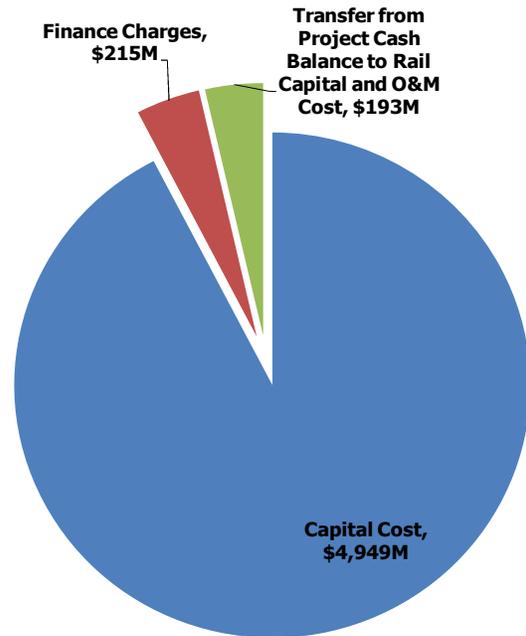
Project Sources and Uses of Funds, YOE \$millions

Where the Dollars Come From:



Note: Totals may not add due to rounding
ARRA = American Recovery and Reinvestment Act

Where the Dollars Go:



Source: Financial Plan, June 2012

Source: 2012 Financial Plan

SUMMARY OF HART FINANCIAL INFORMATION - FY2014 to FY2017

	FY2014	FY2015	FY2016	FY2016	FY2017
	Actual	Actual	Budget	Projection	Budget
Total Budget					
Operating Budget	19,416,780	30,812,675	29,212,800	18,469,180	31,380,800
Capital Budget	326,672,087	523,982,051	1,477,058,200	592,800,000	2,145,880,800
Total Budget Request	<u>346,088,867</u>	<u>554,794,726</u>	<u>1,506,271,000</u>	<u>611,269,180</u>	<u>2,177,261,600</u>
Operating Expenses					
Personnel (includes GASB 68 pension adj. FY15)	11,268,354	24,852,814	14,019,000	12,912,448	14,577,200
Current expenses	8,111,804	5,942,139	7,187,800	4,919,768	6,797,600
Equipment & Software/Depreciation	36,622	17,722	6,000	17,625	6,000
Interest Expense / Debt origination costs	0		8,000,000	619,339	10,000,000
	<u>19,416,780</u>	<u>30,812,675</u>	<u>29,212,800</u>	<u>18,469,180</u>	<u>31,380,800</u>
Reimbursements to Other City Depts.					
Salaries, Fringe Benefits & Current Expenses	403,155	605,672	1,021,400	576,090	1,052,700
City Overhead Contribution (CASE)	923,621	621,389	1,010,100	798,515	1,018,100
Other City Depts. Reimbursements Total	<u>1,326,775</u>	<u>1,227,061</u>	<u>2,031,500</u>	<u>1,374,605</u>	<u>2,070,800</u>
H RTP Capital Expenses					
Consultant Services	54,250,912	14,617,666	26,653,600	15,031,169	1,215,000
Design Services	51,940,414	16,127,856	1,400,000	14,800,000	
Programmatic Agreement	42,247	187,226	200,000	62,604	223,000
Utility Relocation	3,318,174	26,270,445	0	29,298,515	
Construction, Const. Mgmt. & Inspec.	203,858,305	348,238,335	143,976,100	413,174,811	33,969,000
Core Systems & Equipment	0	72,525,583	0	65,584,639	8,770,000
Land Acquisitions	12,840,014	23,653,347	0	46,022,572	
Relocation	385,435	2,613,410	0	1,678,914	
Public Art	0	0	0	14,950	
Insurance (OCIP)	0	19,748,183	0	7,131,826	8,000,000
Quality Audits	36,586	0	20,000	0	
Contingency & Recertification & others	0	0	250,000,000	0	130,122,000
Re-Appropriations From FY 2015	0	0	1,054,808,500	0	1,963,581,800
HART Capital Program Total	<u>326,672,087</u>	<u>523,982,051</u>	<u>1,477,058,200</u>	<u>592,800,000</u>	<u>2,145,880,800</u>

ATTACHMENT C

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2016 – 18

**APPROVING OPERATING AND CAPITAL BUDGETS
FOR FISCAL YEAR 2017 ENDING JUNE 30, 2017**

WHEREAS, the Honolulu Authority for Rapid Transportation (HART or Authority) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, the Charter empowers the Authority to prepare annual operating and capital budgets for the fixed guideway transit project and for the Authority's operations; and

WHEREAS, it is in the public interest that the Authority have spending plans for both operating and capital expenses to ensure that expenditures are properly controlled and accounted for in the fiscal year 2017; and

WHEREAS, HART prepared both Operating and Capital budgets for fiscal year 2017; and

WHEREAS, the Finance Committee of the Board of Directors (Board) has reviewed the line item details of the Operating and Capital Improvement Budgets, made recommendations, and approved said Operating and Capital Improvement Budgets; and

WHEREAS, the Board has reviewed said Operating and Capital Improvement Budgets for the Authority; and

WHEREAS, the said Operating and Capital Improvement Budgets are fully funded by the Transit Fund; and

WHEREAS, the Charter empowers the Board to review, modify as necessary, and adopt annual Operating and Capital budgets which are more particularly described in the attached documents marked as Exhibit A and Exhibit B, for the Authority;

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

1. Estimated revenues in the amount of \$31,326,467 are hereby appropriated from the Transit Fund for the Operating Budget for the fiscal year July 1, 2016 to June 30, 2017 for the following purposes:

- \$ 14,114,200 Personnel
- \$ 7,206,267 Current Expenses
- \$ 6,000 Equipment
- \$ 10,000,000 Interest Expense

2. Estimated revenues in the amount of \$2,548,302,000 are hereby appropriated from the Transit Fund for the Capital Improvement Budget for the fiscal year July 1, 2016 to June 30, 2017 for the following:

\$ 604,299,000 Transit Project
\$ 820,000,000 Airport Section Guideway and Station Group
\$ 866,000,000 City Center Section Guideway and Station Group

\$ 258,000,000 Pearl Highlands Parking Garage and Bus Terminal
\$ 3,000 Project Adjustment Account
\$2,548,302,000

3. The funds provided from the Project Adjustment Account may be expended to pay for any excess in contract price(s) or project cost when either amount exceeds estimates. The Board's approval is required when the cumulative sum provided to a project from the Project Adjustments Account during a fiscal year exceeds either the lesser of \$100,000 or 10 percent of the budgeted amount.

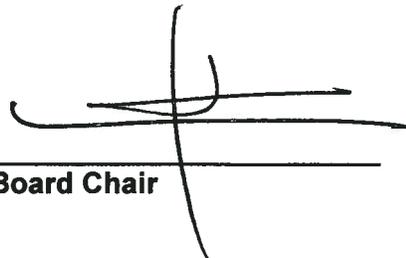
Whenever a project's contract is executed for an amount less than the project's appropriation, only the amount that is in excess shall be transferred to the Project Adjustments Account. Staff shall report all transactions to and/or from the account to the Board within 30 days from the date the transfer was approved; and

4. No more than \$4.815 billion in surcharge moneys may be expended for the mass transit project. Additionally, no more than \$6.831 billion in total revenues may be expended for the mass transit project; and
5. The Executive Director is hereby authorized to manage the revenues and expenditures of the Transit Fund's subsidiary fund accounts to ensure proper accounting of the monies pursuant to the standards for financial administration requirements of Title 49 Code of Federal Regulations Part 18; and
6. The Executive Director is hereby authorized to conduct the administrative affairs of the Authority in accordance with the Authority's Financial Policies utilizing the Operating and Capital Improvement Budgets established herein; and
7. This Resolution shall take effect on July 1, 2016.

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

6/16/16

Exhibit A – Requested FY 2017 Operating Budget
Exhibit B – Requested FY 2017 Capital Budget



Board Chair

Attest:



Board Administrator

As Amended by
HART Board of
Directors on
6/16/2016

Budget Description	2016 Budget	2017 Budget	2017 Budget
HART Board of Directors			
Regular Pay			193,200
Fringe Benefits			92,700
Rental			3,000
Olelo			27,500
Financial Audit Services			80,000
Total HART Board Operating Cost	0	0	396,400
HART Staff			
Regular Pay	9,401,600	9,255,600	9,062,400
Overtime, Night Shift, Temp Assign Pay	53,000	53,000	53,000
Accumulated Lump sum Vacation Pay	42,000	42,000	42,000
Fringe Benefits	4,326,400	4,470,600	4,377,900
Service or Merit Awards	1,000	1,000	1,000
OPEB Contribution	195,000	292,000	292,000
HART Staff Sub-total	14,019,000	14,114,200	13,828,300
Current Expenses			
Advertising, Publication of Notices	45,000	35,000	35,000
Audit Service Fee	80,000	80,000	0
Communication Svcs	128,000	170,000	142,500
Computer Software Maintenance Agreemen	100,000	100,000	100,000
Fees (Memberships, Registration & Parking)	50,000	40,000	40,000
Insurance on Equip. & Gen. Liab.	73,000	73,000	73,000
Legal Services	1,000,000	250,000	250,000
Meals & Foods	6,500	6,500	6,500
Office & Computer Supplies	150,000	130,000	130,000
Other Fixed Charges (Stipend, Transit Mitigation)	500,000	0	0
Other Repairs to Bldgs & Structures	5,000	5,000	5,000
Parts / Equip	210,300	188,300	188,300
Postage & Shipping	39,000	39,000	39,000
Printing & Binding	1,500	11,500	11,500
Professional Svcs. Direct Reimb	2,031,500	2,070,800	2,070,800
Professional Svcs. Other	170,000	170,000	170,000
R&M - Office Furniture & Equip	12,000	12,000	12,000
Rentals	2,445,000	1,711,667	1,708,667
Safety & Misc Supplies	6,000	6,000	6,000
Telephone	40,000	60,000	60,000
Travel Expense - Out-of-State	95,000	47,500	47,500
Transit Mitigation Fund	0	2,000,000	2,000,000
Current Expenses Sub-total	7,187,800	7,206,267	7,095,767
Equipment			
Equipment & Software	6,000	6,000	6,000
Equipment Sub-total	6,000	6,000	6,000
Total Operating Expenses	21,212,800	21,326,467	21,326,467
Debt Service			
Interest Expense	8,000,000	10,000,000	10,000,000
Debt Service Sub-total	8,000,000	10,000,000	10,000,000
Grand Total	29,212,800	31,326,467	31,326,467

TOTAL FULL-TIME EQUIVALENT POSITIONS

139

139

139

**Honolulu Authority for Rapid Transportation
Detailed Breakdown for FY 2017 HART Board Operating Cost**

		<u>Description</u>
Regular Pay		
Salary for Board Administrator	\$83,200	
Salary increase for Board Administrator	\$15,000	Budget Amendment, Adopted FY2017 Budget, HART Board of Directors
Salaries for 2 Board Support Staff	\$95,000	Budget Amendment, Adopted FY2017 Budget, HART Board of Directors
Regular Pay Sub-total	<u>\$193,200</u>	
Fringe Benefits		
\$193,200 x 48%	\$92,700	
Rental		
Meeting space rental	\$3,000	Budget Amendment, Adopted FY2017 Budget, HART Board of Directors
'Olelo Costs		
Online meeting services and closed captioning	\$7,500	
Increased funding for closed captioning of HART Board meetings broadcast on 'Olelo	\$20,000	Budget Amendment, Adopted FY2017 Budget, HART Board of Directors
'Olelo Costs Sub-total	<u>\$27,500</u>	
Independent Financial Audit Services	\$80,000	
Grand Total for HART Board Expense	<u><u>\$396,400</u></u>	

