



HONOLULU AUTHORITY for RAPID TRANSPORTATION

## MINUTES

**Board of Directors Meeting  
Kapolei Hale, Conference Room B  
1000 Uluohia Street, Kapolei  
Thursday, May 16, 2013, 9:00 A.M.**

**PRESENT:**

Carrie Okinaga	Mike Formby
William "Buzz" Hong	Keslie Hui
Don Horner	Robert "Bobby" Bunda
Ivan Lui-Kwan	

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

Daniel Grabauskas	Dr. Jim Anthony
Gary Takeuchi	Rodney Boucher
Lorenzo Garrido	Brian Gibson
Joyce Oliveira	Fred Pablo
Diane Arakaki	Titin Sakata
Lisa Yoshihara	Mallory Fujitani
Ron Tober	Jeanne Mariani-Belding
Cindy Matsushita	

**EXCUSED:**

Glenn Okimoto	George Atta
Damien Kim	

**I. Call to Order by Chair**

Board of Directors Chair Carrie Okinaga called the meeting to order at 9:06 am. She noted that this was the 100<sup>th</sup> meeting of the HART Board of Directors and its committees in less than two years, and thanked the members for their service.

**II. Public Testimony on All Agenda Items**

Dr. Jim Anthony offered testimony regarding the manner in which public testimony is taken by the Board. Ms. Okinaga referenced an opinion by the State Office of Information Practices that allows boards to take testimony at the start of a meeting, and indicated that she could meet with Dr. Anthony following the Board meeting. Dr. Anthony opined that if materials regarding an agenda item are not made available prior to the meeting, the item is not properly noticed and should not be discussed.

Regarding agenda item 6 on public outreach, Dr. Anthony complimented HART's public outreach efforts. On agenda item 10, Dr. Anthony registered his surprise that the State

Department of Taxation (DoTax) has not paid approximately \$90 million to HART. Regarding agenda item 14, Dr. Anthony criticized the process by stating that the Board voted to award the Executive Director's bonus prior to releasing its evaluation report.

Ms. Okinaga thanked Dr. Anthony and said that she looked forward to his continuing support of the rail project.

III. Approval of Minutes of the April 11, 2013 Board of Directors Meeting

Ms. Okinaga called for approval of the April 11, 2013 minutes of the Board of Directors meeting. There being no objections, the minutes were unanimously approved.

IV. Report on the May 2, 2013 Joint Meeting of the Finance and Project Oversight Committee

Mr. Horner stated that he had no report other than what was contained in the minutes.

Mr. Horner suggested that the presentation by DoTax be moved up. Ms. Okinaga pointed out that the public and the media anticipated that the presentation would occur later in the meeting, as stated in the agenda.

V. Presentation on Fiscal Year 2014 Capital Budget – Art in Transit

Executive Director and CEO Dan Grabauskas introduced Transit Arts Coordinator Lisa Yoshihara, who would be presenting the FY 2014 capital budget for Art in Transit, attached hereto as Attachment A. Ms. Yoshihara gave a brief background of her 21 years at the State Foundation of Culture and the Arts, the Hawaii State Art Museum and the University of Hawaii before she joined HART in 2012.

Ms. Yoshihara stated that the full budget for the Art in Transit program is \$5 million, representing 23 to 25 contracts. The budget is broken down into station groups as follows:

Farrington Highway	\$694,371
Maintenance and Storage Facility	\$150,000
West Oahu Station Group	\$598,991
Kamehameha Highway Station Group	\$872,925
Airport Station Group	\$888,559
Dillingham Station Group	\$705,989
Kakaako Station Group	\$1,080,165

A national call for artists program would be opened that week, with all artists being encouraged to apply. HART would be holding a presubmittal workshop on June 1, 2013, with a submittal deadline of June 20, 2013. As the call is national per Federal Transit Administration requirements, Ms. Yoshihara said she hoped that local artists from Hawaii living on the mainland would apply.

Ms. Okinaga asked if the amounts being presented were already in the capital budget, and Mr. Grabauskas confirmed they were.

Mr. Horner asked who would choose the art works. Ms. Yoshihara explained that the current effort is a procurement, so the selection committee will follow all requirements. Mr. Horner expressed his concern that the art selection committee keep maintenance and security considerations, as well as a

sense of place, in mind. Ms. Yoshihara said the artist application process solicits the artist's knowledge of Hawaiian culture and traditions. Mr. Grabauskas pointed out that artists whose art is less durable, such as *lei* artists, are also encouraged to apply, as their artwork could be transferred into more durable art, such as photographs of the *lei* that could be applied to glass.

Board member Keslie Hui noted the need for art works requiring little or low maintenance. He asked if artists working in all media were invited, and asked about the selection process. Ms. Yoshihara said artists in all media are welcome, that they would submit artist statements describing their knowledge of Hawaiian culture and place, among other things, and explained that the selection committee would evaluate artists on their ability to translate their work into the required material, to work in teams and with the community to obtain community stories and translate them into art. Mr. Hui asked what the \$5 million budget item includes, and Ms. Yoshihara said that the artists' work, materials and installation are all included in that amount.

Board member Michael Formby asked what artists are being asked to submit. Ms. Yoshihara explained that HART is conducting a pre-qualified artist registry, or a portfolio review of 10 images of the artist's work, in addition to reviewing the artist's resume and statement. Ms. Yoshihara stated the artists will utilize traditional cultural properties reports and archaeological studies commissioned by HART and work with the community to develop ideas, then work with the station architects and design staff to come up with their proposed art work.

Ms. Okinaga thanked Ms. Yoshihara for the presentation.

Ms. Okinaga requested members' permission to take up item 10, then item 9, then continue with the remainder of the agenda as planned.

X. Presentation by State Department of Taxation on General Excise Tax Revenues

Fred Pablo, Director of the State Department of Taxation, gave a PowerPoint presentation on the .5% GET surcharge, attached hereto as Attachment B. Mr. Pablo reviewed the legislative history of the origins of the surcharge in the Legislature in 2005, through the City and County ordinances affecting the surcharge.

Mr. Pablo then detailed the rules governing what the .5% GET surcharge applies to. The .5% surcharge applies to transactions for tangible personal property or services consumed on Oahu. It does not, however, apply to transactions that are exempt from the GET.

Mr. Pablo explained that the processing delay for the GET surcharge was due in part to significant staffing vacancies, and in part to the 11 tax different accounting periods that might be used by taxpayers, each with different due dates. In addition, much of the work is done manually, adding to the processing time. However, Mr. Pablo added that the processing time has been improved to four days from two weeks.

Mr. Pablo then outlined the surcharge collection process for full payments and partial payments. For full payments, for every \$1,000 in GET liability that is established, \$900 is retained by DoTax as GET, and \$100 is reported as county surcharge to the Department of Budget and Finance (B&F). B&F then transfers the \$100 to the City less its 10% administration fee on a quarterly basis. By contrast, when a taxpayer pays only part of the tax liability, the \$100 in county surcharge is transferred to the City first, and DoTax commences collection efforts for the delinquent GET amount.

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County surcharge payments as of April 30, 2013 are \$1.165 billion on a cash basis, and liabilities are \$1.160 billion as of May 12, 2013 on an accrual basis. Therefore, Mr. Pablo stated that payments and liabilities are consistent overall, with a difference of only about \$5 million monthly. The annual figures track as well.

In summary, Mr. Pablo stated that the fluctuations of in surcharge revenues are due to processing issues. The processing of payments and processing of corresponding tax returns do not occur simultaneously. He thanked the HART Board for the opportunity to provide information on the GET surcharge.

Board member William "Buzz" Hong commended Mr. Pablo and the DoTax staff for their work. He asked if there were any further expenses HART should be aware of in relation to administering the GET county surcharge. Mr. Pablo responded by saying that DoTax will be expending a lot of staff time in redesigning tax forms and educating the public, due to the fact that DoTax is based on voluntary compliance. A lot of time will also be devoted to setting up computers to implement those new forms, and to perform any fixes.

Board member Robert "Bobby" Bunda recalled that he was Senate President at the time that the GET surcharge enabling legislation was passed. He said that there were funds set aside at that time to upgrade DoTax's computer system to allow for the administration of the county surcharge, so he was surprised to hear that much of the processing is still performed manually, and asked for clarification. Mr. Pablo explained that in January 2007, DoTax's computers were only configured to accommodate a change in the forms regarding the county surcharge. However, the computer system is the same one implemented in 1999, and the Legislature has only appropriated funds for a system upgrade in the past session. Manual work is processing tax returns and payments.

Mr. Bunda asked about the payment process to HART. Mr. Pablo explained that DoTax reports county surcharge liability is reported monthly to B&F, who remits payment quarterly to the City and County of Honolulu. He said that the monthly fluctuations are due to various factors, including tax accounting periods, processing periods, and staffing.

Mr. Bunda asked whether Mr. Pablo was confident that all monies had been collected and distributed to HART. Mr. Pablo responded affirmatively, saying that as of March, there is about \$1 billion in both liabilities and collections. He said that DoTax reviewed data back to July 2010 to ensure it was processing everything correctly.

Board member Ivan Lui-Kwan asked Mr. Pablo to comment on the efficiencies that a computer system upgrade will create for DoTax. Mr. Pablo responded by saying that processing will be improved with updated technology. He said that the electronic filing rate is currently about 30%, and most states aim for 80%. Electronic processing and payment will be faster, and reduce any fluctuations. DoTax is also exploring better ways of designing tax forms for ease of taxpayer use and to allow for better data matching.

Mr. Lui-Kwan asked if the State of Hawaii's Chief Information Officer has a timeline for implementation of DoTax's new computer system. Mr. Pablo said that the statewide Enterprise Resource Plan (ERP) is a long-term modernization plan that looks at least ten years in the future. In addition, DoTax's modernization plan contemplates a timeframe for computer modernization of three to four years. He said that due to the confidential nature of the information held by DoTax, its computer upgrade would be achieved separately from the ERP.

Mr. Lui-Kwan asked if DoTax is audited by a third party independent firm. Mr. Pablo stated that all State departments are part of the Comprehensive Annual Financial Report (CAFR), which is administered by the Department of Accounting and General Services (DAGS). DAGS contracts with a third party auditor, who determines what departments will be audited.

Mr. Lui-Kwan asked whether DoTax audits tax returns to ensure that the surcharge is being paid. Mr. Pablo responded that it does when Oahu taxpayers are audited.

Mr. Hui asked whether any appropriation had been made for DoTax's administration of the county surcharge, beyond the 10% of surcharge revenues collected. Mr. Pablo explained that the 10% fee was established by the Legislature, who did not make an appropriation to start up the administration of the surcharge. However, the mayor guaranteed \$5 million to establish it, with which DoTax was able to make changes to the computer system that allowed the processing of the surcharge. He explained that the 10% fee goes into the state general fund, whose disposition is determined by the Legislature.

Mr. Formby asked how DoTax determines the lag time between payment being received and the determination of the liability. Mr. Pablo stated that DoTax accounts for cash received first, and the liability amount is then determined from the tax return, which is sometimes posted up to three months later. He said that the time lag varies.

Mr. Formby asked what happens when a return contains no payment. Mr. Pablo explained that the return is posted and liability is established, and the taxpayer is sent a notice for payment. If there is no response to notices, collection action commences, and priority is given to the county surcharge. He explained that he did not have information on the delinquency rate.

Mr. Horner thanked Mr. Pablo for the presentation, which lends confidence to DoTax's numbers. He asked DoTax's continued cooperation, and said that HART's goal is to ensure that its budgets and forecasting are sound. Mr. Pablo acknowledged the importance of the rail project, and acknowledged the work of DoTax's financial advisor Titin Sakata and legislative coordinator Mallory Fujitani.

Mr. Bunda asked whether the figure DoTax provides to B&F is the same number provided to HART. Mr. Pablo stated that DoTax provides B&F with a gross collections amount. B&F then combines those amounts into a quarterly payment remitted to the City, which matches what DoTax provides on a quarterly basis.

