



HONOLULU AUTHORITY for RAPID TRANSPORTATION

**Joint Meeting of
Finance Committee and
Project Oversight Committee
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
Thursday, July 30, 2015 9:30 am**

MINUTES

PRESENT:

Damien Kim	Michael Formby
William "Buzz" Hong	George Atta
Donald Horner	Ivan Lui-Kwan
Ford Fuchigami	

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

Dan Grabauskas	Joyce Oliveira
Justin Garrod	Cindy Matsushita
Barbra Armentrout	Andrea Tantoco
	Gary Takeuchi

I. Call to Order by Chair

Project Oversight Committee chair Damien Kim called the meeting to order at 9:43 am.

II. Public Testimony on all Agenda Items

Mr. Kim called for public testimony. There was none.

III. Approval of the January 29, 2015 Minutes of the Joint Meeting of the Finance Committee and Project Oversight Committee

Mr. Kim called for the approval of the minutes of the January 29, 2015 joint meeting of the Finance and Project Oversight Committees. There being no objections, the minutes were approved.

IV. Change Order Review: Core Systems Contract Nine-Month Delay Claim Resolution

Director of Core Systems Justin Garrod made a PowerPoint presentation of the Core Systems delay claim resolution and four-car train configuration credit, a copy of which is attached hereto as Attachment A.

Mr. Garrod gave a brief background summary of the nine-month delay claim. Following the notice of award to Ansaldo Honolulu Joint Venture in March 2011, the notice to proceed

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(NTP) was expected no later than April 2011. The actual NTP was issued on January 13, 2012 due to bid protests, or 277 days after it was expected. HART Executive Director and CEO Daniel Grabauskas clarified that the City and County of Honolulu issued the NTP, as HART did not exist at that time.

Mr. Garrod said that the contractor had proposed a cost of \$16.478 million for the delay, including an escalation only amount of \$12.144 million. HART settled with the contractor for \$8.7 million. The parties entered into mediation, and ultimately negotiated a resolution outside of mediation. Mr. Garrod said that HART was requesting approval to proceed on the change.

Committee member Donald G. Horner asked for clarification on the contractor proposed cost. Mr. Garrod said that the bulk of the proposed cost was escalation, and that through scope clarification and a different methodology of measuring the delay impact, HART was able to negotiate the cost down.

Committee member Ford Fuchigami asked whether liquidated damages increase with cost increases, and Mr. Garrod said that liquidated damages clauses are not normally changed for delays of this nature.

Committee member Michael Formby requested more specific information on which to ask informed questions. He also requested a substantive briefing that shows the change process HART staff went through.

Mr. Formby asked about HART's internal process. Mr. Garrod said that when HART receives a notice of change, staff develops a scope of work, cost estimate, and determination on the merit of the change. After back and forth discussions with the contractor, a negotiation strategy memo is created, and negotiations begin. If a settlement is reached, it goes through another round of internal reviews, and is then brought before the joint committee. Mr. Formby asked if there was an internal vote taken, and Mr. Garrod said that there is no internal change control board. Mr. Formby asked who makes the determination on reasonableness. Mr. Garrod responded that the project manager makes the determination, which is reviewed by the procurement department, legal counsel, and finally the Executive Director and CEO. Mr. Grabauskas explained that it was a linear review process.

Mr. Formby asked whether Corporation Counsel was reviewing the change for legality and form only, and Mr. Grabauskas confirmed that was correct. Mr. Formby said that he did not have enough information to judge whether \$8.7 million was reasonable, and requested more clarity.

Mr. Lui-Kwan agreed with Mr. Formby, but pointed out that staff had invited Board members to briefings. He said that the information provided to him in the briefing was extensive. Mr. Formby said that the public should have a greater degree of information. Mr. Lui-Kwan agreed that the process should be explained.

Mr. Horner agreed with Mr. Formby, and asked whether the item was up for approval by the Board of Directors. Mr. Grabauskas said that the joint committee had the authority to approve change orders.

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Mr. Kim asked whether the Sumitomo bid protest was the cause of the delay, and Mr. Garrod confirmed that was correct. Mr. Grabauskas asked the joint committee whether it would welcome a briefing that day. Mr. Formby made a motion to defer the item if it did not negatively impact the schedule. Mr. Grabauskas said it did not. Mr. Horner seconded the motion.