EXHIBIT B**Original Requested FY 2017 Capital Budget:**

Cost Type	CPP Number	Contract Name	CIP Budget
Contract	DBB600	Park-and-Ride Lots Construction	\$ 7,351,000
	MI930	Project-wide Elevator / Escalator	\$ 15,354,000
	MM290	Westside Construction Eng. & Inspection (CE&I) Svcs.	\$ 5,923,000
	MM920	HDOT Coordination Consultant - West Oahu/Farrington	\$ 750,000
	MM921	HDOT Coordination Consultant – Kamehameha Section	\$ 1,000,000
	MM922	HDOT Coordination Consultant - Airport Section	\$ 2,000,000
	MM930	HDOT State Safety Oversight Agency (SOA) Consultant	\$ 591,000
	MM940	Kako'o Consultant	\$ 400,000
	MM947	On-Call Contractor 2	\$ 1,000,000
	MM951	Owner-Controlled Insurance Program (OCIP)	\$ 8,000,000
	MM962	Core Systems Contract Oversight Consultant	\$ 8,770,000
	MM964	Safety & Security Certification Consultant	\$ 800,000
	MM975	LEED Commissioning Services for MSF	\$ 15,000
	PA101	Programmatic Agreement– Humanities Program	\$ 110,000
	PA103	Programmatic Agreement– HPC Park Improvements	\$ 113,000
Contract Total			\$ 52,177,000
Contingency Contingency			\$ 130,122,000
Original Requested FY 2017 Capital Budget			\$ 182,299,000

Updated Capital Re-Appropriations and Other:

DB450	Airport Section Guideway and Station Group	\$ 820,000,000
DB550	City Center Section Guideway and Station Group	\$ 866,000,000
DB275	Pearl Highlands Parking Garage and Bus Terminal	\$ 258,000,000
ROW	Right of Way	\$ 85,000,000
UTIL	Private Utility Relocation	\$ 75,000,000
New	Route Extension Study	\$ 12,000,000
New	Project Adjustments Account	\$ 3,000
Contingency	Contingency Re-Appropriation	\$ 250,000,000
Total Updated FY 2017 Capital with Re-Appropriations and Other		\$ 2,366,003,000
Grand Total HART FY 2017 CIP Budget		\$ 2,548,302,000

FY 2017 Operating and Capital Budget

June 16, 2016

Summary

- HART Board required by charter to “Review, modify as necessary, and adopt annual operating and capital budgets ...”
- Adoption of FY 2017 Budget required before July 1, 2016
- City Council adopted Bills 18-20 relative to HART’s FY 2017 Operating & Capital Budgets are included in your Board package

Background

- Board reviews requested FY 2017 Budget and refers to Finance Committee (September 24, 2015)
- Finance Committee approves FY 2017 Operating and Capital Budgets to be transmitted to Mayor and City Council for their review (November 24, 2015)
- Finance Committee approves re-appropriations to be sent to Mayor and City Council for their review (April 21, 2016)
- City Council completes their review and adopts their changes to HART's FY 2017 Operating and Capital Budgets (June 1, 2016)
- Mayor's action on City Council adopted bills

FY 2017 Operating Budget Summary

	2016	2017	2017	
	Budget	HART	Council	
Budget Description	Budget	Transmitted	Recommended	Difference
Labor Costs	\$14,019,000	\$14,577,200	\$14,114,200	(\$463,000)
Current Expenses	\$7,187,800	\$6,797,600	\$5,206,267	(\$1,591,333)
Transit Mitigation Fund	\$0	\$0	\$2,000,000	\$2,000,000
Equipment	\$6,000	\$6,000	\$6,000	\$0
Total Operating Expenses	\$21,212,800	\$21,380,800	\$21,326,467	(\$54,333)
Interest Expense	\$8,000,000	\$10,000,000	\$10,000,000	\$0
Grand Total	\$29,212,800	\$31,380,800	\$31,326,467	(\$54,333)

- City Council recommends a net reduction totaling <\$54,333>
 - Gross reductions of <\$2,133,000>
 - Additions of +\$2,000,000 for Transit Mitigation Fund, HART Board support +\$110,000, and other current expenses +\$23,000

FY 2017 Operating Budget: Labor Budget

	Labor Budget	Difference
HART Transmitted	\$14,577,200	
Reduce Planning	(\$200,000)	
Reduce Engineering	(\$200,000)	
Reduce Project Managers	(\$173,000)	
subtotal	\$14,004,200	(\$573,000)
Add Board Support	\$110,000	
Council Recommended	\$14,114,200	(\$463,000)

FY 2017 Operating Budget: Labor Cost Impacts and Options

- **Impacts:**
 - Equivalent of 6 position reductions at critical point of the Project
 - Potential impacts to Project Controls, Quality Assurance, Core Systems, Design & Construction, and Planning/Permitting/Right of Way, and Budget & Finance
 - Limits use of total project revenues to \$6.831 billion
- **Option: Achieve \$573,000 in budget savings**
 - Currently have 10 vacancies
 - Charge CEO to achieve \$573,000 through strategic hiring freeze/slow down

FY 2017 Operating Budget: Current Expenses

	HART Transmitted	Council Recommended	Difference
Current Expenses			
Reduce Rent	\$2,515,500	\$1,708,667	(\$806,833)
Reduce Legal Reserve	\$1,000,000	\$250,000	(\$750,000)
Reduce Travel	\$95,000	\$47,500	(\$47,500)
Reduce Parking	\$30,000	\$20,000	(\$10,000)
All Other	\$3,157,100	\$3,157,100	\$0
Add Olelo & Room Rental	\$0	\$23,000	\$23,000
Subtotal	\$6,797,600	\$5,206,267	(\$1,591,333)
Transit Mitigation Fund	\$0	\$2,000,000	\$2,000,000
Grand Total	\$6,797,600	\$7,206,267	\$408,667

FY 2017 Operating Budget: Current Expense Impacts

- Office Rent:
 - Would need to break 11th floor lease
 - Cost to break lease
 - Relocation costs and work disruption
 - Co-locating consultants saves money
- Legal Reserve:
 - Reduces funding to address any potential law suits
- Pooled Vehicle Parking:
 - Reduces funding by 1/3 for HART's vehicles that transports staff to work locations. Limited options for lower parking fees.
- Travel:
 - May impact necessary travel related to quality assurance, safety inspection, and FTA meetings

FY 2017 Operating Budget: Current Expense Options

- Assign 11th floor lease to Consultants:
 - Limits disruption
 - Potential to minimize increased consultant rent costs to HART
- Request for supplement budget increase should actual legal defense costs exceed \$250,000 in FY 2017
- Other Requested Budget Changes:
 - Reduce Interest/Financing Cost Budget
 - Current Cash flow estimates projected G.O. Bond financing in late spring 2017
 - Could reduce interest/financing budget from \$10 million to \$5 million

FY 2017 CIP Summary

HART FY 2017 CIP		
	Transmitted FY 2017 CIP - Nov 2015	\$182,299,000
	CIP Re-Appropriation - May 2016	\$2,354,000,000
	Total HART FY 2017 CIP	\$2,536,299,000
City Council FY 2017 Recommendations		
	Route Extension Study	\$12,000,000
	Project Adjustments Account	\$3,000
	Gross City Council CIP	\$2,548,302,000
	City Council FY 2016 continued 2 yr	(\$390,418,200)
	City Council Recommended	\$2,157,883,800

FY 2017 CIP Budget Detail

Original Requested FY 2017 Capital Budget:						
Cost Type	CPP Number	Contract Name	FY 2017 HART Board	City Appropriations that Continue through 6/30/2017	FY 2017 Council Recommendations	
Contract	DBB600	Park-and-Ride Lots Construction	\$ 7,351,000		\$ 7,351,000	
	MI930	Project-wide Elevator / Escalator	\$ 15,354,000		\$ 15,354,000	
	MM290	Westside Construction Eng. & Inspection (CE&I) Svcs.	\$ 5,923,000		\$ 5,923,000	
	MM920	HDOT Coordination Consultant - West Oahu/Farrington	\$ 750,000		\$ 750,000	
	MM921	HDOT Coordination Consultant – Kamehameha Section	\$ 1,000,000		\$ 1,000,000	
	MM922	HDOT Coordination Consultant - Airport Section	\$ 2,000,000		\$ 2,000,000	
	MM930	HDOT State Safety Oversight Agency (SOA) Consultant	\$ 591,000		\$ 591,000	
	MM940	Kako'o Consultant	\$ 400,000		\$ 400,000	
	MM947	On-Call Contractor 2	\$ 1,000,000		\$ 1,000,000	
	MM951	Owner-Controlled Insurance Program (OCIP)	\$ 8,000,000		\$ 8,000,000	
	MM962	Core Systems Contract Oversight Consultant	\$ 8,770,000		\$ 8,770,000	
	MM964	Safety & Security Certification Consultant	\$ 800,000		\$ 800,000	
	MM975	LEED Commissioning Services for MSF	\$ 15,000		\$ 15,000	
	PA101	Programmatic Agreement– Humanities Program	\$ 110,000		\$ 110,000	
	PA103	Programmatic Agreement– HPC Park Improvements	\$ 113,000		\$ 113,000	
Contract Total			\$ 52,177,000	\$ -	\$ 52,177,000	
Contingency Total			\$ 130,122,000	\$ -	\$ 130,122,000	
Original Requested FY 2017 Capital Budget			\$ 182,299,000	\$ -	\$ 182,299,000	
Updated Capital Re-Appropriations:						
	DB450	Airport Section Guideway and Station Group	\$ 820,000,000		\$ 820,000,000	
	DB550	City Center Section Guideway and Station Group	\$ 866,000,000	\$ (122,502,100)	\$ 743,497,900	
	DB275	Pearl Highlands Parking Garage and Bus Terminal	\$ 258,000,000	\$ (17,916,100)	\$ 240,083,900	
	ROW	Right of Way	\$ 85,000,000		\$ 85,000,000	
	UTIL	Private Utility Relocation	\$ 75,000,000		\$ 75,000,000	
	Cont.	Contingency Re-Appropriation	\$ 250,000,000	\$ (250,000,000)	\$ -	
Total Updated FY 2017 Capital Re-Appropriations			\$ 2,354,000,000	\$ (390,418,200)	\$ 1,963,581,800	
Added During City Council Hearings						
	New	Route Expansion Study	\$ -		\$ 12,000,000	
	New	Project Adjustment Account	\$ -		\$ 3,000	
FY 2017 HART and City Council Recommended			\$ 2,536,299,000	\$ (390,418,200)	\$ 2,157,883,800	

Summary of Bill 19

- Major Remaining Packages Capped
 - Airport Segment, City Center Segment, and Pearl Highlands Garage & Terminal are appropriated separately and capped at bid solicitation midpoint
- Project Adjustment Account:
 - May be used for any excess in contract prices
 - City Council approval by resolution required for use of Account exceeding \$100,000 or 10% whichever is less
 - Account established at \$3,000
- Limits use of total project revenues:
 - Total project revenues limited to \$6.831 billion

Impacts of Bill 19

- **Award of Airport Segment**
 - Airport Guideway and Station Group contract is in final review
 - Budget is at midpoint of bid solicitation range
 - Council approval by resolution would be required if award is greater than the budget but within the bid solicitation range
 - Bid prices are good for up to 180 days from submittal
- **Total Revenue Limitation**
 - Could impact use of revenues to offset FTA contingency requirements

Bill 20 G.O Bonds

- Before City Council approves any permanent General Obligation Bonds
 - Requires that an updated Final Financial Plan for the Full Funding Grant Agreement be submitted to the City Council for their approval prior to the submittal to the Federal Transit Administration

Board Action

- Review attached resolution that incorporates City Council recommendations
- Review Mayor's message
- Make any modifications to the Budget Resolution
- Adopt FY 2017 Operating and Capital Budgets before July 1, 2016

Mahalo

Questions?