Ms. Okinaga asked for an approximation of how much in GET collections are based on the 4% tax rate, as opposed to other rates that the surcharge does not apply to. Mr. Pablo said that he did not have that information, but would provide it. Ms. Okinaga asked whether the staffing vacancies are funded or unfunded, and Mr. Pablo said they are funded. He said DoTax tries to fill those vacancies through continuous recruitment.

Mr. Horner asked whether the spreadsheet prepared by DoTax, which showed an average of about \$17.5 million per month in surcharge collections, could be made public, and Mr. Pablo said he would provide it. He said that the amounts were dynamic, but the most recent fiscal year figures available, from FY12, show an average monthly county surcharge collection of \$17.2 million.

Ms. Okinaga asked whether DoTax is contemplating improvements to the county surcharge tax return form. Mr. Pablo stated that DoTax would be reviewing all tax forms in the next three years, with an eye to better reporting and data management.

Mr. Horner pointed out that the data showed an increase in GET collections of approximately 9%. He expressed his hope that the same positive growth rate, as compared to the estimated 5% growth rate used for budgeting purposes, is in place when the 2013 liabilities are collected.

Mr. Lui-Kwan asked what percentage of GET revenues come from visitors, and what percentage are local dollars. Mr. Pablo said that the most recent figures on the subject from the 2005-2007 Tax Review Commission show that visitors contribute significantly to the tax base. He said he would provide that to the Board. Mr. Horner stated that he thought approximately one-third of GET revenues are attributed to visitors.

Mr. Horner and Ms. Okinaga thanked Mr. Pablo for his presentation.

IX. Discussion of the Addition of HART's Executive Director & CEO to the Policy Committee of Oahu Metropolitan Planning Organization

Oahu MPO Executive Director Brian Gibson stated that MAP-21 now requires that metropolitan planning organizations include public transportation authorities in their membership. Accordingly, the Legislature has amended HRS Chapter 279E to include the director of a mass transportation agency, and the Governor has signed it into law. Thus, Executive Director and CEO Dan Grabauskas became a member of OahuMPO's Policy Committee, which includes members of the Legislature, the City Council, State Transportation Director, and City Department of Transportation Services Director. Mr. Gibson provided a handout detailing OahuMPO's Policy Committee, a copy of which is attached hereto as Attachment C.

Mr. Gibson said that OahuMPO is an organization that decides where and how federal surface transportation monies are spent on the island of Oahu. HART is a recipient of these federal funds, so HART's membership would ensure that its needs are fully considered in the allocation. Mr. Gibson stated that OahuMPO also has two other committees, the Citizens Advisory Committee and Technical Advisory Committee, that inform the Policy Committee, which is OahuMPO's only decisionmaking body. Mr. Gibson intends to recommend that HART also join the Technical Advisory Committee.

Mr. Gibson stated that he would work with the Attorney General's Office, the Office of Information Practices, and Corporation Counsel on any Sunshine Law matters that may arise as a result of the overlap between individuals who are both OahuMPO Policy Committee members and HART Board of Directors members.

Ms. Okinaga thanked Mr. Gibson for his efforts at the Legislature this past year. She asked how membership of the Technical Advisory Committee is determined. Mr. Gibson replied that it is determined by the Comprehensive Agreement between the City, State, and OahuMPO.

Mr. Grabauskas thanked Mr. Gibson and his staff. Mr. Gibson said that OahuMPO strives to attain the "three Cs" in the planning process: comprehensive, collaborative, and continuous.

VI. Presentation Public Involvement Outreach

Jeanne Mariani-Belding, HART's Director of Communications, made a PowerPoint presentation on public outreach, attached hereto as Attachment D. She stated that HART complies with the federal requirement that it provide the public with information in a timely manner. She said that last year, HART's public involvement team participated in almost 350 workshops and meetings, 111 neighborhood board meetings, and 49 Board of Directors meetings.

Ms. Mariani-Belding outlined the various ways in which HART engaged in public outreach: through publishing the monthly HART Facts in the newspaper, producing a show on Olelo, weekly e-blast newsletters, weekly traffic advisories, updates on the HART website, real-time updates on social media, and by responding to public inquiries through its hotline and website. She outlined the media program, which includes news conferences, editorial boards, news releases, and ethnic media. Public outreach also informed the public through Art-in-Transit workshops, station design information community meetings, consulting party and traditional cultural properties meetings. Construction outreach includes community canvassing, and meetings and presentations with businesses and the general community.

Ms. Mariani-Belding addressed Dr. Anthony's testimony by saying that part of outreach is public input, and that she does not view them as distinct and separate. HART receives an average of about 95 inquiries from the public each month. Mr. Grabauskas echoed the importance of receiving input as part of public outreach. Mr. Hong echoed Dr. Anthony's supportive remarks regarding public outreach. Ms. Okinaga thanked Ms. Mariani-Belding for her presentation.

#### VII. FY2014 Business Plan

Mr. Grabauskas introduced Ron Tober, who has assisted HART at its inception, and has continued to provide valuable advice, particularly regarding the Business Plan. Ms. Okinaga stated that the Business Plan would be referred to the various committees after its introduction. The public is also encouraged to provide input on the Business Plan through the Board Administrator. The deadline for comments is June 10, 2013. The Business Plan would be adopted in June prior to the adoption of the FY2014 budgets, and is attached hereto as Attachment E.

Mr. Tober introduced the draft of the third annual Business Plan, in which significant changes were being made. He outlined the three purposes of the Business Plan as:

1. Linking work programs and financial plans of the agency to HART's business strategy;
2. Providing communication and transparency; and
3. Serving as a historical record of HART's activities.

Mr. Tober outlined the highlights and changes in this year's Business Plan, which include the affirmation of HART's business strategy, the FY14 work program and budgets, expanded information in specific sections, and additional financial information.

Mr. Lui-Kwan thanked Mr. Tober for his guidance during the selection of HART's Executive Director and CEO.

Mr. Horner expressed his concern over the statements on page 40 of the Business Plan about a barrier-free system and fare structure, as the Board has not yet decided on those matters. He stressed that he would like to focus on what the public wants, instead of the Federal Transit Administration. Mr. Tober explained that those statements reflect the current plan contained in the Environmental Impact Statement. Mr. Grabauskas said that he and Mr. Tober would work on Mr. Horner's suggestion, and incorporate information on the Oahu Transit Service/HART working group, as well as the fare policy Permitted Interaction Group of the Board.

Mr. Horner also indicated that the "Project and Systemwide Sources and Uses of Funds" table on page 43 is confusing, as it includes financial information on TheBus and TheHandi-Van. He expressed his preference for including information on HART only. Mr. Tober responded that much

of this was referencing the financial plan in the FFGA, that HART staff was developing an operating and maintenance plan, and that in future Business Plans he would be sure to incorporate Mr. Horner's suggestion. Mr. Horner said that he would like the Business Plan to reflect HART's actual position, and get away from reporting on the FFGA. Mr. Grabauskas said that he would include Mr. Horner's suggestion.

Ms. Okinaga thanked Mr. Tober for his efforts.

Mr. Hong remarked that the need for platform screen gates was illustrated by an incident that day in which a stroller rolled off a platform in Philadelphia. Mr. Grabauskas agreed that screen gates pay for themselves, and noted that the child in Philadelphia was saved.

Ms. Okinaga asked whether our trains would have the ability to call the next station to hold the train in the case of an emergency. Mr. Grabauskas said that there would be emergency call boxes for passengers.

#### VIII. Appointment of 9<sup>th</sup> Voting Board Member

Ms. Okinaga introduced a draft resolution for the members' consideration for the reappointment of member Robert "Bobby" Bunda for a five-year term. She pointed out that pursuant to the City Charter all members' initial terms were staggered, and that any reappointment thereafter would be for five years.

Mr. Bunda said that working on this project had been a tremendous experience. He thanked the Board for selecting him in 2011, and said that hoped they would consider him for reappointment. He provided a written statement, attached hereto as Attachment F, in support of his desire to continue in service to HART. He then left the room to allow the Board to deliberate.

Mr. Lui-Kwan moved for adoption of the resolution reappointing Mr. Bunda, saying that Mr. Bunda had made a great contribution to HART. Mr. Hong seconded the motion. Mr. Formby, referring to Mr. Bunda's written statement, said that he was impressed by how grounded Mr. Bunda is, which distinguishes a great public servant from a public servant. All being in favor, the motion carried unanimously.

Mr. Horner clarified that appointed Board members were subject to the consideration of the appointing authority.

Mr. Bunda returned to the room, and Ms. Okinaga congratulated him and thanked him for his service.

#### XI. Litigation Update

Deputy Corporation Counsel Gary Takeuchi reported that there had been developments related to a few motions filed since his last report. In the *Kaleikini* case, the Plaintiff had sought about \$225,000 in attorneys' fees and \$2,500 in costs for both the appeal and the Circuit Court litigation. The Supreme Court decided on May 2, 2013 that it would rule only on Plaintiff's entitlement to fees and costs related to the appeal, and awarded her approximately \$41,000 in fees and \$343 in costs. The court also ruled that the State of Hawaii has sovereign immunity, and will therefore not be liable for any fees or costs; Plaintiff has filed a motion for reconsideration on that point.

In the *Honolulutraffic.com* case, the City filed a motion with the trial judge to clarify or modify the injunction regarding real estate acquisition activities in the City Center section. The judge denied the motion on the basis that the case was now on appeal with the Ninth Circuit, but he indicated his willingness to consider granting some of the requested relief if the appellate court allowed referral of the issues back to him. The City also filed a motion with the Ninth Circuit to dismiss appellants' appeal due to lack of jurisdiction. This motion was denied, but the Ninth Circuit motions panel indicated that the jurisdictional arguments could be raised in the City's brief on the merits of the appeal. The appellants moved for an expedited briefing schedule because they seek a resolution prior to HART resuming construction in the fall. This motion was granted without explanation. Oral argument has been set for August 15, 2013 in San Francisco.

Mr. Lui-Kwan congratulated Mr. Takeuchi on the favorable result in the *Kaleikini* fees and costs issue.

## XII. Executive Director and CEO's Report

Mr. Grabauskas thanked the Board on behalf of the staff for efforts in reaching their 100<sup>th</sup> meeting.

He reported that the Art in Transit program had been launched that week. Mr. Grabauskas thanked Mayor Caldwell and HART Board Vice Chair Lui-Kwan for his eloquent words at the press conference.

Mr. Grabauskas reported on a very successful trip to Washington, D.C., which was attended by him, Chair Okinaga, Mayor Kirk Caldwell, and City Council Chair Ernest Martin. They emphasized with the officials and staff they met with that despite some delays, HART was moving the project forward. All officials stressed the significance of HART having become an FTA grantee prior to the start of sequestration, and confirmed that HART will get all the funds in the FFGA. Mr. Grabauskas also said that the President's budget for the next fiscal year included a \$250 million request for the Honolulu rail project, which represents the single largest New Starts request in the nation.

Mr. Grabauskas reported that the project management oversight meetings over the last several months had been very positive. HART's relationship with the FTA is as strong as it's ever been.

Reporting on how HART is addressing the two lawsuits, Mr. Grabauskas reported that HART had filed both the City Center and Airport sections Archaeological Inventory Survey reports with the State Historic Preservation Division (SHPD). HART continues to receive very positive feedback from SHPD regarding these reports. Burial treatment plans for the seven *'iwi kupuna* finds and data recovery are being discussed in consultations with the cultural descendants, and have been progressing well.

Additionally, Mr. Grabauskas reported that HART was working closely with the FTA on the two areas of additional study in the federal case – the Beretania Street alternative and Mother Waldron Park. The FTA has provided positive feedback to HART's efforts.

The Traditional Cultural Properties (TCP) report is excellent, thanks to author Kepa Maly's efforts. Meetings regarding the TCP report with the consulting parties have been very positive as well.