Mr. Kim asked whether the same applied to the four-car credit, and Mr. Horner said that there was enough information provided on the credit.

Mr. Kim called for a vote. All being in favor, the motion to defer the nine-month delay claim carried.

V. Core Systems Contract Four-Car Train Configuration Credit

Mr. Garrod said that the original contract with Ansaldo had called for 40 two-car trains, but that the determination had been made to change to 20 four-car trains. The change would provide customer service benefits such as improved station flow, doubled train capacity, and better special event service. It would also prevent any future disruptions, should HART decide to switch to four-car trains.

Mr. Garrod said that the Disability and Communication Access Board had endorsed the concept in July 2013, acknowledging that doubling the length of the train would allow for easier access by the disabled community, and result in less queuing at the doors. In addition, the administrator of the Federal Transit Administration approved the switch in November 2013.

The contractor proposed cost was \$3.937 million, and the settled amount was a credit of \$5.2 million, as well as a Maintenance and Service Facilities credit of \$1.6 million, for a total credit of \$6.8 million.

Mr. Garrod detailed the three considerations that went into the cost estimate. The changes to the equipment itself were the removal of certain equipment from the middle cars, minimizing design costs, and labor cost savings. Second, mixed fleet operations equipment was required under the contract, allowing HART to operate two, three and four car trains at the same time on the system. Issues surrounding that contract provision were resolved, resulting in a credit. Lastly, the capability to trainline – couple two two-car trains together – was not supported by the contract, so no savings were realized as a result.

Mr. Fuchigami asked whether the stations were always designed to accommodate four-car trains. Mr. Garrod said that it is standard practice to start with a smaller fleet and grow it, however, fixed facilities such as stations were built to accommodate a full size fleet.

Mr. Horner asked whether the cost to operate the four-car trains was less. Mr. Garrod replied that the maintenance and operations impact was presented to the Board in December 2013: four-car trains would reduce equipment maintenance costs, and result in slightly higher electrical utilization. Mr. Horner opined that a heavier train required more power to accelerate. Mr. Garrod responded that less trains would reduce the total number of accelerations. HART had run a complex simulation to analyze the electrical usage. Mr.

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Horner said he appreciated the effort, and that the Board and public should hear more information on that. Mr. Formby agreed.

Mr. Kim called for a motion to approve the four-car train credit. Committee member William "Buzz" Hong so moved, and Mr. Lui-Kwan seconded the motion. All being in favor, the motion carried.

VI. Executive Session

There was no need for executive session.

VII. Adjournment

With no further business before the joint committee, Mr. Kim adjourned the meeting at 10:20 a.m.

Respectfully Submitted,


Cindy Matsushita
Board Administrator

Approved:


Donald G. Horner
Vice Chair, Finance Committee


Damien Kim
Chair, Project Oversight Committee

AUG 27 2015

Date

ATTACHMENT A



HONOLULU AUTHORITY for RAPID TRANSPORTATION

July 16, 2015

TO: HART Board of Directors

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

FROM: Charles S. Camaggio *CSC*
Officer-in-Charge

Justin Garrod, Project Manager *JG*

SUBJECT: Four Car Consists
Core Systems Design-Build-Operate-Maintain
Contract No.: CT-HRT-1200106
CCO 00019 (RFCR 00016)

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

FINANCE
COMMITTEE MEMBERS

Donald G. Horner
VICE CHAIR

George I. Atta
Michael D. Formby
Ford N. Fuchigami
Damien T.K. Kim
Ivan M. Lui-Kwan, Esq.

PROJECT OVERSIGHT
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Ivan M. Lui-Kwan, Esq.

Overview

This Change Order eliminates the Contract requirements for Mixed Fleet Operations and revises the fleet configuration from forty (40) 2-car consists to twenty (20) 4-car consists.

Recommendation

It is recommended that HART approve Change Order No. 19 for the credit amount of (\$5,200,000).