ATTACHMENT D

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2016 - 19

ADOPTING A SIX-YEAR CAPITAL PROGRAM FOR FY 2017-2022

WHEREAS, the Honolulu Authority for Rapid Transportation (HART or Authority) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, Section 17-104(i) of the Charter directs the Executive Director to prepare and maintain a six-year capital program for the Authority; and

WHEREAS, Section 17-103(3)(e) of the Charter directs the HART Board of Directors (Board) to review, modify as necessary, and adopt a six-year capital program within six months of the creation of the Authority and annually update the six-year capital program, provided that such capital programs shall be submitted by the Executive Director; and

WHEREAS, a six-year capital program has been submitted by the Executive Director to the Board; and

WHEREAS, the Finance Committee and the Board have reviewed said six-year capital program for the Authority;

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

1. That the six-year capital program, shown in Exhibit A attached hereto and made a part hereof by reference, be and hereby is, adopted as the six-year capital program of HART for FY 2017-2022; and
2. That this Resolution shall take effect immediately upon its adoption.

ADOPTED BY THE Board of the Honolulu Authority for Rapid Transportation on

Exhibit A – SIX-YEAR CAPITAL PROGRAM FY 2017-2022

Board Chair

ATTEST:

Board Administrator

EXHIBIT A

6-Year Capital Program FY 2017-2022

CPP Number	Contract Name	Proposed FY 2017	Proposed FY 2018	Proposed FY 2019	Proposed FY 2020	Proposed FY 2021	Proposed FY 2022	6-Year Total FY 2017-2022
DBB600	Park-and-Ride Lots Construction	7,351,000	0	0	0	0	0	7,351,000
MI930	Project-wide Elevator / Escalator Design-Furnish-Install-	15,354,000	13,713,000	0	0	0	0	29,067,000
MM290	Westside Construction Engrg & Inspection (CE&I) Servio	5,923,000	0	0	0	0	0	5,923,000
MM901	Program Management Support Consultant 2 (PMSC-2)	0	14,298,000	0	0	0	0	14,298,000
MM913	General Engineering Consultant, Construction (GEC-3)	0	15,197,000	0	0	0	0	15,197,000
MM920	HDOT Coordination Consultant - West Oahu/Farrington	750,000	0	0	0	0	0	750,000
MM921	HDOT Coordination Consultant - Kamehameha Section	1,000,000	0	0	0	0	0	1,000,000
MM922	HDOT Coordination Consultant - Airport Section	2,000,000	0	0	0	0	0	2,000,000
MM930	HDOT State Safety Oversight Agency (SOA)	591,000	0	0	0	0	0	591,000
MM940	Kako'o Consultant	400,000	0	0	0	0	0	400,000
MM947	On-Call Contractor 2	1,000,000	0	0	0	0	0	1,000,000
MM951	Owner-Controlled Insurance Program (OCIP)	8,000,000	8,000,000	2,970,000	0	0	0	18,970,000
MM962	Core Systems Contract Oversight Consultant	8,770,000	8,770,000	8,770,000	0	0	0	26,310,000
MM964	Safety & Security Certification Consultant	800,000	0	0	0	0	0	800,000
MM975	LEED Commissioning Services for MSF	15,000	0	0	0	0	0	15,000
PA101	Programmatic Agreement-Humanities Program	110,000	0	0	0	0	0	110,000
PA103	Programmatic Agreement-HPC Park Improvements	113,000	0	0	0	0	0	113,000
Subtotal		52,177,000	59,978,000	11,740,000	0	0	0	123,895,000
CONT.	Contingency	130,122,000	50,000,000	50,000,000	45,000,000	44,000,000	44,350,000	363,472,000
Subtotal		182,299,000	109,978,000	61,740,000	45,000,000	44,000,000	44,350,000	487,367,000
Reappropriated and Other								
DB450	Airport Section Guideway and Station Group	820,000,000	0	0	0	0	0	820,000,000
DB550	City Center Section Guideway and Station Group	866,000,000	0	0	0	0	0	866,000,000
DB275	Pearl Highlands Parking Garage and Bus Terminal	258,000,000	0	0	0	0	0	258,000,000
ROW	Right of Way	85,000,000	0	0	0	0	0	85,000,000
UTIL	Private Utility Relocation	75,000,000	0	0	0	0	0	75,000,000
New	Route Extension Study	12,000,000	0	0	0	0	0	12,000,000
New	Project Adjustments Account	3,000	0	0	0	0	0	3,000
CONT.	Contingency Re-Appropriation	250,000,000	0	0	0	0	0	250,000,000
Total		2,548,302,000	109,978,000	61,740,000	45,000,000	44,000,000	44,350,000	2,853,370,000

ATTACHMENT E



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

June 16, 2016

BOARD OF DIRECTORS

Mr. Daniel A. Grabauskas
Executive Director and CEO
Honolulu Authority for Rapid Transportation
1099 Alakea Street, Suite 1700
Honolulu, Hawaii 96813

Colleen Hanabusa
CHAIR

Damien T.K. Kim
VICE CHAIR

George I. Atta
Michael D. Formby
Ford N. Fuchigami
Terri Fujii
William "Buzz" Hong
Terrence M. Lee
Ivan M. Lui-Kwan
Colbert M. Matsumoto

Dear Mr. Grabauskas:

SUBJECT: Letter of Understanding Regarding the Second Extension of Time for the
Executive Director and CEO's Annual Performance Evaluation

This letter confirms and memorializes the agreement between HART and Daniel A. Grabauskas ("Grabauskas"), collectively referred to hereinafter as the "Parties," to extend the Board of Directors' deadline to complete the annual evaluation of Grabauskas for the 2015-2016 review period.

Paragraph 4 of the Agreement provides that:

The Board will determine whether or not Grabauskas has successfully achieved the applicable annual performance objectives, and what percentage of the Base Salary amount, up to fifteen percent (15%), shall be paid to Grabauskas as an Annual Bonus, within 30 days of Grabauskas' submittal to the Board of an annual executive report on the one-year period in question.

By letter dated May 4, 2016, you previously agreed to extend the deadline to June 21, 2016.

On June 16, 2016, the Board voted unanimously to obtain a second extension to the deadline for the Board's completion of the evaluation by an additional 60 days from the date of the previous deadline, June 21, 2016. The new deadline will be August 21, 2016. During that meeting, you also consented to the extension of the deadline.

Please confirm this agreement by signing and returning a copy of this letter.

Sincerely,

Colleen Hanabusa
Chair, HART Board of Directors

AGREED:

Daniel A. Grabauskas
at (C. Matsushita)

ATTACHMENT F



June 16, 2016

TO: HART Board of Directors

THROUGH: Daniel A. Grabauskas
Executive Director and CEO

FROM: Chris Takashige
Officer-in-Charge

Kai Nani Kraut
Deputy Director Construction West

SUBJECT: Establishment of a Provisional Sum to Dispose of Contaminated Material
West Oahu Farrington Highway Guideway, Contract No. CT-HRT-10H0137

Overview

Approve bilateral contract change order in the amount of \$1,875,000 for payment on a **force account basis** for the disposal of contaminated material along the WOFH alignment.

Justification

The Design-Builder, Kiewit Infrastructure West Co. (“KIWC”) has submitted a Claim arising from the detection of petroleum hydrocarbon contaminants in the soil material excavated from the median restoration areas along Farrington Highway. Environmental laboratory test results on the soil material confirmed petroleum hydrocarbon levels in excess of limits set forth by applicable law permitting “unrestricted re-use” and will require additional hauling/trucking activities to the PVT Landfill as well as applicable disposal fees. Approximately 15,000 CY (1,500 truckloads) of contaminated soil material will be disposed of at an estimated cost of \$125/CY or \$1,875,000.

The added expense of hauling/trucking material to the landfill will be reduced by the base Contract Work cost of hauling/trucking anticipated “clean” material to a construction site in Kapolei, HI accepting fill material. KIWC to submit Daily Force Account Reports with invoices/tickets from the landfill which record the “actual” weight of material and published disposal fee for each truckload. The actual volume of material is an estimate only, and due to the inability to quantify the exact volume of soil to be disposed, paying for the work on a Force Account basis would ensure HART is paying a fair and equitable price.

WOFH RFP Addendum No. 20 states that the payment for removal of contaminated material will be by Change Order. Accordingly, this Contract Change Order (CCO) establishes a Provisional Sum in the amount of \$1,875,000 to pay for additional hauling/trucking costs and PVT landfill disposal fees in accordance with the requirements of GCDB Section 6.10 Force Account. If the Provisional Sum amount is not fully expended, the remaining balance will revert back to HART.



Recommendation

HART Board of Directors to approve bilateral contract change order for provisional sum of \$1,875,000 to increase funding for construction costs resulting from additional hauling/trucking costs and PVT landfill disposal fees due to the discovery of contaminated material along the WOFH alignment.

Fiscal Impact

This change order would increase the program budget by \$1,875,000.

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Contaminated Soil in WOFH Highway Median Restoration Areas June 16, 2016

H O N O L U L U R A I L T R A N S I T P R O J E C T

WWW.HONOLULUTRANSIT.ORG

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Summary

Bilateral contract change order in the amount of \$1,875,000 for payment on a **force account basis** for the disposal of contaminated material along the WOFH alignment.

Identified Contaminated Soil

Material samples were taken between Fort Weaver Rd and Waikele Stream to comply with Federal, State, and Local laws to characterize the material prior to disposal off site as no more fill areas are available along the alignment.



Portion of sample locations for
Decision Units

Test Results

HDOH has set the Environmental Action Level (EAL) limit for Total Petroleum Hydrocarbons-Residual Range Organics (TPH-RRO) at 500mg/kg. Test results from HART field samples far exceeded that threshold.

TPH-DRO AND RRO EPA 8015M

Matrix: Soil
Units: mg/Kg (ppm)

Analyte	Result	PQL	Method	Date Prepared	Date Analyzed	Flags
Client ID:	15-498-01					
Laboratory ID:	12-225-01					
Diesel Range Organics	ND	410	EPA 8015M	12-21-15	12-21-15	U1,X1
Residual Range Organics	4200	270	EPA 8015M	12-21-15	12-21-15	X1
<i>Surrogate:</i>	<i>Percent Recovery</i>	<i>Control Limits</i>				
<i>o-Terphenyl</i>	86	50-150				
Client ID:	15-498-02					
Laboratory ID:	12-225-02					
Diesel Range Organics	ND	140	EPA 8015M	12-21-15	12-21-15	X1
Residual Range Organics	3400	270	EPA 8015M	12-21-15	12-21-15	X1
<i>Surrogate:</i>	<i>Percent Recovery</i>	<i>Control Limits</i>				
<i>o-Terphenyl</i>	106	50-150				

This material is above the EAL limit and is considered “regulated” as solid waste but not “hazardous” as defined by EPA and DOT.

Options For Contaminated Soil:

OPTION 1 – Re-use soil within HART work area excluding HDOT R.O.W. since they will only accept soil that is deemed non-detect (i.e. clean):

- HART does not have any current locations that require fill material, therefore this option is unavailable.

OPTION 2 – Re-use Soil off-site:

- Results from testing exceeded the Tier 1 EAL for “unrestricted use” and Commercial Industrial (C/I) use (C/I level is 1,000 mg/kg) thereby requiring the material to be disposed as indicated in Option 3

OPTION 3 – Dispose of soil at disposal facility:

- The concentration of TPH-RROs in the soil limit HARTs ability to dispose of the soil off site and require the use of an approved disposal facility (PVT).

Contractual Position:

Contract Addendum No. 20 stated that payment for removal of contaminated material would be through a change order, if required. Accordingly, this Contract Change Order (CCO) establishes a Provisional Sum to pay for additional hauling/trucking costs and landfill disposal fees in accordance with the requirements of GCDB Section 6.10 “**Force Account**”.

The actual volume of material is an estimate only, and due to the inability to quantify the exact volume of soil to be disposed, paying for the work on a Force Account basis would ensure HART is paying a fair and equitable price while expediting the work and preserving schedule.