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Mr. Grabauskas reported that HART continues to receive shipments of the third, or contact, rail that was previously ordered. He said that HART continues to move forward with design and engineering work.

Mr. Grabauskas also reported that HART's subject matter representatives on the HART/OTS working group would be:

Diane Arakaki	Finance
Duane Sayers	Operations
Paul Romaine	Administrative Services
Rainer Hombach	Core Systems
Mike Rittenour	Rail Transit Operations (Ansaldo)

Mr. Grabauskas also reported on the City Council's operating and capital budget bills for HART, which were moving through the City Council. He reported that there had been no changes to the dollar amounts, and that the bills would be heard by the full Council on June 5, 2013. Bill 21, which authorizes the City to issue general obligation bonds, had also been reported out from the Budget Committee.

Regarding public outreach, Mr. Grabauskas reported that he had spoken at the Buy and Build Green Conference that week, and that he would be presenting to the Downtown Rotary Club and the Move Oahu Forward Board of Directors the following day. He invited Board members to attend any speaking engagements.

Ms. Okinaga directed members' attention to the Hawaii Community Development Authority Transit Oriented Development Overlay Plan flyer for their open house, which was included in members' packets. Mr. Horner expressed his concern about connectivity between the train and the bus in the Kakaako area. Mr. Grabauskas commended Board members George Atta and Mike Formby, who worked with HART and other stakeholders on connectivity at the Ala Moana station. Mr. Horner suggested including other stakeholders such as the Department of Education, major employers such as hotels and hospitals, and the military regarding connectivity. Mr. Grabauskas replied that staff is having frequent discussions with the Navy and Airport, and would welcome conversations with the schools. Staff and Mr. Grabauskas are also engaging with HCDA and developers Howard Hughes and Stanford Carr, amongst others. Mr. Hong agreed that the TOD Stakeholders Advisory Group would welcome participation by the DOE and the military.

Ms. Okinaga echoed Mr. Grabauskas' comments about the Washington, D.C. trip.

XII. Executive Director & CEO's Annual Performance Evaluation Report and Objectives

XIII. Executive Session

Ms. Okinaga stated that these two items would be taken up together, and called for public testimony. Hearing none, she called for a motion to enter into executive session. Mr. Hui moved that the Board go into executive session to consider the annual evaluation of the Executive Director and CEO where consideration of matters affecting privacy would be involved, and to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities with regard to these matters.

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Mr. Hong seconded the motion. The motion carried unanimously and the Board entered into executive session at 11:49 a.m.

The HART Board reconvened at 12:07 p.m. Mr. Hui moved to adopt the Performance Evaluation Report for the year past and Performance Objectives for the upcoming year for the Executive Director and CEO. Mr. Hong seconded the motion, which carried unanimously. Both documents are attached hereto as Attachment G.

There being no further business, Ms. Okinaga adjourned the meeting at 12:09 p.m.

Respectfully Submitted,

  
Cindy Matsushita  
Board Administrator

Approved:

  
Carrie Okinaga  
Board Chair

JUN 27 2013  
Date

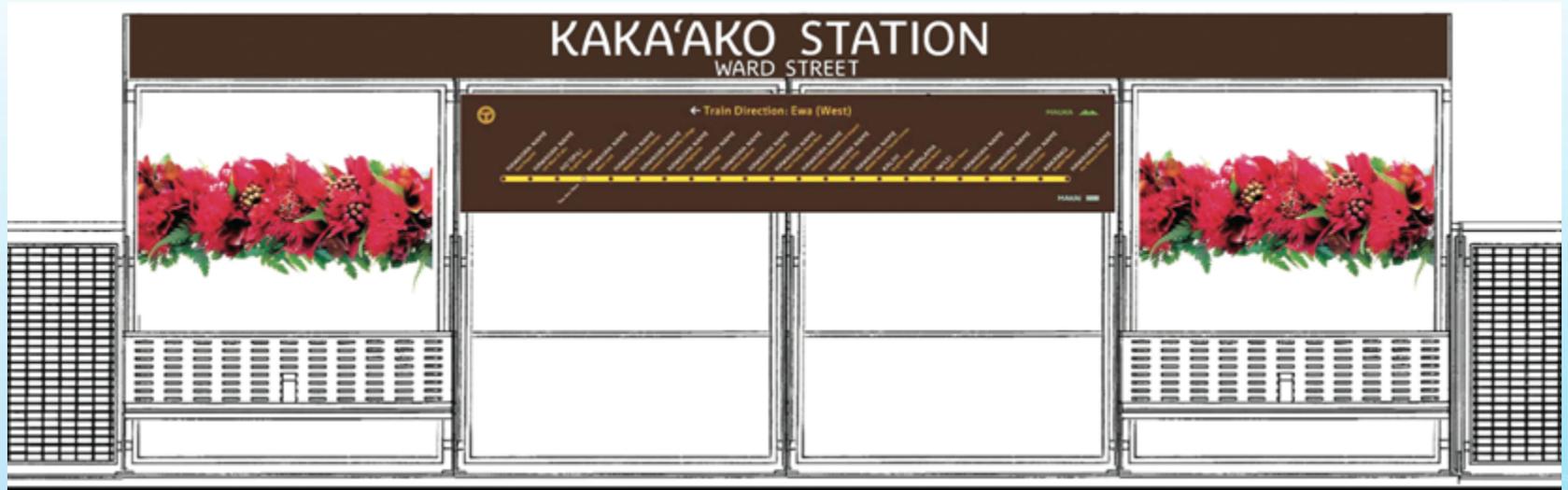
## ATTACHMENT A

# Honolulu Authority for Rapid Transportation

## Art-In-Transit Program

# Art-in-Transit Program

<b>Farrington Highway Station Group</b>	<b>\$ 694,371</b>
<b>Maintenance &amp; Storage Facility (OSB)</b>	<b>\$ 150,000</b>
<b>West Oahu Station Group</b>	<b>\$ 598,991</b>
<b>Kamehameha Highway Station Group</b>	<b>\$ 872,925</b>



# Art-in-Transit Program

<b>Airport Station Group</b>	<b>\$ 888,559</b>
<b>Dillingham Station Group</b>	<b>\$ 705,989</b>
<b>Kaka'ako Station Group</b>	<b>\$ 1,089,165</b>
<b>• Total</b>	<b>\$ 5,000,000</b>
<b>• Estimated # of artist contracts 23 to 25</b>	



Julie Chang, Transbay Joint Powers Authority, San Francisco



Doug & Mike Starn, MTA, New York City Transit

# Art-in-Transit Program - Call For Artists



Online application system

[www.callforentry.org](http://www.callforentry.org)

**Submittal Deadline: Thursday, June 20, 2013,**

7:59 p.m. Hawaii Standard Time or (11:59 p.m. Mountain Standard Time)

**Pre-Submittal Workshop: Saturday, June 1, 2013**

9:00 a.m. to 11:00 a.m. Hawaiian Standard Time

Honolulu Authority for Rapid Transportation

Ali'i Place, 1099 Alakea Street, Suite 150

Honolulu, Hawai'i 96813

**Download application requirements, project information**

<http://www.honolulu.gov/pur> or [www.callforentry.org](http://www.callforentry.org).

## ATTACHMENT B

# **0.5% City and County of Honolulu Surcharge on General Excise Tax**

May 16, 2013

State Department of Taxation

Presentation to HART Board of Directors

# Background

## Hawaii State Legislature 2005 Legislative Session

HB1309 HD2 SD2 CD1

Generated on 8/9/2005 10:39:24 AM

**Measure Title:** RELATING TO TAXATION.

**Report Title:** Public Transit; County Surcharge on State Tax

**Description:** Authorizes counties to levy a county surcharge on State tax to fund public transportation systems in their respective counties; repeals transit capital development fund. (HB1309 CD1)