Justification

RFCR 00016 was determined to be a cost savings to the Project and the CSC was asked to proceed with implementation based upon HART's receipt of authorization from the FTA to move forward with using all 4-car trains from the outset of passenger service for the Honolulu Rail Transit Project.



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Fiscal Impact

HART will realize a credit amount of (\$5,200,000) due to the elimination of the Contract requirements for mixed fleet operations and the conversion of the passenger vehicle fleet from forty (40) 2-car consists to twenty (20) four consists.

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

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Core Systems DBOM Contract

Nine (9) Month Delay Claim Resolution and Four-Car Train Configuration Credit

July 2015

Introduction

- **Two major issues involved with the Core Systems DBOM Contract:**
 - **Nine-month NTP Delay Claim – Feb 2012**
 - **Four-car Train configuration – Nov 2013**

- **Final negotiation took place on June 26, 2015**

Nine-month Delay Claim Resolution

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Nine-month Delay Claim Background

- **HART issued Notice of Award to AHJV on March 11, 2011**
- **Notice to Proceed (NTP) expected no later than April 2011**
- **Actual NTP issued on January 13, 2012 due to bid protest**
- **NTP delay was 277 days**

Nine-month Delay Claim

Summary of Negotiations

➤ Contractor Proposed Cost (CPC)	\$16,478,561
➤ CPC (escalation only)	\$12,144,518
➤ Settled Amount	\$8,700,000

Four-Car Train Configuration Credit

Four-car Train Configuration

- **AHJV Proposal -- 40 2-car trains (80 cars)**



- **Change Order -- 20 4-car trains (80 cars)**



- **HART Board Approved the decision to proceed with implementation of 4-car trains in December, 2013.**

Four-car Train Configuration Benefits

- **Customer Service Benefits**
 - **Improved station flow**
 - **Doubled train capacity**
 - **Customer perception improvement**
 - **Better Special Event service**
- **Avoid four-car train implementation service disruption in the future**
- **Cost savings**
- **Endorsed by the Disability and Communication Access Board in July 2013**
- **FTA Administrator approved HART's Proposal in November 2013**

Four-car Train Configuration Credit

➤ Contractor Proposed Cost (CPC)	\$3,937,029
➤ Settled Amount	(\$5,200,000)
➤ MSF Facilities Credit	<u>(\$ 1,600,000)</u>
➤ Total Credit Savings	(\$6,800,000)

Mahalo!

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HONOLULU AUTHORITY for RAPID TRANSPORTATION

ATTACHMENT B



HONOLULU AUTHORITY for RAPID TRANSPORTATION

July 30, 2015

TO: HART Board of Directors

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

FROM: Charles S. Camaggio *CSC*
Officer-in-Charge

Justin Garrod, Project Manager *JG*

SUBJECT: 9 Month Delay Claim Resubmittal
Core Systems Design-Build-Operate-Maintain
Contract No.: CT-HRT-1200106
CCO 00018 (RFCC 00002b)

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

FINANCE
COMMITTEE MEMBERS

Donald G. Horner
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Overview

This Change Order No. 18 is for the settlement of the Core Systems Contractor's nine (9) month delay claim and includes the full reconciliation of its Best and Final schedule (pre-Notice to Proceed [NTP]) and post-NTP baseline progress schedule.

Recommendation

It is recommended that HART approve Contract Change Order No. 18 for a cost amount of \$8,700,000.

Justification

This Contract Change Order resolves the Contractor's claim for cost escalation due to the nine (9) month delay between the expected NTP date and the actual NTP date. The delay in issuance of NTP was due to bid protests filed by the unsuccessful Core Systems Offerors, for which a stay on the award of the contract was in effect until the DCCA Hearings Officer's decisions regarding the protests were issued. The delay was an event beyond the control of the Core Systems Contractor and the



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Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

additional compensation provided by this Change Order covers the reasonable and verifiable additional direct costs incurred by the Contractor because of the delay.

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Ivan M. Lui-Kwan, Esq.

Fiscal Impact

The cost of \$8,700,000 was not part of the Core Systems Design-Build-Operate-Maintain contract. This cost amount will be covered by the Contract's allocated contingency funds. After the execution of this change order the balance of allocated contingency funds will be \$45,878,576.

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