ADDED WORK SCOPE AND ESTIMATED PRICE:

WOFH RFCC-00152 Contaminated Material at Median Restoration Areas

Quantity of Contaminated Soil Material	15,000	CY
Capacity per Truck Load	15	CY
Required Truck Loads to PVT Landfill	1,500	Load
Base Scope - Hauling/Trucking costs to fill site (Kapolei)	\$75 / load	
Added Scope - Hauling/Trucking costs to PVT Landfill	\$196 / load	
NET Hauling/Trucking cost =	\$121	Load
SUBTOTAL Hauling/Trucking Costs	\$181,500	
Mark-up (Bond, GET, Overhead & Profit)	\$20,800	
TOTAL Trucking Costs =	\$202,300	
Disposal Fee at PVT Landfill	\$48	Ton
Material Quantity per Truck Load	18	Ton
Required Truck Loads to PVT Landfill	1,500	Load
SUBTOTAL Disposal Fees at PVT Landfill	\$1,296,000	
Mark-up (Bond, GET, Overhead & Profit)	\$344,700	
TOTAL Disposal Fees =	\$1,640,700	

HART is requesting \$1.875 Million for Provisional Sum

Mahalo!



ATTACHMENT G

Pearl Highlands Parking Garage & Transit Center Public Private Partnership Request for Information

June 16, 2016

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HART
HONOLULU AUTHORITY — RAPID TRANSPORTATION

Why an RFI?

- July 1, 2015
 - HART cancels Design Build (DB) solicitation for Pearl Highlands Garage and Transit Center
 - Deferred as “Secondary Mitigation” against cost over runs
- October 15, 2015 HART Board Meeting
 - Reintroduce DB for transit center
 - Develop parking garage as P3

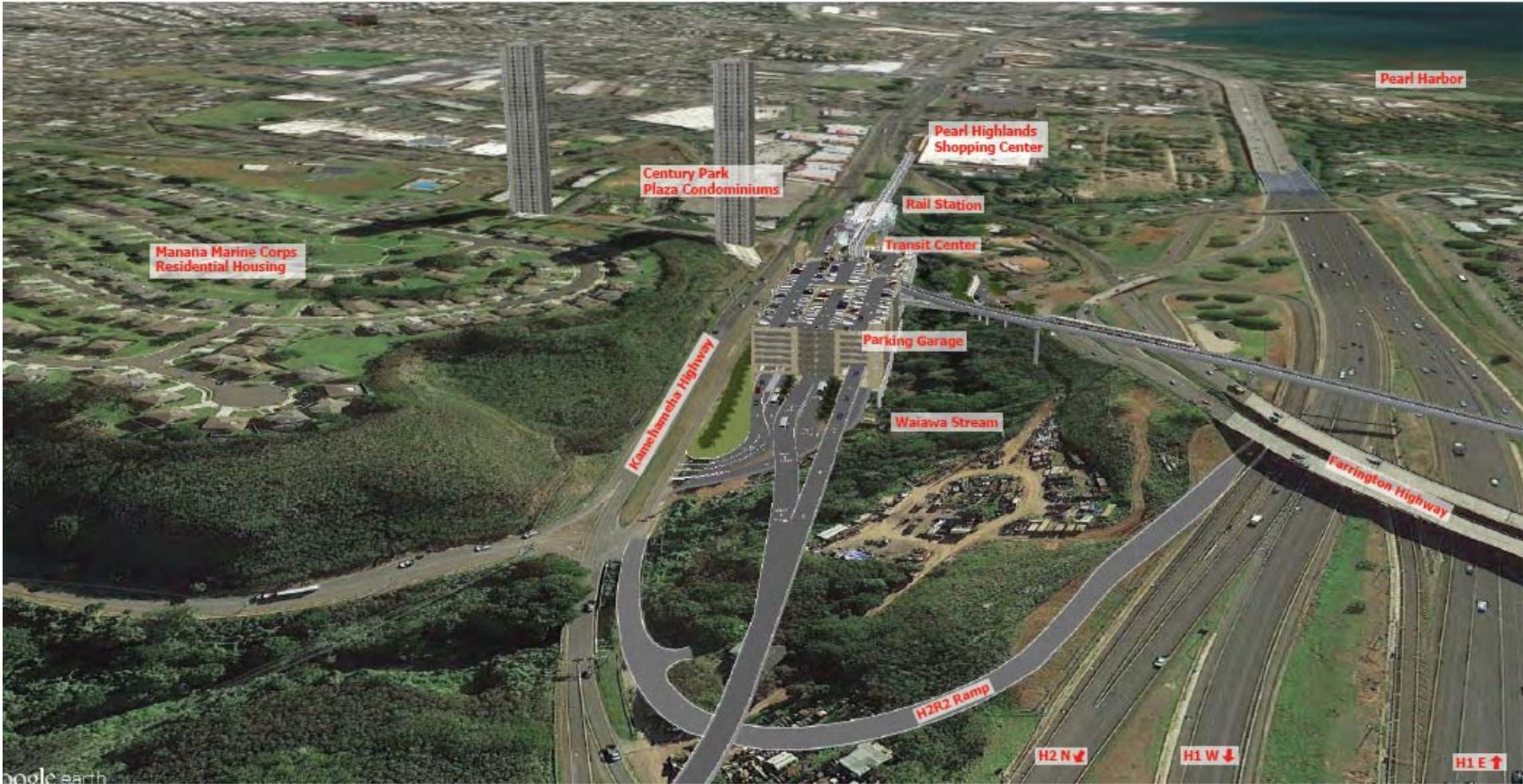




Google earth

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google earth



Data SOEST/UHM
Image USGS
Data SIO, NOAA, U.S. Navy, NGA, GEBCO

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Next Steps

- TOD will not finance structure
- Exploring other benefits of P3
 - Cost
 - Schedule
 - Maintenance
- Other revenue streams
- Preliminary Options Analysis

Mahalo!



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HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

ATTACHMENT I

Honolulu Authority for Rapid Transportation

Issuance of Tax Exempt
Commercial Paper
FY2017

PURPOSE

- Board resolution authorizing the Executive Director and CEO of HART to execute and request a draw on the \$350 million of the tax exempt commercial paper authorized by the City Council.

HISTORY

- Revised Charter of the City & County of Honolulu, Section 17-109. Bond Sales –

All bond sales shall be subject to council approval. At the request of the authority, the council may, by resolution, approve and director of budget and fiscal services, when so directed by the board, shall sell such bonds for the acquisition, construction of the fixed guideway system in accordance with the procedures prescribed by law for such sales.

- RESO 15-7, FD1 authorized the director of Budget & Fiscal Services to enter into a Memorandum of Understanding (MOU) with HART regarding General Obligation Bonds.

- ORD 15-46 allows the issuance and sale of City & County general obligation commercial paper for the purpose of applying the proceeds to include public improvement to the Honolulu Rail Transit Project.
- HART RESOLUTION NO. 2015-85 requested approval by City Council of the issuance and sale of Commercial Paper

- City Council Resolution 15-314 authorized the sale of HHCTCP Commercial Paper not to exceed \$350 million.
- Proposed HART Board of Directors' Resolution authorizing HART's Executive Director & CEO to sign the commercial paper draw requests totaling no more than \$350 million.

Current Cash Projections

• Current Cash Balance @6/8/16	\$104,600,000
• Est. Expenditures to 6/30/16	(55,600,000)
• Est. Expenditures July 29, 2016	(62,000,000)
• Est. grant revenues June & July	38,700,000
• Est. cash balance @7/29/16	25,800,000
• Min. cash bal. required per MOU	25,000,000
• July TECP Draw Request - 2 weeks notice required	20,000,000

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

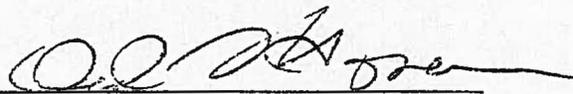
WHEREAS, the CP Ordinance requires the Council to adopt an ordinance or resolution, approved by an affirmative vote of at least two-thirds of the members of the Council, (a) authorizing the issuance, sale and use of proceeds of General Obligation Bonds (including General Obligation Commercial Paper Notes) 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:

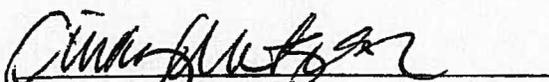
1. That HART hereby requests approval and authorization from the Honolulu City Council for the issuance and sale of HHCTCP Commercial Paper, including renewals and extensions thereof, in one or more issuances, in an aggregate principal amount outstanding at any one time of up to but not to exceed \$350,000,000, 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

11/12/15


Board Chair

ATTEST:


Board Administrator



RESOLUTION

AUTHORIZING THE DIRECTOR OF THE DEPARTMENT OF BUDGET AND FISCAL SERVICES OF THE CITY AND COUNTY OF HONOLULU OR THE DIRECTOR'S DESIGNEE TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION HART REGARDING THE GENERAL OBLIGATION BONDS.

WHEREAS, pursuant to the Revised Charter of the City and County of Honolulu 1973, as amended, Section 17-109, the Honolulu City Council ("Council"), at the request of HART, may authorize the City and County of Honolulu ("City") to issue bonds, 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 for the Honolulu High Capacity Transit Corridor Project ("HHCTCP"), now known as the Honolulu Rapid Transit Project; and

WHEREAS, the Council enacted Ordinance 12-17, which amended the authorization for the City to issue general obligation commercial paper to increase the amount of such commercial paper to be issued and to expand the purposes for which proceeds of such commercial paper may be applied to include public improvements, including equipment, relating to the HHCTCP; and

WHEREAS, Ordinance 12-17 amended Ordinance 01-28 to require that each issuance of commercial paper by the City, the proceeds of which will be applied to fund the payment of costs of public improvements, including equipment, relating to the HHCTCP (the "HHCTCP Commercial Paper"), shall be subject to the following conditions precedent:

- (1) the Council shall have adopted an ordinance or resolution, whichever is required, approved by 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 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 to be issued for such issue;
- (2) HART shall submit a request in writing to the Council in the form of a resolution adopted by the Board of Directors of HART setting forth the details of such request and issue of HHCTCP Commercial Paper; and
- (3) the City and HART shall enter into a memorandum of understanding subject to the provisions of Ordinance 01-28, Section 15; and



RESOLUTION

WHEREAS, Section 15 of Ordinance 01-28, as amended by Ordinance 04-36, Ordinance 10-15 and Ordinance 12-17, requires that prior to the initial issuance of HHCTCP Commercial Paper, the City shall submit to the Council a memorandum of understanding (1) setting forth the obligations of HART to the City concerning the HHCTCP Commercial Paper and other forms of general obligation indebtedness and (2) requiring that the City be reimbursed by HART for any payments of principal and interest and any other costs incurred by the City relating to the issuance of HHCTCP Commercial Paper and other forms of general obligation indebtedness; and

WHEREAS, a copy of the proposed memorandum of understanding between the City and HART is attached hereto as "Exhibit A" and incorporated herein by this reference; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that:

- (1) Pursuant to Ordinance 12-17 and Ordinance 01-28, as amended, the Council hereby consents to and approves of the memorandum of understanding between the City and HART, in the form attached hereto as Exhibit A;
- (2) The Director of the Department of Budget and Fiscal Services or the Director's designee is authorized to execute the memorandum of understanding with HART in the form attached hereto as Exhibit A; and
- (3) The Director of the Department of Budget and Fiscal Services or the Director's designee is authorized to execute any incidental or related agreements, amendments and documents in furtherance of the above agreement so long as such agreements, amendments and documents do not incur additional obligations on the part of the City; and



RESOLUTION

BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the Director of the Department of Budget and Fiscal Services, whose mailing address is 530 South King Street, Room 208, Honolulu, Hawaii 96813; and the Executive Director and Chief Executive Officer of HART, whose mailing address is 1099 Alakea Street, Suite 1700, Alii Place, Honolulu, Hawaii 96813.

INTRODUCED BY:

Ernest Martin (BR)

DATE OF INTRODUCTION:

January 8, 2015
Honolulu, Hawaii

Councilmembers

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY AND COUNTY OF HONOLULU AND
THE HONOLULU AUTHORITY FOR RAPID
TRANSPORTATION REGARDING THE GENERAL
OBLIGATION BONDS**

This MEMORANDUM OF UNDERSTANDING ("MOU") is entered into and effective as of _____, 2015, by and between the City and County of Honolulu ("City") whose mailing address is 530 South King Street, Room 208, Honolulu, Hawaii 96813, and the HONOLULU AUTHORITY FOR RAPID TRANSPORTATION ("HART"), City and County of Honolulu, whose mailing address is 1099 Alakea Street, Suite 1700, Honolulu, Hawaii 96813. The City and HART are collectively referred to as the "Parties."