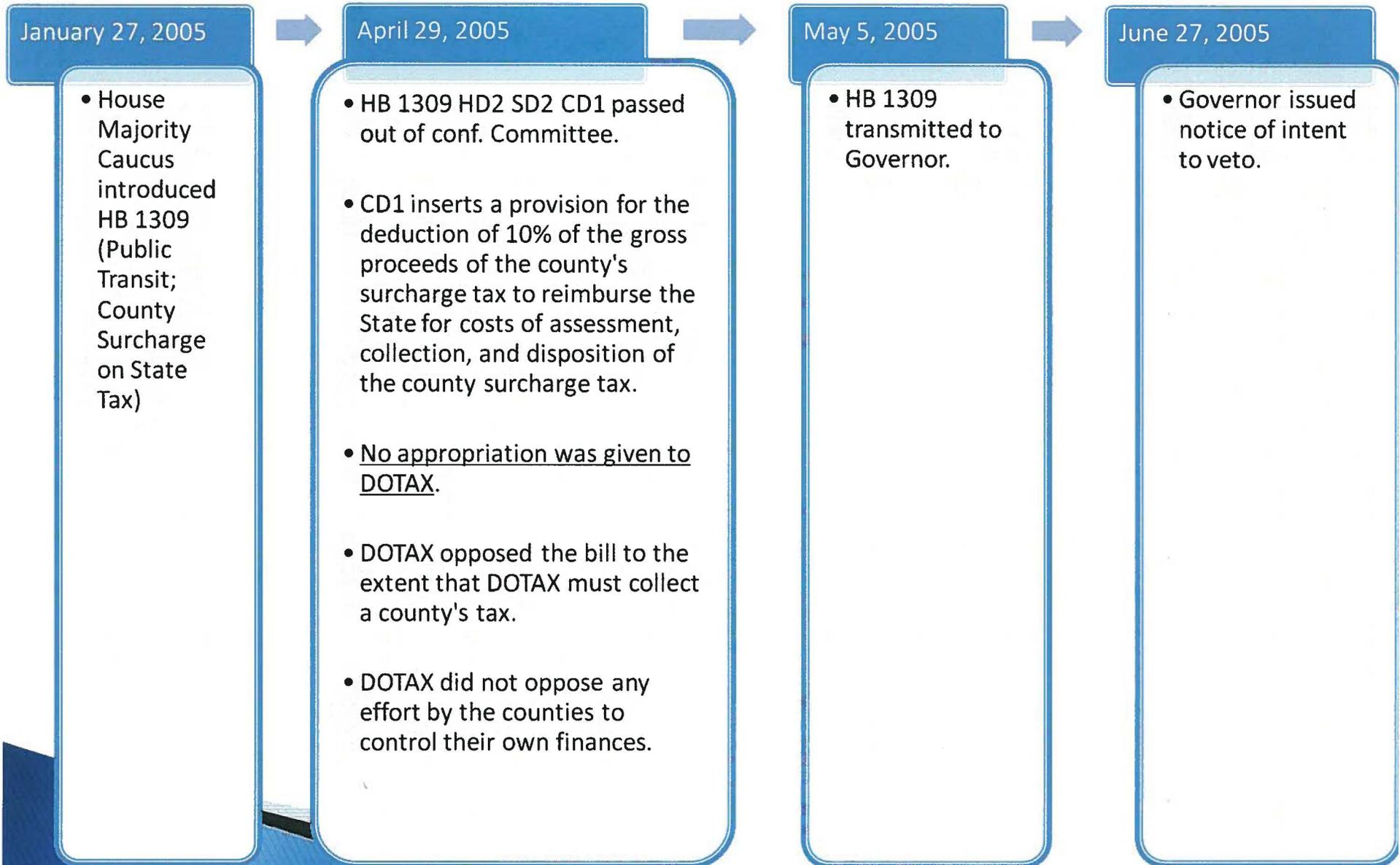
**Package:** House Majority Caucus

**Companion:** SB1731

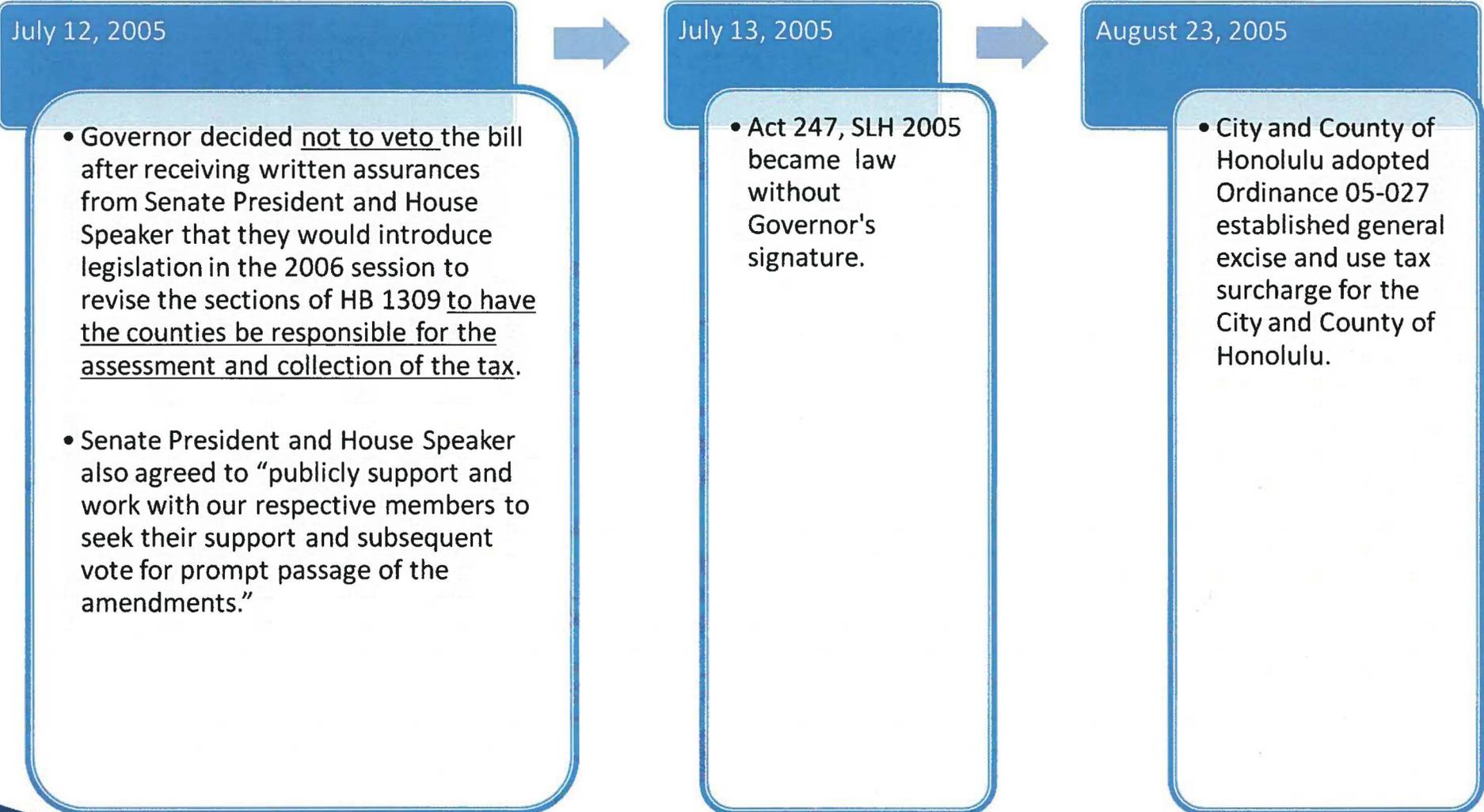
**Introducer(s):** SAY, ABINSAY, ARAKAKI, BERG, CABANILLA, CALDWELL, CHANG, CHONG, EVANS, GREEN, HALE, HERKES, HIRAKI, KAHIKINA, KANOHO, KARAMATSU, KAWAKAMI, LEE, MAGAOAY, MORITA, B. OSHIRO, M. OSHIRO, SCHATZ, SHIMABUKURO, TAKAI, TAKAMINE, TAKUMI, TSUJI, YAMANE, YAMASHITA, Ito, Nakasone, Nishimoto, Souki, Tanaka, Wakai

**Current Referral:** TGO/IGA, WAM

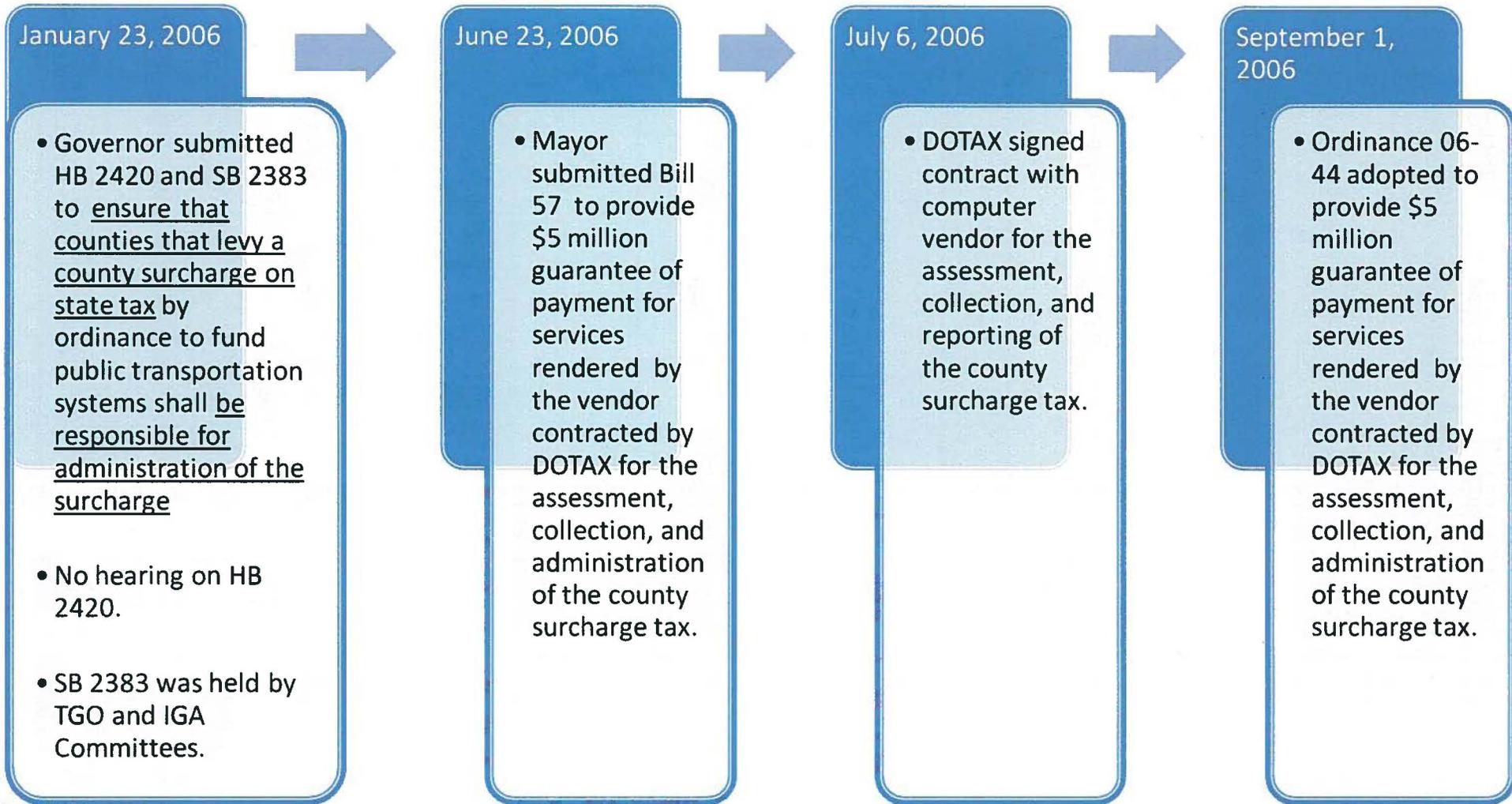
# Background



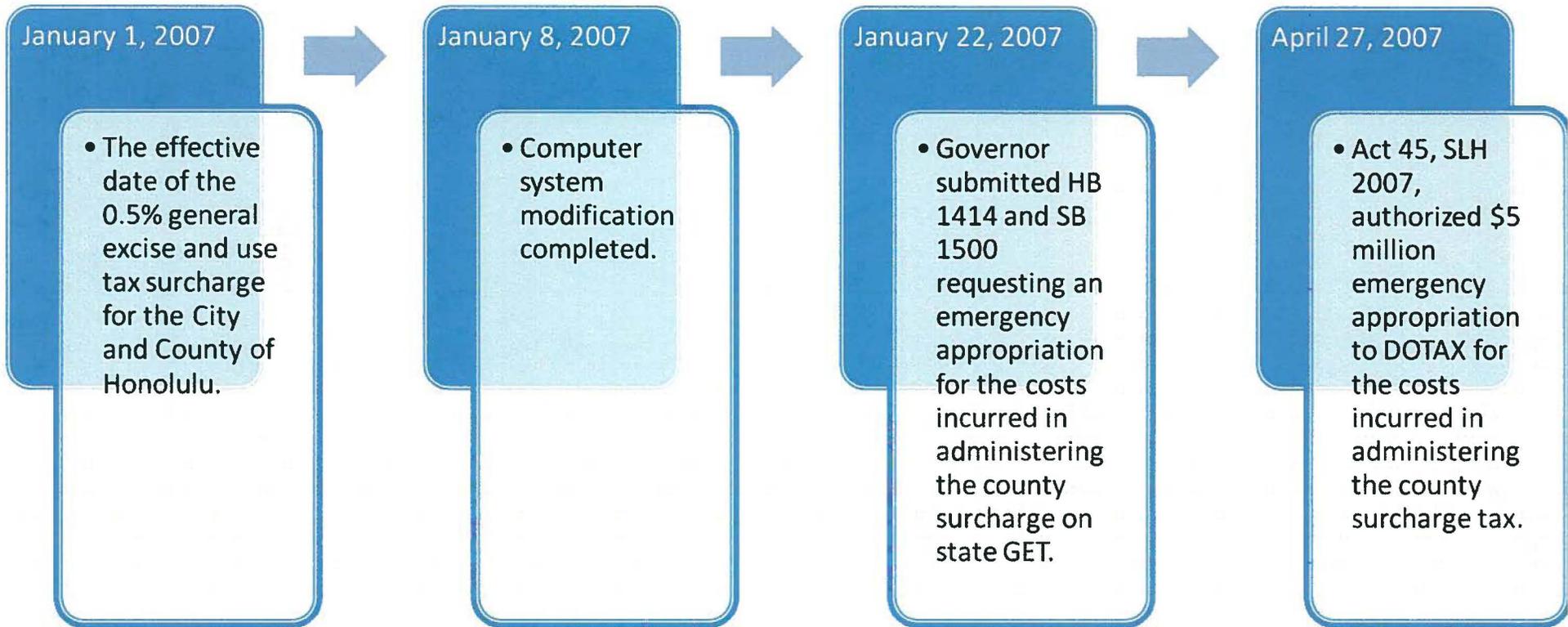
# Background (Continued)



# Background (Continued)



# Background (Continued)



## Background (Continued)

- ▶ Act 247, SLH 2005, created authority for County Surcharge Tax
- ▶ New ½% tax in addition to General Excise and Use Tax (GET)
- ▶ Starts January 1, 2007
- ▶ Only applies to **4% Oahu** transactions
- ▶ Does NOT apply to **0.5%** or **0.15%** transactions
- ▶ Does NOT apply to transactions exempt for GET

- ▶ GET at **4%** applies to:
  - Sale of goods and services
  - Contracting
  - Renting or leasing **tangible personal** property
  - Renting or leasing **real** property
  - Commissions
- ▶ GET at **0.5%** applies to:
  - Wholesaling
  - Manufacturing
  - Producing
  - Canning
- ▶ GET at **0.15%** applies to:
  - Insurance commissions

# Sourcing Rules

No.	Activity	Rule
1	Sales of Tangible Personal Property	Where the personal property is shipped or delivered
2	Rental or Lease of Tangible and Intangible Personal Property	Where the personal property is used
3	Rental or Lease of Real Property	Where the property is located
4	Contracting	Where the job site is located
5	Services	Where the services are intended to be used or consumed
6	Commissions	Where the services are rendered
7	Investment Interest	Where the control of the investment is located; unless taxpayer can show that a different location controls
8	Interest on Deferred Payment Sales	Same as no. 7 above
9	Theaters, Amusements	Where the event takes place. (Exception: reasonable allocation method)
10	Intangibles	Where the intangible property is used

**Tangible Personal**

*Property*

**Taxpayer  
(Business)**

**Sells To**

**Oahu  
Customer or  
Business**

**Neighbor  
Island  
Customer or  
Business**

**4% Transactions?**

**YES**

**NO**

**County  
Surcharge?**

**YES!**

**County  
Surcharge?**

**NO!**

**County  
Surcharge?**

**NO!**

**Service**

**Taxpayer  
(Business)**

**Provides Service To**

**Oahu  
Customer  
or Business**

**Neighbor Island  
Customer or  
Business**

**Where is the Service Being  
Consumed?**

**Where is the Service Being  
Consumed?**

**Oahu**

**Neighbor Island**

**Oahu**

**Neighbor Island**

**County  
Surcharge?  
YES!**

**County  
Surcharge?  
NO!**

**County  
Surcharge?  
YES!**

**County  
Surcharge?  
NO!**

# Why is there a processing delay?

▶ Section 237-30, Hawaii Revised Statutes (Prior to May 29, 2009 ):

◦ Monthly Filers:

"The taxes levied hereunder shall be payable in monthly installments on or before the last day of the calendar month *following* the month in which they accrue."

◦ Quarterly Filers:

"On a quarterly basis during the calendar or fiscal year, the return and payment to be made on or before the last day of the calendar month *after* the close of each quarter, to wit: for calendar year taxpayers, on or before April 30, July 31, October 31, and January 31 or, for fiscal year taxpayers, on or before the last day of the fourth month, seventh month, and tenth month *following* the beginning of the fiscal year and on or before the last day of the month following the close of the fiscal year; provided that the director is satisfied that the grant of the permit will not unduly jeopardize the collection of the taxes due thereon and the taxpayer's total tax liability for the calendar or fiscal year under this chapter will not exceed \$4,000."

# Why is there a processing delay?

- ▶ Section 237-30, Hawaii Revised Statutes (Prior to May 29, 2009 ):

- Semi-Annual Filers:

- "On a semiannual basis during the calendar or fiscal year, the return and payment to be made on or before the last day of the calendar month after the close of each six-month period, to wit: for calendar year taxpayers, on July 31 and January 31 or, for fiscal year taxpayers, on or before the last day of the seventh month *following* the beginning of the fiscal year and on or before the last day of the month following the close of the fiscal year; provided that the director is satisfied that the grant of the permit will not unduly jeopardize the collection of the taxes due thereon and the taxpayer's total tax liability for the calendar or fiscal year under this chapter will not exceed \$2,000."

- ▶ Section 237-30, Hawaii Revised Statutes (After May 29, 2009 ):

- The taxes are due on or before the twentieth day of the month *following* the month in which they accrue.
  - The change in deadlines (from the last day to the twentieth day) apply to quarterly and semi-annual filers.

# Why is there a processing delay?

## ▶ Section 231-9.9, Hawaii Revised Statutes:

- "The director of taxation is authorized to require every person whose tax liability for any one taxable year exceeds \$100,000 and who files a tax return for any tax, including consolidated filers, to remit taxes by one of the means of electronic funds transfer approved by the department..." (Emphasis added)
- Note: The requirement only applies to tax payments, not tax filings.

## ▶ For example, for calendar year 2012:

- About **71%** (\$4.4 billion) of total tax payments was via electronic fund transfer.
- For the GET:
  - About **27%** of Form G-45 (periodic GET return) processed was via electronic filing.
  - About **18%** of Form G-49 (annual GET return) processed was via electronic filing.

## ▶ Why is this important?

- Taxpayers filed their GET and County Surcharge (CS) tax on one tax return (Form G-45/G-49), and pay with one check.
- Payment for GET and CS is credited to GET first. CS only gets credited when GET returns are processed.
- Any delay in processing of GET returns will delay payment to the City and County of Honolulu.

# County Surcharge Tax Reporting and Payment

FORM G-45 WEB  
(Rev. 2008)

STATE OF HAWAII — DEPARTMENT OF TAXATION

DO NOT WRITE IN THIS AREA

10



GB1081

## GENERAL EXCISE/USE TAX RETURN

Fill in this oval ONLY if this is an AMENDED return

Month  Quarter  Semiannual

PERIOD ENDING (MM/YY)  /

NAME: \_\_\_\_\_

HAWAII TAX I.D. NO. W

Last 4 digits of your FEIN or SSN

BUSINESS ACTIVITIES	Column a VALUES, GROSS PROCEEDS OR GROSS INCOME	Column b EXEMPTIONS/DEDUCTIONS (Attach Schedule GE)	Column c TAXABLE INCOME (Column a minus Column b)
---------------------	---	---	---

### PART I - GENERAL EXCISE and USE TAXES @ 1/2 OF 1% (.005)

1. Wholesaling	<input type="text"/>	<input type="text"/>	<input type="text"/>
2. Manufacturing	<input type="text"/>	<input type="text"/>	<input type="text"/>
3. Producing	<input type="text"/>	<input type="text"/>	<input type="text"/>
4. Wholesale Services	<input type="text"/>	<input type="text"/>	<input type="text"/>
5. Use Tax on Imports For Resale	<input type="text"/>	<input type="text"/>	<input type="text"/>
6. Business Activities of Disabled Persons	<input type="text"/>	<input type="text"/>	<input type="text"/>
7. Sum of Part I, Column c (Taxable Income) — Enter the result here and on Page 2, line 21, Column (a)	<input type="text"/>		

### PART II - GENERAL EXCISE and USE TAXES @ 4% (.04)

8. Retailing	<input type="text"/>	<input type="text"/>	<input type="text"/>
9. Services Including Professional	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. Contracting	<input type="text"/>	<input type="text"/>	<input type="text"/>
11. Theater, Amusement and Broadcasting	<input type="text"/>	<input type="text"/>	<input type="text"/>
12. Commissions	<input type="text"/>	<input type="text"/>	<input type="text"/>
13. Transit Accommodations Rentals	<input type="text"/>	<input type="text"/>	<input type="text"/>
14. Other Rentals	<input type="text"/>	<input type="text"/>	<input type="text"/>
15. Interest and All Others	<input type="text"/>	<input type="text"/>	<input type="text"/>
16. Use Tax on Imports For Consumption	<input type="text"/>	<input type="text"/>	<input type="text"/>
17. Sum of Part II, Column c (Taxable Income) — Enter the result here and on Page 2, line 22, Column (a)	<input type="text"/>		

**DECLARATION** - I declare, under the penalties set forth in section 231-06, HRS, that this return (including any accompanying schedules or statements) has been prepared by me and, to the best of my knowledge and belief, is a true, correct, and complete return, made in good faith for the tax period stated, pursuant to the General Excise and Use Tax Laws, and the rules issued thereunder.

IN THE CASE OF A CORPORATION OR PARTNERSHIP, THIS RETURN MUST BE SIGNED BY AN OFFICER, PARTNER OR MEMBER, OR DULY AUTHORIZED AGENT.

SIGNATURE  TITLE  DATE

Continued on Page 2 — Parts V & VI **MUST** be completed

Form G-45 (Rev. 2008) 10

FORM G-45 Page 2 of 2 WEB

Name: \_\_\_\_\_



GB1082

Hawaii Tax I.D. No. W \_\_\_\_\_

Period Ending \_\_\_\_/\_\_\_\_/\_\_\_\_

Last 4 digits of your FEIN or SSN \_\_\_\_\_

BUSINESS ACTIVITIES	Column a VALUES, GROSS PROCEEDS OR GROSS INCOME	Column b EXEMPTIONS/DEDUCTIONS (Attach Schedule GE)	Column c TAXABLE INCOME (Column a minus Column b)
---------------------	---	---	---

### PART III - INSURANCE COMMISSIONS @ .15% (.0015)

18. Insurance Commissions	<input type="text"/>	<input type="text"/>	<input type="text"/>
---------------------------	----------------------	----------------------	----------------------

### PART IV - CITY & COUNTY OF HONOLULU SURCHARGE TAX @ 1/2 OF 1% (.005)

19. Oahu Surcharge	<input type="text"/>	<input type="text"/>	<input type="text"/>
--------------------	----------------------	----------------------	----------------------

**PART V — SCHEDULE OF ASSIGNMENT OF TAXES BY DISTRICT** (ALL taxpayers MUST complete this Part and may be subject to a 10% penalty for noncompliance.) See Instructions. DARKEN the oval of the taxation district in which you have conducted business. IF you did business in MORE THAN ONE district, darken the oval "MULTI" and attach Form G-75.

20.  Oahu  Maui  Hawaii  Kauai  MULTI

### PART VI - TOTAL PERIODIC RETURN

	TAXABLE INCOME Column (a)	TAX RATE Column (b)	TOTAL TAX Column (c) = Column (a) X Column (b)
21. Enter the amount from Part I, line 7	<input type="text"/>	.005	<input type="text"/>
22. Enter the amount from Part II, line 17	<input type="text"/>	.04	<input type="text"/>
23. Enter the amount from Part III line 18, Column c	<input type="text"/>	.0015	<input type="text"/>
24. Enter the amount from Part IV, line 19, Column c	<input type="text"/>	.005	<input type="text"/>
25. <b>TOTAL TAXES DUE.</b> Add column (c) of lines 21 through 24 and enter result here. If you did not have any activity for the period, enter "0.00" here			<input type="text"/>
26. Amounts Assessed During the Period (For Amended Return ONLY)	PENALTY \$ <input type="text"/>		
	INTEREST \$ <input type="text"/>		
27. <b>TOTAL AMOUNT.</b> Add lines 25 and 26			<input type="text"/>
28. <b>TOTAL PAYMENTS MADE FOR THE PERIOD</b> (For Amended Return ONLY)			<input type="text"/>
29. <b>CREDIT TO BE REFUNDED.</b> Line 28 minus line 27 (For Amended Return ONLY)			<input type="text"/>
30. <b>ADDITIONAL TAXES DUE.</b> Line 27 minus line 28 (For Amended Return ONLY)			<input type="text"/>
31. <b>FOR LATE FILING ONLY</b> → PENALTY \$ <input type="text"/>			
	INTEREST \$ <input type="text"/>		
32. <b>TOTAL AMOUNT DUE AND PAYABLE</b> (Original Returns, add lines 27 and 31; Amended Returns, add lines 30 and 31)			<input type="text"/>
33. <b>PLEASE ENTER THE AMOUNT OF YOUR PAYMENT.</b> Attach a check or money order payable to "HAWAII STATE TAX COLLECTOR" in U.S. dollars to Form G-45. Write "GE", the filing period, and your Hawaii Tax I.D. No. on your check or money order. Mail to: HAWAII DEPARTMENT OF TAXATION, P. O. BOX 1425, HONOLULU, HI 96806-1425 or file and pay electronically at <a href="http://www.ehawaii.gov/efile">www.ehawaii.gov/efile</a> . If you are NOT submitting a payment with this return, please enter "0.00" here.			<input type="text"/>
34. <b>GRAND TOTAL OF EXEMPTIONS/DEDUCTIONS CLAIMED.</b> (Attach Schedule GE) If Schedule GE is not attached, exemptions/deductions claimed will be disallowed.			<input type="text"/>

Form G-45 (Rev. 2008) 10

# County Surcharge Tax Reporting and Payment

FORM G-45 **WEB**  
(Rev. 2008)

STATE OF HAWAII — DEPARTMENT OF TAXATION

DO NOT WRITE IN THIS AREA

10



## GENERAL EXCISE/USE TAX RETURN

GBI081

Fill in this oval **ONLY** if this is an **AMENDED** return

Month  Quarter  Semiannual

PERIOD ENDING (MM/YY)

/

NAME: \_\_\_\_\_

HAWAII TAX I.D. NO. **W**

-

Last 4 digits of your FEIN or SSN

Payment to C&C of Honolulu is based on tax liability established as reported in Form G-45/G-49, Part IV, provided that taxpayers make payment.