WHEREAS, pursuant to amendments to the Revised Charter of the City and County of Honolulu 1973, as amended ("Charter" or "RCH"), including Article XVII, HART was established, effective July 1, 2011, as a public transit authority responsible for the planning, construction, operation, maintenance and expansion of the Honolulu High Capacity Transit Corridor Project (now known as the Honolulu Rail Transit Project ("HRTP")); and

WHEREAS, by Act 247 (2005), codified at Hawaii Revised Statutes ("HRS") Section 46-16.8, a county surcharge on the state general excise and use tax was authorized to fund public transportation systems; and

WHEREAS, by Ordinance 05-027, codified at Revised Ordinances of Honolulu 1990 ("ROH") section 6-60.1, there was established a one-half percent general excise and use tax surcharge for funding the operating and capital costs of the HRTP; and

WHEREAS, in the Charter amendments that created HART, there was established a special transit fund (the "Transit Fund") pursuant to Article XVII, Section 17-114 of the Charter, into which shall be transferred the county surcharge on state tax (the "county surcharge") and all revenues generated by the fixed guideway system; and

WHEREAS, pursuant to the Charter amendments that created HART, the Honolulu City Council ("Council") when requested by HART may authorize the City to issue bonds, 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 for the HRTP; and

WHEREAS, on December 5, 2012, the Council adopted Resolution 12-322 authorizing the City to enter into a Full Funding Grant Agreement with the federal government for the HRTP, providing grant funding in the amount of \$1.55 billion; and

WHEREAS, the Full Funding Grant Agreement, entered into on December 19, 2012 between the City and the Federal Transit Administration, references project capital cash flow schedules requiring debt financing; and

WHEREAS, such debt financing is to be used only for the completion of the H RTP; and

WHEREAS, the City and HART share the mutual objective of financing the H RTP in the most cost-efficient and effective manner by working together to ensure timely cash availability at the lowest possible cost to the taxpayers;

NOW, THEREFORE, in consideration of the foregoing, and of any general obligation bonds, general obligation bond anticipation notes, general obligation commercial paper notes, or any other form of general obligation indebtedness or obligation that constitutes a first charge on the General Fund of the City in accordance with the Constitution and other laws of the State of Hawaii issued by or entered with the City in whole or in part to finance the acquisition, construction, replacement, rehabilitation, approved extension or completion of the H RTP or related facilities or purposes (collectively, "Project Bonds"), HART and the City agree as follows:

ARTICLE I.

COVENANTS OF HART

Section 1.01 HART shall, at all times, (a) manage and control moneys made available to HART in the Transit Fund (and other funds under the control of HART) so that there will be sufficient moneys available to punctually pay or cause to be paid all amounts payable under this MOU and the Project Bonds and other related documents and (b) duly observe and perform all of the conditions, covenants and requirements set forth in this MOU and the Project Bonds and other related documents.

Section 1.02 So long as any Project Bonds are outstanding, HART shall not suffer or permit any change, restriction, impairment, modification or alteration to the receipt, collection, deposit, transfer or payment of HART revenues (as defined in Section 3.01 hereof) either hereunder or in any other manner in any material respect, without the written concurrence of the City.

Section 1.03 HART hereby grants to the City a first priority security interest in all amounts held or required to be deposited in the Transit Fund or other applicable accounts or funds, all HART revenues (as defined in Section 3.01 hereof), and all amounts of money held by HART derived from HART revenues including investment income thereon, in order to secure obligations of HART to the City under this MOU.

Section 1.04 HART shall (a) obtain the consent of the City prior to entering into or issuing any other forms of indebtedness (including, but not limited to, bonds, notes, leases, federal or state loans and bank lines of credit and letters of credit) either (i)

relating to the HRTP, or (ii) secured by HART funds (as defined in Section 3.01 hereof); and (b) prior to the issuance or execution thereof, provide to the City any agreement and other documents relating thereto.

Section 1.05 HART shall promptly notify the City Director of Budget and Fiscal Services and the Council of

- (a) the existence and status of any litigation, or the passage of any federal, state or local ordinance, law or rule not of general applicability to all persons, either of which could reasonably be expected to have a material adverse effect on (i) the financial condition or operations of HART, including, but not limited to, HART revenues (as defined in Section 3.01 hereof), (ii) the Project Bonds or (iii) the enforceability or validity of any of this MOU or any related documents;
- (b) any change in any material fact or circumstance represented or warranted in this MOU or in any other related documents; and
- (c) any communications, reports or financial statements delivered or received by it from any taxing authority or rating agency with respect to the transactions contemplated hereby (together with a copy of such communication, report, or statement).

Section 1.06 HART shall ensure that all data, certificates, reports, opinions of counsel, documents and other information furnished to the City and the Council, whether pursuant to this MOU, or in connection with or pursuant to an amendment or modification of, or waiver under, this MOU, shall, at the time the same are so furnished, (a) be complete and correct in all material respects to the extent necessary to give the City and the Council true and accurate knowledge of the subject matter thereof, and (b) not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading, and the furnishing of the same to the City and the Council shall constitute a representation and warranty by HART to that effect. Each financial statement furnished to the City and the Council, whether pursuant to this MOU, or in connection with or pursuant to an amendment or modification of, or waiver under, this MOU, shall, at the time the same is so furnished, fairly present the financial condition and results of operations of HART.

ARTICLE II.

ISSUANCE AND SALE OF PROJECT BONDS

Section 2.01 The City shall be responsible for the issuance and sale of Project Bonds pursuant to HRS Chapter 47, County Bonds, to meet the project capital cash flow requirements as shown in Attachment A to this MOU, entitled "Updated Financing Plan: Table A-1, Capital Plan Cash Flows" (the "Plan"). Issuance will be a distinct series and not commingled with other City projects.

Section 2.02 The Plan may be modified by mutual agreement between the City and HART during the term of the MOU as needed based on updated project cash flow needs and financial market conditions.

Section 2.03 Pursuant to HRS Section 47-4 and RCH Section 17-109, HART will submit a request to the Council in the form of a resolution adopted by the Board of Directors of HART, requesting the issuance and sale of Project Bonds.

Section 2.04 The Project Bonds shall mature on a date not later than December 31, 2023.

Section 2.05 HART shall provide any information requested by the City in connection with obtaining or maintaining ratings on such Project Bonds, selling those bonds or complying with any continuing disclosure undertaking the City is required to make in connection with the sale of the Project Bonds.

Section 2.06 HART consents to the inclusion by the City of any or all of this MOU or reference to it in any of its documents comprising a contract with the holders of those Project Bonds or in its offering or disclosure documents relating to those bonds, and, whether or not so included, for this MOU to be enforceable against HART by the City or by or on behalf of the bondholders of Project Bonds.

Section 2.07 HART shall be a party to or otherwise bound by and responsible for compliance with any tax covenants, certificates or agreements entered into by the City in connection with the issuance of such Project Bonds, related to establishing and preserving the (A) exemption of interest on those bonds from federal income taxation; or (B) treatment of those bonds as tax credit or tax subsidy bonds.

Section 2.08 HART shall keep adequate records and books of account, in which complete entries will be made (including, but not limited to any applicable records of HART that relate to Project Bonds, expenditure of Project Bond proceeds and use of facilities financed with Project Bond proceeds) reflecting all financial transactions of HART; and at any reasonable time and from time to time, permit and otherwise provide access to the City or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, HART and to discuss the affairs, finances and accounts of HART with any of the HART's officers, trustees and independent auditors (and by this provision, allow HART's auditors to discuss with the City or its agents or representatives, the affairs, finances and accounts of HART).

Section 2.09 HART shall provide to the City Director of Budget and Fiscal Services and the Council, monthly cash flow schedules detailing and updating the financial requirements for the H RTP.

Section 2.10 The City shall provide HART with cost estimates of all financing costs prior to issuance of debt instruments including the cost of bond counsel, underwriters, consultants, agents, advisors or other counsel (collectively, "finance team members" and each individually a "finance team member") for any work undertaken in connection with

this MOU and the issuance of Project Bonds from proceeds of the next issue of general obligation bonds.

Section 2.11 Upon securing debt financing, the City shall provide HART with all actual financing costs to be charged to HART.

ARTICLE III.

PROVISIONS AS TO PAYMENT OF PRINCIPAL, INTEREST AND OTHER PROJECT BOND ASSOCIATED COSTS

Section 3.01 HART hereby consents to the transfer by the City of, moneys derived from the county surcharge on state tax (the "county surcharge"), lease revenues, concessionaire revenues, farebox revenues (to the extent necessary to pay debt service next coming due on Project Bonds), state or federal grant moneys (to the extent not restricted by the grantor to other purposes), and any other moneys that are deposited into the Transit Fund or other fund under the control of HART, including any investment income thereon ("HART revenues"),

(a) in the amounts of, and on or before the times as set forth in Section 3.02 hereof, any principal or interest or redemption premium that are from time to time due and payable on those Project Bonds, and

(b) in the amounts of, and at the time any costs are incurred by the City in connection with issuance of those Project Bonds, that are not paid from proceeds of those bonds, as well as any ongoing costs relating thereto, including but not limited to, costs relating to post-issuance compliance; tax compliance; rebate; continuing disclosure; bank, rating agencies, credit enhancement, paying agent, and remarketing fees; and costs in connection with any audits.

Section 3.02 HART agrees to the transfer by the City, on or before the 25th day in each month, from the Transit Fund to an account within the city treasury dedicated for the payment of Project Bonds (the "Project Bond Debt Service Account" in the General Obligation Bond and Interest Redemption Fund) a sum equal to (a) one-sixth (1/6) of the amount of interest becoming due and payable under all Project Bonds on the next succeeding interest payment date, plus (b) one-twelfth (1/12) of the amount of principal becoming due and payable under all Project Bonds on the next succeeding principal payment date, except that no such transfer need be made if there are then moneys in the Project Bond Debt Service Account equal to the amount of interest becoming due and payable under all Project Bonds on the next succeeding interest payment date plus the amount of principal becoming due and payable under all Project Bonds on the next succeeding principal payment date.

- (a) When the 25th day of a month falls on a Saturday, Sunday or legal holiday, the transfer shall be due the next succeeding day which is not a Saturday, Sunday or legal holiday.

Section 3.03 In the event that, at any time, amounts are not conveyed or transferred to the City as provided in Section 3.02 hereof:

- (a) The City shall immediately deduct from the Transit Fund (or other funds under the control of HART) the sum of the missed transfer; the amount of the next scheduled transfer; and any costs referenced in Section 3.01(b) remaining unpaid.
- (b) If the amount in the Transit Fund (and other funds under the control of HART) shall be less than the sum of the deductions referenced in Section 3.03(a), the City shall apply the amount in the Transit Fund in the following order of priority: (1) any costs referenced in Section 3.01(b) remaining unpaid; (2) the sum of the missed transfer; and (3) the amount of the next scheduled transfer.
- (c) The Project Bond Reserve Account as referenced in Section 3.06 hereof may be used to satisfy any deficiency resulting from the sum of the missed transfer and the amount of the next scheduled deposit or transfer.

Section 3.04 HART shall compensate bond counsel, underwriters, consultants, agents, advisors or other counsel (collectively, "finance team members" and each individually a "finance team member") for any work undertaken in connection with this MOU and the issuance of Project Bonds from proceeds of the next issue of general obligation bonds, whether or not such general obligation bonds are Project Bonds; provided, however, that:

- (a) If the next such series of general obligation bonds are Project Bonds, then such finance team members shall be compensated from proceeds of such Project Bonds, and HART shall be allocated a higher proportionate share of debt service of such Project Bonds to compensate for the work performed by such finance team members that is directly allocable to the HRTP; and
- (b) If the next such issue of general obligation bonds are not Project Bonds, any work performed by such finance team members shall be compensated from proceeds of such issue of general obligation bonds and either: (A) HART shall reimburse the City for the fees paid by the City to such finance team members from any legally available moneys of HART; or (B) HART shall be allocated a higher proportionate share of debt service of the next issue of Project Bonds to compensate for the work performed by the finance team members that should have been allocated to the prior bond issue had it been for work performed for Project Bonds that is directly allocable to the HRTP.