FORM G-45 Page 2 of 2 **WEB**



GBI082

Name: \_\_\_\_\_

Hawaii Tax I.D. No. **W** \_\_\_\_\_

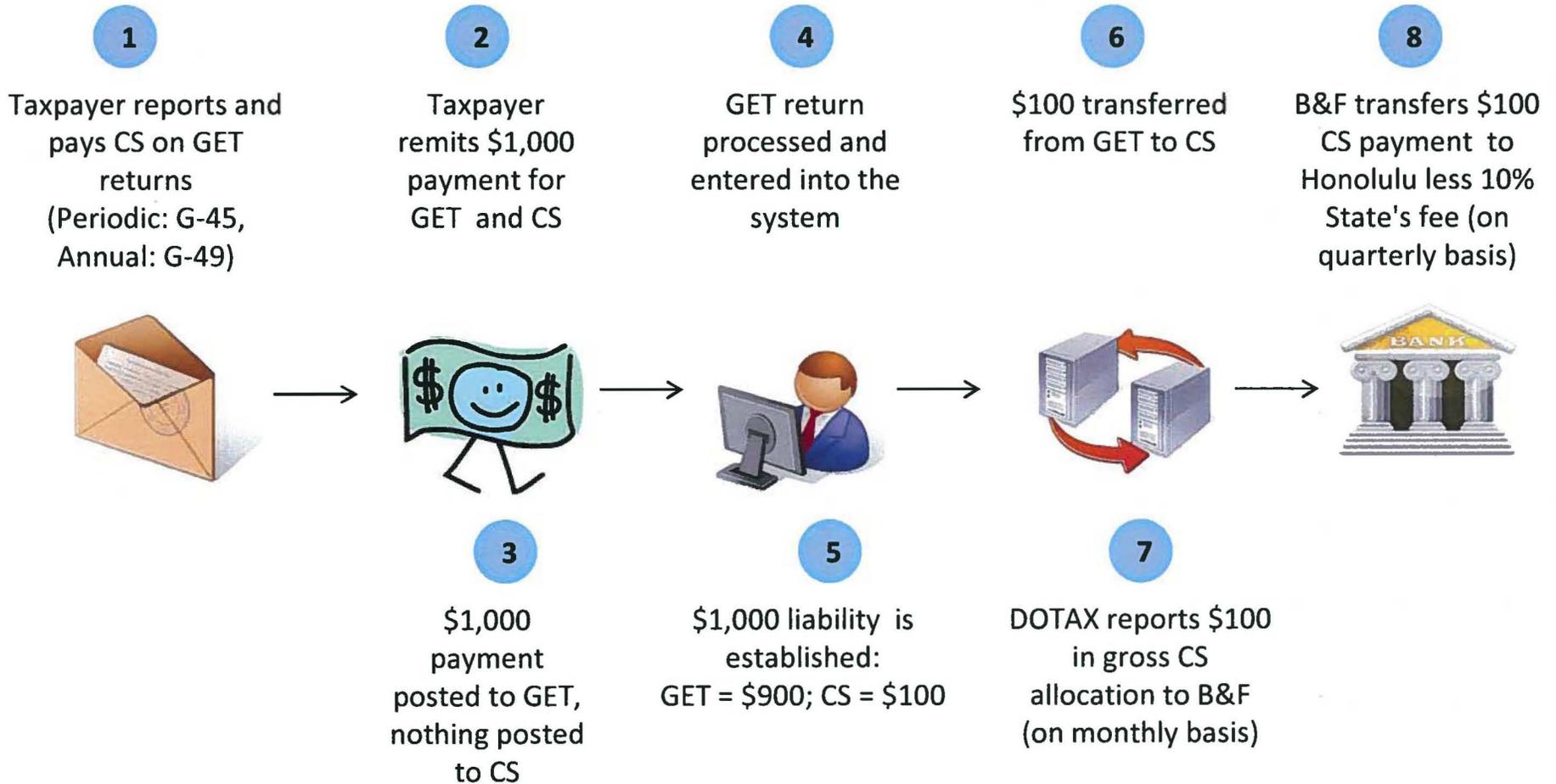
Period Ending \_\_\_\_ / \_\_\_\_

Last 4 digits of your FEIN or SSN \_\_\_\_\_

BUSINESS ACTIVITIES	Column a VALUES, GROSS PROCEEDS OR GROSS INCOME	Column b EXEMPTIONS/DEDUCTIONS (Attach Schedule GE)	Column c TAXABLE INCOME (Column a minus Column b)
<b>PART III - INSURANCE COMMISSIONS @ .15% (.0015)</b>			
18. Insurance Commissions	<input type="text"/>	<input type="text"/>	<input type="text"/> <input type="checkbox"/> Neg
			Enter this amount on line 23, Column (a)
<b>PART IV - CITY &amp; COUNTY OF HONOLULU SURCHARGE TAX @ ½ OF 1% (.005)</b>			
19. Oahu Surcharge	<input type="text"/>	<input type="text"/>	<input type="text"/> <input type="checkbox"/> Neg
			Enter this amount on line 24, Column (a)

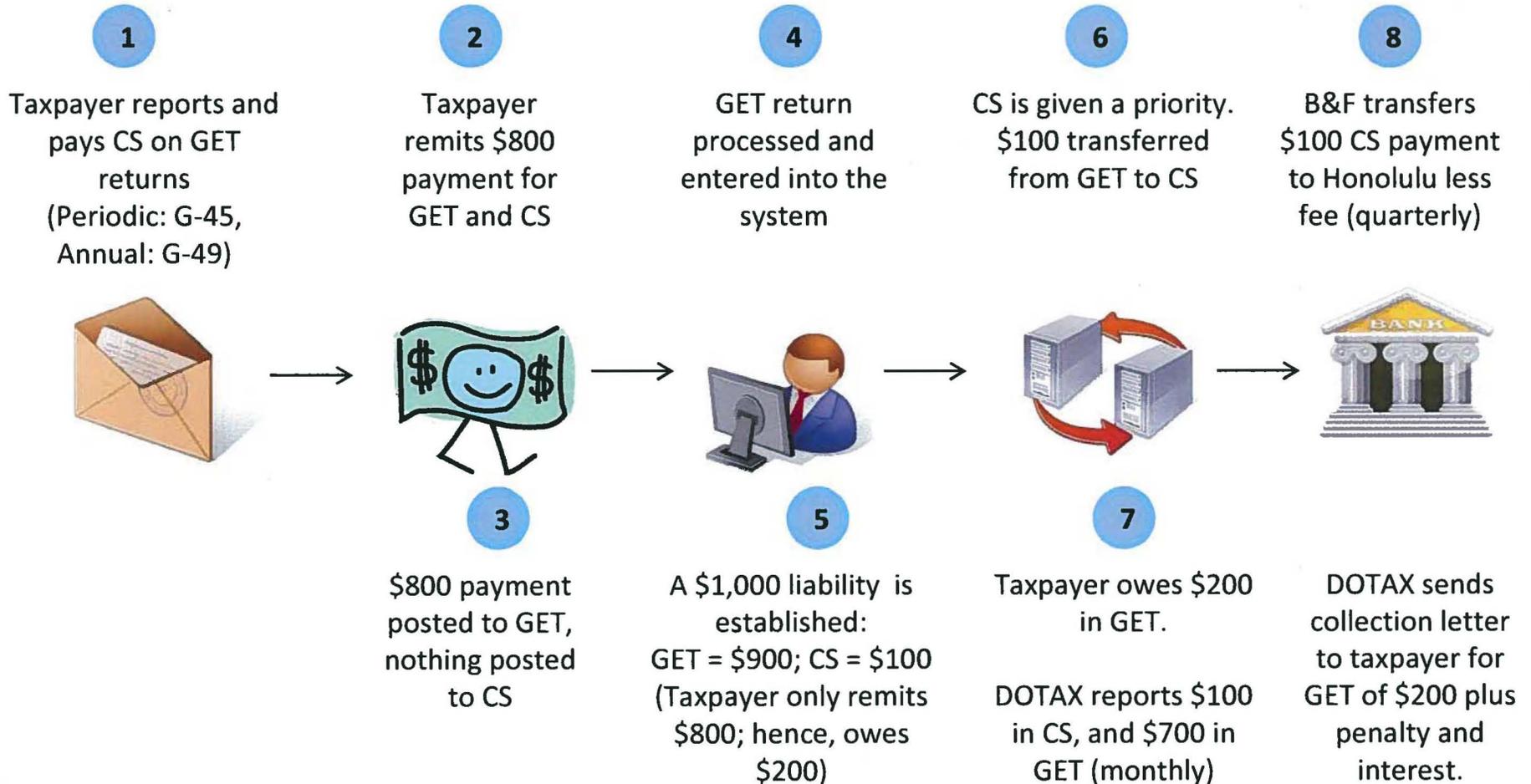
# Process for County Surcharge Tax Collection

(Example 1: Full Payment)



# Process for County Surcharge Tax Collection

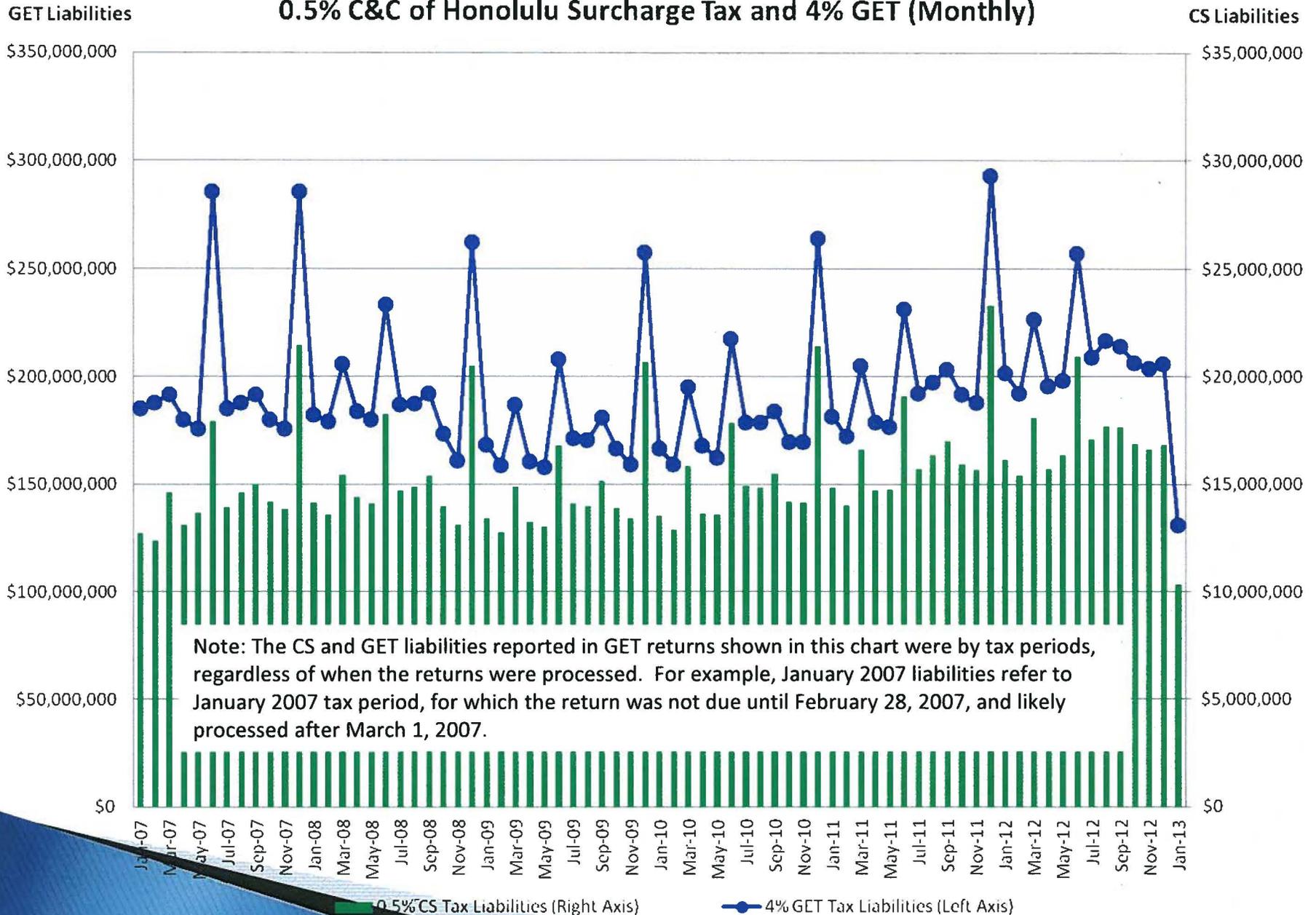
(Example 2: Partial Payment)



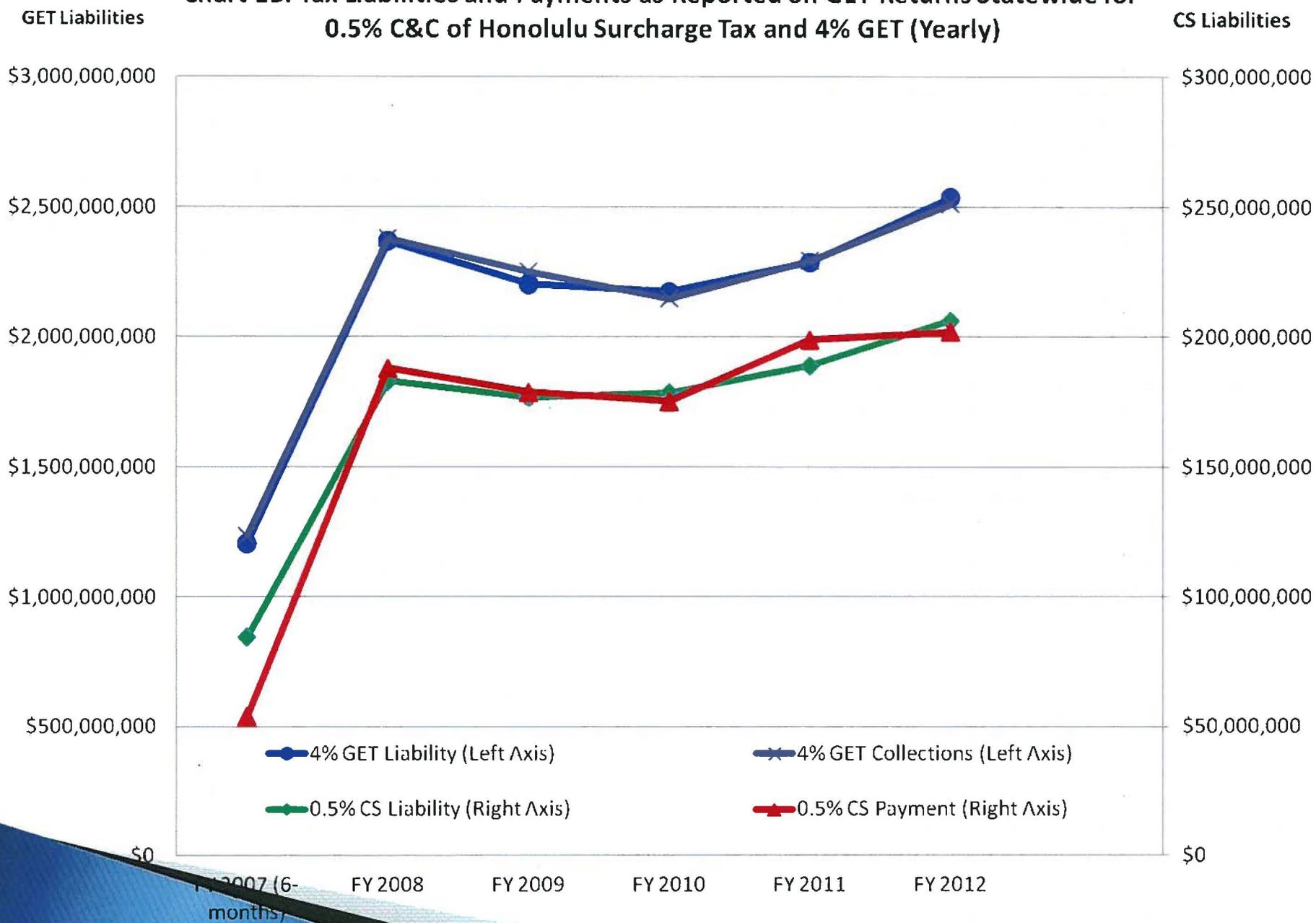
# General Excise and Use Tax Reviews of Payment

- ▶ Review of the tax data substantiates that payments to HART are consistent with the total surcharge tax liability reported by taxpayers on their GET returns.
  
- ▶ January 1, 2007 to March 31, 2013
  - CASH BASIS: County Surcharge Payments (as of 4/30/13): \$1.165 billion
    - (April 30, 2013 payment: \$21.9 million)
  - ACCRUAL BASIS: County Surcharge Liabilities (as of 5/12/13): \$1.160 billion
  
- ▶ DOTAX conducted further reviews and found that the overall surcharge payments and liabilities and the GET collections and liabilities for activities taxed at 4% were consistent (See Charts 1A-C).

**Chart 1A. Tax Liabilities as Reported on GET Returns Statewide for  
0.5% C&C of Honolulu Surcharge Tax and 4% GET (Monthly)**



**Chart 1B. Tax Liabilities and Payments as Reported on GET Returns Statewide for 0.5% C&C of Honolulu Surcharge Tax and 4% GET (Yearly)**



**Chart 1C. Tax Liabilities as Reported on GET Returns Statewide for 0.5% C&C of Honolulu Surcharge Tax and 4% GET (Yearly)**



## Conclusion

- ▶ DOTAX has identified the fluctuations in the surcharge collection special account as processing issues.
- ▶ Essentially, this means that the processing of payments and the processing of the corresponding tax returns do not occur simultaneously.
- ▶ In basic terms, when a tax return and payment is received, processing of the payment is first priority.
- ▶ For the GET and surcharge payment, the entire amount is first reflected as GET collections and deposited into the State's general fund.
- ▶ After the tax return is processed, the surcharge amount reflected on the tax return is then allocated from the general fund to the surcharge special account.

# Mahalo

For more info, please visit our website at  
[tax.hawaii.gov](http://tax.hawaii.gov)



IN REPLY REFER TO:  
CMS-AP00-00415

HONOLULU AUTHORITY for RAPID TRANSPORTATION

April 1, 2013

Mr. Frederick Pablo  
Director  
Hawaii Department of Taxation  
Princess Ruth Keelikolani Building  
830 Punchbowl Street  
Honolulu, Hawaii 96813-5094

Daniel A. Grabauskas  
EXECUTIVE DIRECTOR AND CEO

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Damien T.K. Kim  
Glenn M. Okimoto, Ph.D.

Dear Mr. Pablo:

Subject: General Excise Tax County Surcharge

The General Excise Tax (GET) county surcharge authorized by State law and County ordinance is the largest single funding source for the Honolulu Rail Transit Project (H RTP); however, after several years of County surcharge collections and payments, there does not appear to be a discernable relationship between overall Statewide GET collections and the County surcharge amounts transferred to the City and County of Honolulu for the H RTP, particularly in recent calendar quarters. It is critical for the Honolulu Authority for Rapid Transportation (HART) to better understand how this source of revenue is assessed, collected, and transferred in order to more accurately, reasonably, and responsibly estimate future revenue/receipts to base and monitor our program's financial plan. As such, HART will be better equipped to provide the kind of transparency necessary for a project of this magnitude and complexity.

As such, I am writing to request information that would help us understand the quarterly fluctuations that we have experienced since the inception of the GET surcharge. The information we are requesting is from the Oahu District, which accounts for over 98% of the GET surcharge revenue. My questions and requests for information are:

- The monthly revenue base on which the 0.5% GET surcharge tax is collected for Oahu District from calendar year 2007 to date.
- The monthly revenue base on which the 4% GET tax is collected for Oahu District from calendar year 2007 to date.
- A comparison of the monthly 4% GET revenue base and the 0.5% GET surcharge revenue base and information on what would account for the differences between the two revenue bases.
- Examples of taxpayers that illustrate the differences in the above-mentioned revenue tax bases.
- Are the quarterly amounts transferred to the City based on the GET surcharge tax liability reported by taxpayers or based on the amounts collected?

Mr. Frederick D. Pablo, Director

Page 2

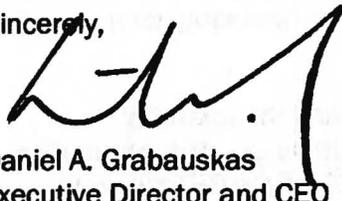
April 1, 2013

- If the amounts transferred to the City are based on collections and not on the tax liability, when is the difference transferred to the City? What is the process to reconcile the tax liability to the tax collections and how is it reflected in the monthly amounts transferred to the City?
- Reconciliation of the Oahu District tax liability to cash transferred from GET surcharge inception to-date.
- Have the surcharge receipts to the City been audited by a third party since inception in 2007?
- Information on the process for reporting the 4% GET and 0.5% GET surcharge amounts collected each month. Specifically, we would like to confirm that the monthly 4% GET collections and the 0.5% GET surcharge collections are based on the same tax information sources each month.
- Information on any review process that analyzes whether the difference in the monthly 4% GET revenue base and the 0.5% revenue base is reasonable.
- Information as to whether there is a review and audit of taxpayers who show a difference in the 4% GET revenue base versus the 0.5% GET surcharge revenue.

I look forward to discussing this request and working with your staff to better understand this major source of revenue to HART at your earliest convenience.

If you have any questions, please call Ms. Diane Arakaki at 768-6156.

Sincerely,



Daniel A. Grabauskas  
Executive Director and CEO

cc: HART Board

The Honorable Kirk Caldwell, Mayor  
Ms. Ember Shinn, Managing Director  
The Honorable Ernest Martin, Chair,  
and Councilmembers  
Mr. Nelson Koyanagi, Acting Director,  
Department of Budget and Fiscal Services

## ATTACHMENT C

# ***ABOUT THE POLICY COMMITTEE***

The Policy Committee is the "heart" of the OahuMPO planning process. It determines the direction of the OahuMPO effort, considers and approves transportation planning issues, and makes the final approval for OahuMPO matters. The Policy Committee is made up of 13 members. Five members are from the City Council, at least three of whom shall be from the Council's transportation committee. Three members are State senators, including the chair of the Senate's transportation committee. Three members are State representatives, including the chair of the House's transportation committee. One member is the Director of the State Department of Transportation (DOT) and one member is the Director of the City Department of Transportation Services (DTS).