Section 3.05 HART shall pay its share of any rebatable arbitrage (as determined by the City) due with respect to any Project Bonds. The City shall provide HART with the documentation supporting the allocation of the rebatable arbitrage for its review and concurrence prior to any payment by HART.

Section 3.06 HART consents to the establishment by the City of a Project Bond reserve account in the city treasury (the "Project Bond Reserve Account" in the General Obligation Bond and Interest Redemption Fund).

(a) From HART revenues as referenced in Section 3.01 hereof, HART shall convey or transfer to the Project Bond Reserve Account an amount such that the balance in the Project Bond Reserve Account shall be equal to the greater of (1) \$140 million by June 30, 2018 or (2) if required pursuant to Section 4.02(b) hereof, an amount up to the maximum annual debt service on outstanding Project Bonds ("required balance").

(b) The Project Bond Reserve Account shall be applied solely to pay debt service on Project Bonds in the event that sufficient amounts in the Transit Fund (or other funds under the control of HART) are not available therefore.

(c) If the amount in the Project Bond Reserve Account shall be less than the required balance as referenced in Section 3.06(a) above, the City shall deduct amounts from the Transit Fund (and other funds under the control of HART) upon the receipt of any HART revenues to satisfy the deficiency.

ARTICLE IV.

EVENTS AND REMEDIES

Section 4.01 Events. If one or more of the following events shall have occurred, then the City may institute any of the remedies described in Section 4.02. HART shall immediately notify the City Director of Budget and Fiscal Services and the Council of any event or events that have occurred.

(a) Month-end cash balance in the Transit Fund falls below \$25 million for three (3) consecutive months.

(b) The State of Hawaii Council on Revenues forecasts of General Excise Tax revenue for the forthcoming year declines by twenty (20) percent or more.

(c) County surcharge revenue is less than project to date projected revenue by twenty (20) percent or more for two (2) consecutive calendar quarter(s) or more.

(d) Receipt of federal grant reimbursement monies in the Transit Fund is delayed by three (3) month(s) or more.

(e) H RTP Project actual or projected contingency amounts enter into the buffer zone. The buffer zone is the area which is 5% to 10% above the minimum contingency as established in HART's Risk and Contingency Management Plan (RCMP).

(f) The ending project cash balance per the quarterly Debt and Financial Plan provided in Section 5.05(a) is less than the average ending project cash balance in the prior two quarterly Debt and Financial Plans.

(g) HART fails to observe and perform any covenant, condition or agreement on its part to be observed or performed under this MOU other than as referred to in Section 3.02 hereof for a period of thirty (30) days.

(h) Any representation, warranty or statement made by or on behalf of HART herein or in any related document or in any certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date made or deemed made; or the documents, certificates or statements of HART furnished to the City by or on behalf of HART in connection with the transactions contemplated hereby, when taken as a whole, are materially inaccurate in light of the circumstances under which they were made and as of the date on which they were made.

Section 4.02 Remedies. If one or more events in Section 4.01 shall have occurred, HART and the City shall meet to discuss the event(s) to gain a full understanding of the causes and to establish action items to address the issues. HART shall immediately notify the Council of any courses of action, action items or remedies agreed to by HART and the City. If HART and the City cannot agree on a course of action or acceptable action items cannot be identified then the City may institute any of the remedies described below.

(a) HART shall engage and pay for the cost of an independent consultant approved by the City having special skill, knowledge and experience in (a) analyzing the operations of transportation systems substantially similar to the H RTP, (b) preparing farebox revenue analyses, (c) forecasting the ridership and revenues of transportation systems substantially similar to the H RTP, (c) forecasting surcharges and taxes similar to the county surcharge, (d) preparing feasibility reports respecting the financing of such transportation systems and (e) advising on the operation of such transportation systems to audit and make recommendations on the operations and financial viability of HART.

(b) If a Project Bond Reserve Account has not been established, such an account shall immediately be established by the City and HART shall immediately convey and transfer an amount such that the sum in the Project Bond Reserve Account shall be equal to the required balance as referenced in Section 3.06(a) hereof.

- (c) The City, after consultation with the HART Board, shall appoint certain parties to monitor the financial administration and operations of HART. HART shall reimburse the City for any costs incurred.

ARTICLE V.

FINANCIAL AND OTHER BOOKS, RECORDS AND REPORTS

Section 5.01 The City shall keep adequate records and books of account, in which complete entries will be made reflecting all transactions related to the issuance and sale of Project Bonds by the City per ARTICLE II of this MOU, including but not limited to the principal amounts of each issuance; issuance cost; capitalized cost; annual amortization amounts; annual principal and interest payments; accrued interest amounts; long-term and current portions of each issuance; and estimated rebatable arbitrage amounts.

- (a) Such information shall be conveyed to HART as soon as available and in any event within ninety (90) days after the end of each fiscal year of the City for inclusion in HART's annual financial statements.

Section 5.02 HART shall keep adequate records and books of account, in which complete entries will be made, reflecting all financial transactions of HART; and at any reasonable time and from time to time, permit the City or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, HART and to discuss the affairs, finances and accounts of HART with any of HART's officers, trustees and independent auditors (and by this provision, HART authorizes said auditors to discuss with the City or its agents or representatives, the affairs, finances and accounts of HART).

Section 5.03 HART shall provide to the City Director of Budget and Fiscal Services and the Council a monthly accounting of the receipts, deposits, application and expenditure of the moneys referenced in Section 3.01 hereof.

Section 5.04 HART shall furnish to the City from time to time at HART's expense, all further instruments and documents, duly executed and delivered by HART, and take all further action that may be reasonably necessary, or that the City may reasonably request, in order to

- (a) protect any security interest or other right or interest assigned, or purported to be assigned, to the City under or in connection with this MOU or any related documents; or
- (b) enable the City to exercise or enforce its rights or remedies under or in connection with this MOU, or any related documents.

Section 5.05 HART shall provide the following reports to the City Director of Budget and Fiscal Services and the Council:

- (a) An updated Debt and Financial Plan with the actual revenues and expenditures to date to be provided quarterly within fifteen (15) calendar days after the end of the quarter.
- (b) As soon as available and in any event within one hundred-thirty (130) days after the end of each fiscal year of HART, the audited financial statements of HART, including a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flow of HART setting forth in comparative form to the budget for such fiscal year and the corresponding figures for the preceding fiscal year, all in reasonable detail and prepared in accordance with generally accepted accounting principles for state and local governments consistently applied;
- (c) Such additional information regarding the financial position or business of HART as the City may from time to time reasonably request; and
- (d) As soon as available, but in any event within fifteen (15) days of adoption by HART, a copy of the annual budget of HART.

ARTICLE VI.

TERM AND MODIFICATION OF

MEMORANDUM OF UNDERSTANDING

Section 6.01 The term of this MOU expires with the later of the repayment of all HRTF debt financing obligations and other obligations HART has to the City under this MOU or the expiration date of the county surcharge.

Section 6.02 The terms of the MOU may be modified by mutual written agreement of HART and the City with prior approval of the Council.

IN WITNESS WHEREOF, the Parties hereto have executed this Memorandum of Understanding on the date first above written.

APPROVED:

City and County of Honolulu

By _____
NELSON H. KOYANAGI, JR.
Director, Budget and Fiscal Services

Honolulu Authority for Rapid Transportation

By _____

DANIEL GRABAUSKAS
Executive Director and CEO

APPROVED AS TO FORM AND LEGALITY:

By _____

Deputy Corporation Counsel

Attachment A

**UPDATED FINANCING PLAN:
TABLE A-1, CAPITAL PLAN CASH FLOWS**

Updated Table A-1, Capital Plan Cash Flows

(Figures in \$ millions)	Prior to FY 2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Updated Total	FFGA Total	Change
Beginning Project Cash Balance	\$ 298	\$ 418	\$ 393	\$ 239	\$ 25	\$ 25	\$ 24	\$ 25	\$ 25	\$ 25	\$ 25	\$ 44	\$ 224	\$ 298	\$ 298	\$ -
Project Funding Sources																
Net GET Surcharge Revenues	\$ 481	\$ 170	\$ 216	\$ 227	\$ 238	\$ 250	\$ 263	\$ 276	\$ 290	\$ 305	\$ 325	\$ 251	\$ -	\$ 3,291	\$ 3,291	\$ -
FTA Section 5309 New Starts Revenues	\$ 65	\$ 80	\$ 291	\$ 983	\$ 321	\$ 230	\$ 181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,550	\$ 1,550	\$ -
FTA Section 5307 Formula Funds Used for the Project	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33	\$ 34	\$ 35	\$ 36	\$ 38	\$ -	\$ -	\$ -	\$ 176	\$ 210	\$ (33)
ARRA Funds Used for the Project	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ 4	\$ -
Variable Rate Bond Proceeds (net of issuance cost)	\$ -	\$ -	\$ -	\$ 20	\$ 230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ -	\$ 250
Fixed Rate Bond Proceeds (net of issuance cost)	\$ -	\$ -	\$ -	\$ -	\$ 243	\$ 248	\$ 272	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 763	\$ 1,643	\$ (882)
Proceeds from Tax Exempt Commercial Paper (TECP)	\$ -	\$ -	\$ -	\$ 350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350	\$ 700	\$ (350)
Reserve Fund Release	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ -	\$ 140	\$ 140	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ (2)
Additional Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Project Sources of Funds	\$ 551	\$ 250	\$ 507	\$ 980	\$ 1,032	\$ 761	\$ 750	\$ 311	\$ 326	\$ 343	\$ 325	\$ 391	\$ -	\$ 6,526	\$ 7,543	\$ (1,018)
Project Capital Costs																
Total Capital Cost	\$ 431	\$ 275	\$ 661	\$ 1,194	\$ 1,024	\$ 730	\$ 572	\$ 61	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,949	\$ 4,949	\$ -
Debt Service and Transfers																
Principal Payment on Variable Rate Bonds for the Project (VAR)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48	\$ 49	\$ 50	\$ 51	\$ 53	\$ -	\$ 252	\$ -	\$ 252
Interest Payment and Fees on Variable Rate Bonds	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 7	\$ 5	\$ 5	\$ 4	\$ 3	\$ 2	\$ 1	\$ -	\$ 26	\$ -	\$ 26
Fees on Variable Rate Bonds Issued for the Project (VAR)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 2	\$ 1	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ 8	\$ -	\$ 8
Principal Payment on Fixed Rate Bonds Issued for the Project (FIXE)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130	\$ 135	\$ 140	\$ 147	\$ 154	\$ -	\$ -	\$ 707	\$ 1,798	\$ (1,091)
Interest Payment on Fixed Rate Bonds Issued for the Project (FIXE)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14	\$ 24	\$ 33	\$ 23	\$ 18	\$ 11	\$ 4	\$ -	\$ 128	\$ 191	\$ (64)
Principal Payment on TECP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ 107	\$ 126	\$ 92	\$ -	\$ -	\$ -	\$ 330	\$ 700	\$ (350)
Interest Payment on TECP	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 5	\$ 5	\$ 5	\$ 3	\$ 1	\$ -	\$ -	\$ -	\$ 32	\$ 10	\$ 22
Fees on TECP	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 1	\$ 1	\$ -	\$ -	\$ 11	\$ -	\$ 11
Transfer to Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ 140	\$ -
Transfer from Project Cash Balance to Ongoing Rail Capital and O&M	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 224	\$ 224	\$ 193	\$ 31
Total Project Uses of Funds	\$ 431	\$ 275	\$ 661	\$ 1,194	\$ 1,032	\$ 761	\$ 750	\$ 311	\$ 326	\$ 342	\$ 306	\$ 211	\$ 224	\$ 6,824	\$ 7,841	\$ (1,157)
Total Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ -	\$ 5	\$ -	\$ 5
FFGA Eligible Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 1	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ 4
Net Cash	\$ 120	\$ (25)	\$ (154)	\$ (214)	\$ (0)	\$ (0)	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 19	\$ 180	\$ (224)	\$ -	\$ -	\$ -
Ending Project Cash Balance	\$ 418	\$ 393	\$ 239	\$ 25	\$ 25	\$ 24	\$ 25	\$ 25	\$ 25	\$ 25	\$ 44	\$ 224	\$ -	\$ -	\$ -	\$ -
Reserve Fund Balance																
Beginning Reserve Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140	\$ -	\$ -	\$ -	\$ -
Deposit to Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140
Interest Income on Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Release	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (140)	\$ -	\$ (140)	\$ -	\$ -
Ending Reserve Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140	\$ -	\$ -	\$ -	\$ -	\$ -

* Maximum TECP outstanding totals \$350 m in the Updated Plan and \$100 m in FFGA

** Debt Reserve in FFGA is included in the \$1,798 Fixed Rate Bond Total but shown separately for comparison purposes

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

RESOLUTION 15-7, FD1

Introduced: 01/08/15

By: ERNEST MARTIN (BR)

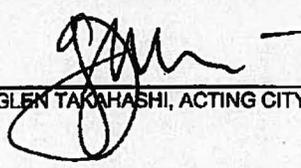
Committee: BUDGET

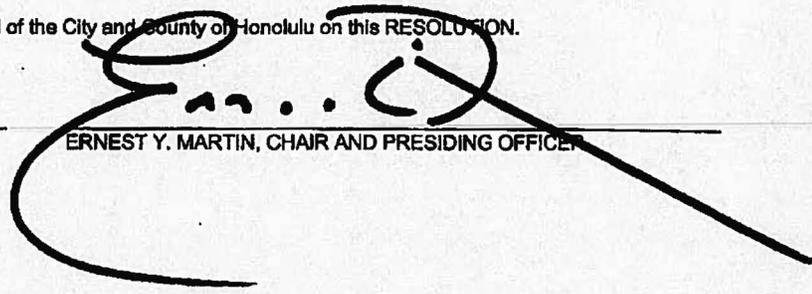
Title: RESOLUTION AUTHORIZING THE DIRECTOR OF THE DEPARTMENT OF BUDGET AND FISCAL SERVICES OF THE CITY AND COUNTY OF HONOLULU OR THE DIRECTOR'S DESIGNEE TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION (HART) REGARDING THE GENERAL OBLIGATION BONDS.

Voting Legend: * = Aye w/Reservations

01/14/15	BUDGET	RESOLUTION DEFERRED IN COMMITTEE.
02/11/15	BUDGET	RESOLUTION DEFERRED IN COMMITTEE.
04/01/15	BUDGET	CR-108 – RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION.
04/01/15	SPECIAL COUNCIL	RESOLUTION AMENDED TO FD1. 8 AYES: ANDERSON, ELEFANTE, FUKUNAGA, KOBAYASHI, MANAHAN, MARTIN, MENOR, OZAWA. 1 ABSENT: PINE. CR-108 AND RESOLUTION 15-7, FD1 WERE ADOPTED. 7 AYES: ANDERSON, ELEFANTE, FUKUNAGA*, MANAHAN, MARTIN, MENOR, OZAWA*. 1 NO: KOBAYASHI. 1 ABSENT: PINE.

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.


GLEN TAKAHASHI, ACTING CITY CLERK


ERNEST Y. MARTIN, CHAIR AND PRESIDING OFFICER



A BILL FOR AN ORDINANCE

AMENDING ORDINANCE NO. 01-28.

BE IT ORDAINED BY THE PEOPLE OF THE CITY AND COUNTY OF HONOLULU:

SECTION 1. Purpose. The purpose of this ordinance is to amend the authorization for the City and County of Honolulu (the "City and County") to issue general obligation commercial paper in order to clarify and facilitate the use of such debt.

SECTION 2. Findings and Determinations.

Pursuant to Section 237-8.6 of the Hawaii Revised Statutes ("HRS"), counties are permitted to establish a 0.5% surcharge (to be collected and distributed by the State) (the "County Surcharge") on the existing 4.0% State general excise tax (the "State Excise Tax") in order to fund transportation projects. On August 15, 2005, the Council of the City and County of Honolulu (the "Council") adopted Ordinance 05-027 establishing the County Surcharge, the receipts of which must be spent on either: (a) operating or capital costs of a locally preferred alternative for a mass transit project, or (b) expenses in complying with the Americans with Disabilities Act of 1990 with respect to (a). In addition, on December 16, 2009, the Council adopted Resolution 09-252, CD1, to initiate amendments to the Revised Charter of the City and County of Honolulu 1973, as amended ("Charter"), to create the Honolulu Authority for Rapid Transportation ("HART"), a public transit authority responsible for the planning, construction, operation, maintenance and expansion of the Honolulu High Capacity Transit Corridor Project (the "HHCTCP").

On July 14, 2010, the Council adopted Ordinance 10-15 amending Ordinance 01-28 to expand the purposes for which proceeds from the City's general obligation commercial paper may be applied to include public improvements to the City and County's wastewater system and the water system managed by the Board of Water Supply of the City and County (the "Board of Water Supply"). Both the City and County and the Board of Water Supply are bound by their revenue bond covenants with respect to the issuance of wastewater system revenue bonds and water system revenue bonds, respectively, that mandate that they each (a) fix, charge and collect rates and other charges that produce revenues sufficient to pay debt service and related obligations; (b) satisfy coverage requirements prior to issuing any additional bonds secured by their respective revenue streams; and (c) maintain reserves for debt service. In addition, both the City and County (with respect to its wastewater system) and the Board of Water Supply have proven credit histories with respect to the timely payments of debt service and both have demonstrated the self-sustainability of their respective systems.



A BILL FOR AN ORDINANCE

The Council believes that it is necessary to establish certain conditions through a Memorandum of Understanding in connection with the issuance of general obligation commercial paper by the City in connection with the HHCTCP to assure that HART reimburses the City and County for any payments of principal and interest and any costs incurred by the City and County relating to the issuance of general obligation commercial paper and other forms of general obligation indebtedness for public improvements, including equipment, relating to the HHCTCP.

Therefore, the Council hereby finds and determines: (1) the Council has heretofore adopted Ordinance 01-28, as amended by Ordinance 04-36 and Ordinance 10-15, authorizing the issuance and sale and specifying certain terms of general obligation commercial paper of the City and County, and authorizing and providing for certain related matters; and (2) it is advisable, expedient, and in the best interests of the City and County to increase the amount of such commercial paper to be issued and expand the purposes for which proceeds of such commercial paper may be applied to include public improvements relating to the Honolulu High Capacity Transit Corridor Project managed by the HART.

On June 6, 2012, the Council adopted Ordinance 12-17 amending Ordinance 01-28. The Council hereby finds and determines that it is advisable, expedient, and in the best interests of the City and County that the amendments to Ordinance 01-28 adopted under Ordinance 12-17, Sections 1 through 9, be repealed and replaced in their entirety with the following amendments to Ordinance 01-28.

SECTION 3. Ordinance 12-17 is repealed and replaced in its entirety by the following amendments to Ordinance 01-28.

SECTION 4. Ordinance 01-28, as amended by Ordinances 04-36 and 10-15, is amended by amending Section 2 to read as follows:

"SECTION 2. Authorization of Commercial Paper. Pursuant to Chapter 47, Hawaii Revised Statutes, as amended, and the Revised Charter of the City and County, there are hereby authorized for issuance and sale from time to time general obligation notes (the "Commercial Paper" and each a "Commercial Paper note") of the City and County, including renewals and extensions thereof, in an aggregate principal amount at any one time outstanding not to exceed [Three Hundred Fifty Million Dollars (\$350,000,000),] Four Hundred Fifty Million Dollars (\$450,000,000), for the purpose of (a) refunding all or a part of any General Obligation Bonds and any Commercial Paper and any reimbursement obligations to the provider of any credit or liquidity facility as the Director of Budget and Fiscal Services shall determine to be in the best interest of the City and County; (b) paying the cost of any public improvements, including equipment, (1) for which an appropriation is made in a capital budget ordinance, including public



A BILL FOR AN ORDINANCE

improvements relating to the wastewater system of the City and County, [or] (2) public improvements relating to the water system managed by the Board of Water Supply, or (3) if not included in (1) above, public improvements, including equipment, relating to the HHCTCP, and for which General Obligation Bonds or Revenue Bonds are authorized to be issued, in advance of the issuance of such General Obligation Bonds or Revenue Bonds, or, in the case of equipment, instead of the issuance of General Obligation Bonds or Revenue Bonds; and (c) paying all costs incurred in the issuance of such Commercial Paper and the refunding of any General Obligation Bonds. The proceeds of the Commercial Paper shall be applied as provided in Section 8 hereof."

SECTION 5. Ordinance 01-28, as amended by Ordinances 04-36 and 10-15, is amended by amending Section 8 to read as follows:

"SECTION 8. Application of Proceeds. The proceeds of the Commercial Paper are hereby irrevocably appropriated for the purposes set forth herein, and such proceeds, together with any other funds of the City and County which are legally available therefor, shall be deposited as determined by the Director of Budget and Fiscal Services and applied as directed by the Director of Budget and Fiscal Services:

(1) to the payment of costs of public improvements, including equipment, (a) authorized pursuant to any capital budget ordinance of the City and County, including public improvements relating to the wastewater system of the City and County, to the extent the appropriation for such costs has not lapsed or been satisfied, [or] (b) public improvements relating to the water system managed by the Board of Water Supply, for which the Board of Water Supply has submitted a request by resolution of the Board of Directors of the Board of Water Supply to the Council of the City and County to issue general obligation commercial paper for such improvements[;], or (c) if not included in (a) above, public improvements, including equipment, relating to HHCTCP;

(2) to pay the principal of, premium (if any) and interest on any General Obligation Bonds or Commercial Paper or obligations to the provider of any credit or liquidity facility to be refunded; and

(3) to pay costs of issuance of the Commercial Paper and any related refunding, including without limitation, the initial fees of any issuing and paying agents or registrars, the fees of any dealers, financial consultants and bond counsel, rating agency fees, escrow agent fees, fees for verification of refunding escrow calculations, fees and expenses for any liquidity or credit enhancement, the cost of preparation of any documentation relating to the Commercial Paper, including any offering document and definitive Commercial Paper, and any cost of publications required by law.



A BILL FOR AN ORDINANCE

Pending the time the proceeds of the Commercial Paper are required to pay any General Obligation Bonds to be refunded as provided in (2) above, the proceeds of such Commercial Paper, together with any other funds of the City and County which are legally available therefor, may be held by the Director of Budget and Fiscal Services in trust for such purposes or may be held by a financial institution selected by the Director of Budget and Fiscal Services to serve as escrow agent under an escrow agreement, such agreement to be in such form and containing such terms and provisions as the Director of Budget and Fiscal Services deems appropriate, and, in either case, invested as permitted by law. The Director of Budget and Fiscal Services is hereby authorized and directed to serve as such escrow agent or to select a qualified financial institution to serve in such capacity, and to determine the form and terms of any such escrow agreement and any fee agreement to be entered into with such financial institution. The Director of Budget and Fiscal Services is hereby further authorized and directed to determine the date or dates upon which the General Obligation Bonds or portions thereof are to be redeemed and to give or cause to be given any appropriate notices of such redemption."

SECTION 6. Ordinance 01-28, as amended by Ordinances 04-36 and 10-15, is amended by adding a new Section 14 to read as follows:

"SECTION 14. HHCTCP Commercial Paper. Notwithstanding anything to the contrary contained herein, each issue of Commercial Paper by the City and County, the proceeds of which will be applied to fund the payment of costs of public improvements, including equipment, relating to the HHCTCP (the "HHCTCP Commercial Paper"), shall be subject to the following conditions precedent:

(1) the Council shall have adopted an ordinance or resolution, whichever is required, approved by 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 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 to be issued for such issue;

(2) HART shall submit a request in writing to the Council in the form of a resolution adopted by the Board of Directors of HART setting forth the details of such request and issue of HHCTCP Commercial Paper; and

(3) the City and HART shall have entered into a memorandum of understanding as set forth in the provisions of Section 15."



A BILL FOR AN ORDINANCE

SECTION 7. Ordinance 01-28, as amended by Ordinances 04-36 and 10-15, is amended by adding a new Section 15 to read as follows:

"SECTION 15. Memorandum of Understanding Relating to HART. The City and County and HART have entered into a memorandum of understanding that sets forth the obligations of HART to the City and County concerning the HHCTCP Commercial Paper and other forms of general obligation indebtedness. The memorandum of understanding requires that the City and County be reimbursed by HART for any payments of principal and interest and any other costs incurred by the City and County relating to the issuance of HHCTCP Commercial Paper and other forms of general obligation indebtedness. The memorandum of understanding entered into by the City and County and HART shall be subject to approval by Council by resolution."

SECTION 8. Ordinance 01-28, as amended by Ordinances 04-36 and 10-15, is amended by renumbering SECTION 14 thereof ("Effective Date") as SECTION 16.

SECTION 9. Repeal of Conflicts. All ordinances and resolutions, and any portions of ordinances and resolutions, heretofore enacted or adopted by the Council which are in conflict or inconsistent with any provision of this ordinance shall be and are hereby repealed to the extent of such conflict or inconsistency. Except as amended hereby and by Ordinance 04-36 and Ordinance 10-15, Ordinance 01-28 shall remain in full force and effect.

SECTION 10. In sections 4, 5, 6 and 7 of this ordinance, ordinance material to be deleted is bracketed and new ordinance material is underscored. In these sections, the titles of the sections are underscored because the titles were underscored in Ordinance 01-28.



A BILL FOR AN ORDINANCE

SECTION 11. Effective Date. This ordinance takes effect upon its approval.

INTRODUCED BY:

Ernest Martin (BR)

DATE OF INTRODUCTION:

October 8, 2015
Honolulu, Hawaii

_____ Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Amy R. Kondo
Deputy Corporation Counsel **AMY R. KONDO**

APPROVED this 20th day of November, 2015.

Kirk Caldwell
KIRK CALDWELL, Mayor
City and County of Honolulu

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

ORDINANCE 15-46

BILL 73 (2015), CD2

Introduced: 10/08/15

By: ERNEST MARTIN (BR)

Committee: BUDGET

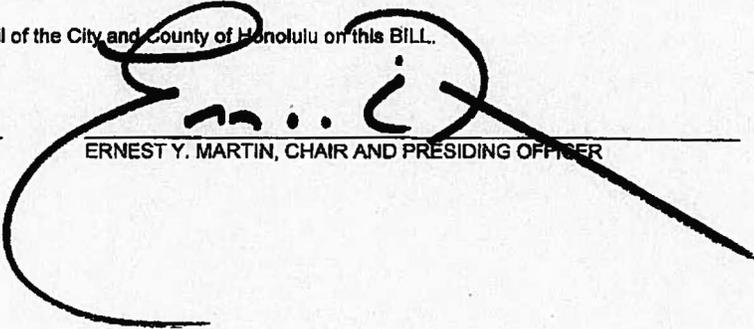
Title: A BILL FOR AN ORDINANCE AMENDING ORDINANCE 01-28.

Voting Legend: * = Aye w/Reservations

10/14/15	SPECIAL COUNCIL	BILL PASSED FIRST READING AND REFERRED TO COMMITTEE ON BUDGET. 8 AYES: ANDERSON, ELEFANTE, FUKUNAGA, MANAHAN, MARTIN, MENOR, OZAWA, PINE. 1 NO: KOBAYASHI.
10/21/15	BUDGET	CR-411 - BILL REPORTED OUT OF COMMITTEE FOR PASSAGE ON SECOND READING AND SCHEDULING OF A PUBLIC HEARING AS AMENDED IN CD1 FORM.
10/24/15	PUBLISH	PUBLIC HEARING NOTICE PUBLISHED IN THE HONOLULU STAR-ADVERTISER.
11/04/15	COUNCIL/PUBLIC HEARING	CR-411 ADOPTED. BILL PASSED SECOND READING AS AMENDED, PUBLIC HEARING CLOSED AND REFERRED TO COMMITTEE ON BUDGET. 8 AYES: ANDERSON, ELEFANTE, FUKUNAGA*, MANAHAN, MARTIN, MENOR, OZAWA, PINE. 1 NO: KOBAYASHI.
11/11/15	PUBLISH	SECOND READING NOTICE PUBLISHED IN THE HONOLULU STAR-ADVERTISER.
11/18/15	BUDGET	CR-431 - BILL REPORTED OUT OF COMMITTEE FOR PASSAGE ON THIRD READING AS AMENDED IN CD2 FORM.
11/18/15	SPECIAL COUNCIL	CR-431 ADOPTED AND BILL 73 (2015), CD2 PASSED THIRD READING AS AMENDED. 8 AYES: ANDERSON, ELEFANTE, FUKUNAGA*, MANAHAN, MARTIN, MENOR, OZAWA, PINE. 1 NO: KOBAYASHI.

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this BILL.


GLEN I. TAKAHASHI, CITY CLERK


ERNEST Y. MARTIN, CHAIR AND PRESIDING OFFICER



RESOLUTION

AUTHORIZING THE ISSUANCE, SALE AND USE OF PROCEEDS OF GENERAL OBLIGATION COMMERCIAL PAPER NOTES OF THE CITY AND COUNTY OF HONOLULU, IN ONE OR MORE ISSUANCES, IN AN AGGREGATE OUTSTANDING PRINCIPAL AMOUNT NOT TO EXCEED \$350,000,000 FOR THE PAYMENT OF THE COSTS OF PUBLIC IMPROVEMENTS, INCLUDING EQUIPMENT, RELATING TO THE HONOLULU HIGH CAPACITY TRANSIT CORRIDOR PROJECT (HHCTCP), NOW KNOWN AS THE HONOLULU RAIL TRANSIT PROJECT

WHEREAS, Ordinance No. 01-28, as amended by Ordinance No. 04-36, Ordinance No. 10-15 and, upon its approval Bill 73 (2015), CD1 and as may be further amended, (the "CP Ordinance"), authorizes the issuance and sale and specifies certain terms of general obligation commercial paper notes (the "Commercial Paper") and other forms of general obligation indebtedness of the City and County of Honolulu (the "City and County"), including renewals and extensions thereof, in an aggregate principal amount at any one time outstanding not to exceed \$450,000,000 for specific purposes; and

WHEREAS, said CP Ordinance authorizes the issuance, sale, and use of proceeds from the Commercial Paper for the purpose of funding the payment of costs of public improvements, including equipment, relating to the HHCTCP (the "HHCTCP Commercial Paper"); and

WHEREAS, said CP Ordinance requires that, prior to the issue of HHCTCP Commercial Paper, the City and County submit to the Council of the City and County (the "Council") a memorandum of understanding setting forth the obligations of Honolulu Authority for Rapid Transportation ("HART") to the City and County concerning the HHCTCP Commercial Paper and other forms of general obligation indebtedness; and

WHEREAS, the City and County has submitted to Council and Council has approved the executed memorandum of understanding dated May 7, 2015 between the City and County and HART setting forth the obligations of HART to the City and County concerning the HHCTCP Commercial Paper and other forms of general obligation indebtedness; and

WHEREAS, said CP Ordinance requires that HART submit a request in writing to the Council in the form of a resolution adopted by the Board of Directors of HART setting forth the details of such request to issue the HHCTCP Commercial Paper; and

WHEREAS, HART submitted a request in writing to the Council in the form of a HART resolution adopted by the Board of Directors of HART setting forth the request for the issue and sale of HHCTCP Commercial Paper; and



RESOLUTION

WHEREAS, said Section 17-109 of the Revised Charter of the City and County and the CP Ordinance authorizes the Council to adopt a resolution approved by affirmative vote of at least two-thirds of the members of the Council authorizing the issuance, sale and use of proceeds of General Obligation Bonds for the payment of costs of public improvements, including equipment, relating to the HHCTCP, as well as the payment, refunding, or refinancing of the HHCTCP Commercial Paper, and determining the maximum principal amount of such General Obligation Commercial Paper to be issued for such issue; now therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu:

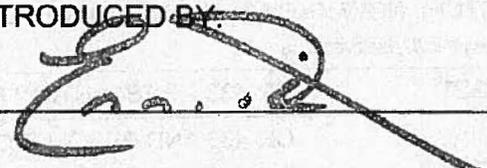
- 1. That upon the approval of Bill 73 (2015), CD1 and as may be further amended, the Director of Budget and Fiscal Services be and is hereby authorized to issue and sell from time to time the HHCTCP Commercial Paper, including renewals and extensions thereof, in one or more issuances, up to but not to exceed \$350,000,000 in an aggregate principal amount at any one time outstanding, which issue for purposes of the CP Ordinance is identified as Issue B, which designation may be changed from time to time by the Director of Budget and Fiscal Services.**
- 2. That the issue HHCTCP Commercial Paper identified above shall have such further details as shall be determined by the Director of Budget and Fiscal Services consistent with the provisions of Chapter 47, Hawaii Revised Statutes, and the CP Ordinance; and**



RESOLUTION

BE IT FINALLY RESOLVED by the Council of the City and County of Honolulu that the City Clerk be and is directed to transmit copies of this resolution to the Director of Budget and Fiscal Services, the Chief of Treasury, and the Honolulu Authority for Rapid Transportation.

INTRODUCED BY:



(or)

Councilmembers

DATE OF INTRODUCTION

NOV 12 2015
Honolulu, Hawaii

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

RESOLUTION 15-314

Introduced: 11/12/15

By: ERNEST MARTIN (BR)

Committee: BUDGET

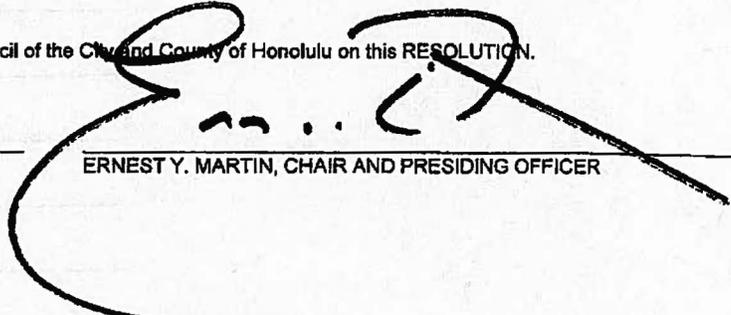
Title: RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND USE OF PROCEEDS OF GENERAL OBLIGATION COMMERCIAL PAPER NOTES OF THE CITY AND COUNTY OF HONOLULU, IN ONE OR MORE ISSUANCES, IN AN AGGREGATE OUTSTANDING PRINCIPAL AMOUNT NOT TO EXCEED \$350,000,000 FOR THE PAYMENT OF THE COSTS OF PUBLIC IMPROVEMENTS, INCLUDING EQUIPMENT, RELATING TO THE HONOLULU HIGH CAPACITY TRANSIT CORRIDOR PROJECT (HHCTCP), NOW KNOWN AS THE HONOLULU RAIL TRANSIT PROJECT.

Voting Legend: * = Aye w/Reservations

11/18/15	BUDGET	CR-433 – RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION.
11/18/15	SPECIAL COUNCIL	CR-433 AND RESOLUTION 15-314 WERE ADOPTED. 8 AYES: ANDERSON, ELEFANTE, FUKUNAGA*, MANAHAN, MARTIN, MENOR, OZAWA, PINE. 1 NO: KOBAYASHI.

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.


GLEN I. TAKAHASHI, CITY CLERK


ERNEST Y. MARTIN, CHAIR AND PRESIDING OFFICER