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## **POLICY COMMITTEE MEMBERS**

*As of April 22, 2013:*

Chair: Councilmember Breene Harimoto

Vice Chair: Senator Donovan Dela Cruz

Honolulu City Council (5):

- Carol Fukunaga
- Breene Harimoto
- Joey Manahan
- Ron Menor
- Kymberly Marcos Pine

State Senate (3):

- J. Kalani English
- Will Espero
- Donovan Dela Cruz

House of Representatives (3):

- Henry Aquino
- Sharon Har
- Ryan Yamane

State DOT Director:

- Glenn Okimoto, Director

City DTS Director:

- Michael D. Formby, Director Designate

OFFICE OF THE GOVERNOR  
STATE OF HAWAII



GOV. MSG. NO. 1112

EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

April 16, 2013

The Honorable Donna Mercado Kim,  
President  
and Members of the Senate  
Twenty-Seventh State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

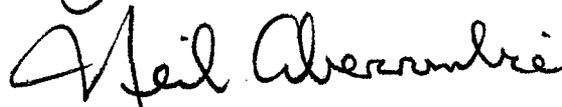
The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Seventh State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on April 16, 2013, the following bill was signed into law:

SB479 SD2

RELATING TO THE MEMBERSHIP OF A  
METROPOLITAN PLANNING ORGANIZATION  
**ACT 012 (13)**

*Aloha*  
Sincerely,  
  
NEIL ABERCROMBIE  
Governor, State of Hawaii

---

---

## A BILL FOR AN ACT

RELATING TO THE MEMBERSHIP OF A METROPOLITAN PLANNING ORGANIZATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 279E-3, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§279E-3 Metropolitan Planning Organization membership.**

4    (a) The MPO shall consist of a policy committee and appropriate  
5 staff. The MPO policy committee shall consist of [~~thirteen~~  
6 fourteen] members. These members shall include:

7           (1) Five members of the legislative body of the  
8           appropriate county;

9           (2) Three members of the state senate:

10           (A) One of whom shall be chairperson of the senate  
11           committee with primary responsibility for  
12           transportation issues. In the event there is  
13           more than one chairperson of the senate committee  
14           with primary responsibility for transportation  
15           issues, the senate president shall identify the  
16           chairperson who shall serve on the MPO policy



1 committee and who shall not be required to be a  
2 resident of the appropriate county; and

3 (B) Two of whom shall be residents of the appropriate  
4 county and shall be appointed by the senate  
5 president;

6 (3) Three members of the state house of representatives:

7 (A) One of whom shall be the chairperson of the  
8 committee of the house of representatives with  
9 primary responsibility for transportation issues;  
10 and

11 (B) Two of whom shall be residents of the appropriate  
12 county and shall be appointed by the speaker of  
13 the house;

14 (4) One member who shall be the director of  
15 transportation; [~~and~~]

16 (5) One member who shall be the director of the  
17 appropriate county department assigned primary  
18 responsibility for transportation planning[-]; and

19 (6) One member who shall be the director of the authority  
20 for rapid or mass transportation, or a successor  
21 agency thereof, that operates public transportation on  
22 that island.



1        (b) Each member of the MPO policy committee who is a  
2 member of the state legislature or the legislative body of the  
3 county shall serve for the same term as the term of office for  
4 which the member is elected. There shall be no remuneration for  
5 this service.

6        (c) Vacancies in the MPO policy committee that occur shall  
7 be filled in the same manner in which the original member was  
8 appointed."

9        SECTION 2. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11        SECTION 3. This Act shall take effect upon its approval.

APPROVED this 16 day of APR, 2013



GOVERNOR OF THE STATE OF HAWAII

## ATTACHMENT D

# PUBLIC OUTREACH UPDATE

## May 16, 2013



# Public Outreach

Engage, educate and inform the public about the rail project and its progress.

	Apr. 2012 – Apr. 2013	Total Since 2005
Community Workshops, Presentations, Informational and Community Meetings, Events	343	1,429
Neighborhood Board Meetings	111	750
HART Board Public Meetings	49	100 <i>Since 2011</i>



# Public Outreach: Education and Awareness

- Monthly HART Facts Ad
- Public Access Television Program
- Newsletter → Weekly eBlast
- Weekly Traffic Advisories
- Website and Social Media



## Rapid Response:

- 24-Hour Project Hotline
- Email Inquiries
- Website Inquiries



**HART**  
HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

**HART FACTS**

April 2013

HART CEO Dan Grabauskas answers community questions about rail transit.

**QUESTION:**  
Is the train going to affect bus service?

**DAN GRABAUSKAS:**  
When the train begins operating, it will actually expand transit services for those who ride the bus. The train will carry the majority of transit riders now using the major east-west bus routes and many of the buses on those routes will be redeployed to underserved areas, improving overall access to TheBus and public transit. And bus riders will be able to use a single pass to transfer to the train or go from the train to the bus.

Visit [HonoluluTransit.org/rail-facts](http://HonoluluTransit.org/rail-facts) for more information.

PROJECT REVENUE STATUS			
April 2013 <sup>1</sup>	Projections to Date <sup>2</sup>	Collected or Committed to Date	Percentage (of projections)
<b>REVENUE SOURCE:</b>			
Project Beginning Cash Balance (Dec. 2009)	\$ 298	\$ 298	100%
General Excise Tax (GET) Surcharge	3,298	1,029	31%
Federal New Starts Funds	1,550	320	21%
Other Federal Transportation Funds	294	4	2%
Interest Income	2	8	--
<b>TOTAL</b>	<b>\$ 5,355</b>	<b>\$ 1,659</b>	<b>31%</b>

1 - Revenue data cutoff date April 23, 2013. 2 - Projections to date from the June 2012 Financial Plan.

PROJECT COST STATUS			
End of March 2013	Current Budget <sup>1</sup>	Amount Committed <sup>2</sup>	Amount Expended <sup>3</sup>
	(in millions)	(in millions)	(in millions)
Guideway & Track Elements	\$ 1,154	\$ 521	\$ 25
Stations, Stops, Terminals, Intermodal	400	--	--
Support Facilities, Yards, Shops, Admin	102	102	5
Sitework & Special Conditions	532	524	290
Systems	221	203	--
Vehicles	190	190	--
<b>SUB-TOTAL</b>	<b>\$ 2,699</b>	<b>\$ 1,542</b>	<b>\$ 241</b>
Right of Way (ROW), Land, Existing Improvements	\$ 186	\$ 43	\$ 40
Professional Services (e.g., Planning and Design)	1,010	669	375
Contingencies	69	5	--
Finance Charges	275	--	--
<b>SUB-TOTAL</b>	<b>\$ 2,109</b>	<b>\$ 718</b>	<b>\$ 415</b>
<b>TOTAL</b>	<b>\$ 4,808</b>	<b>\$ 2,260</b>	<b>\$ 656</b>

1 - Current Budget reflects the June 2012 Baseline Budget with executed Budget Transfers.  
2 - Approved contract values. 3 - Portion of the work that has been paid.  
\* Due to rounding, column totals shown may not be exact.

**DID YOU KNOW?** Commuters riding the train instead of driving will take 40,000 cars off our roads every weekday.

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www.HONOLULUTRANSIT.ORG



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

# Public Outreach: Media

Keep the public informed about the project and key issues:

- News Conferences
- Morning Show Appearances
- Editorial Boards
- News Releases
- Op-Eds
- Ethnic Media
- Trade Publications



# Public Outreach: HART Programs

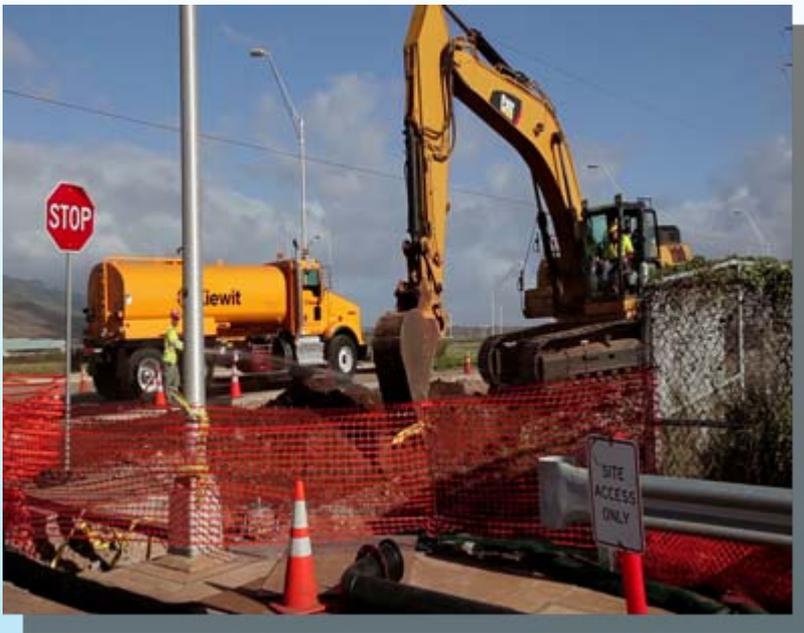
- Art-in-Transit Workshop
- Station Design Informational Community Meetings
- Consulting Party and Traditional Cultural Properties Meetings
- Programmatic Agreement Compliance



# Public Outreach: Looking Ahead

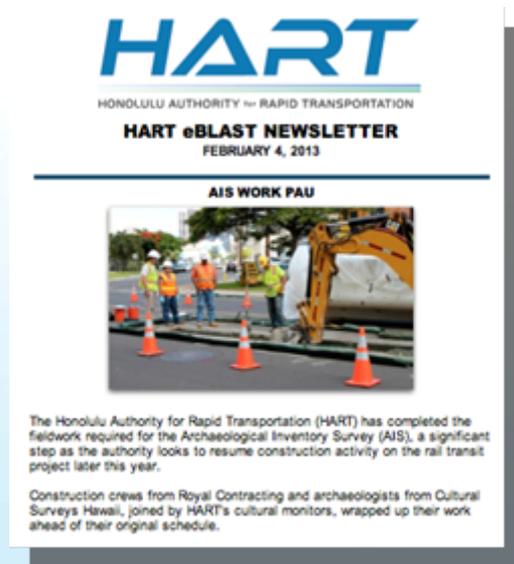
## Construction Outreach:

- Community Canvassing
- Business and Community Meetings/Presentations
- Keeping Key Partners Informed



# Staying Connected

**24-HOUR PROJECT HOTLINE: (808) 566-2299**  
**EMAIL: [info@HonoluluTransit.org](mailto:info@HonoluluTransit.org)**



eNewsletter



Channel 54  
Sundays at  
4:30



HonoluluTransit.org



# ATTACHMENT E

# Honolulu Authority for Rapid Transportation

## FY2014 Business Plan

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

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**HART**

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

# HART FY2014 Business Plan

## Purposes

- **Link Agency Work Programs and Financial Plans to HART's Business Strategy**
  - Set policy direction through business strategy
  - Ensure coordination in management planning
  - Measure progress and performance
- **Communications and Transparency**
  - Stakeholders
  - General Public
  - Employees and Contractors
- **Historical Record of HART's Activities**
  - A retained permanent record of the agency

# HART FY2014 Business Plan

## Highlights and Changes

- **Affirmation of HART Business Strategy (Mission/Vision/Goals)**
- **FY2014 Work Program and Budgets**
- **Changes from Prior Year Plans**
  - Expanded information on previous year
  - Expanded Work Program section:
    - More detail
    - Added EEO/DBE Section
    - Revised TOD Section
- **Additional Financial Information**
  - Addition of historical information
  - Linkage to HART 20-year Financial Plan (June 2012 FFGA)

# HART FY2014 Business Plan

## Appendices

**A – Balanced Scorecard – 3Q FY2013**

**B – FY2014 Organizational Structure**

**C – Project Description – updated**

**D – Financial Charts and Tables**

- **Financial Plan – Project Sources and Uses of Funds**
- **Summary of HART Financial Information**

# HART FY2014 Business Plan

## Next Steps

- **Board adoption on June 20<sup>th</sup> with FY2014 Budget**
- **Board review and comments**
- **Public input and comments to Board Administrator Cindy Matsushita**
- **Need input and comments by June 10th**

***Mahalo!***

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**HART**

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

The logo for the Honolulu Authority for Rapid Transportation (HART) features the word "HART" in a bold, blue, sans-serif font. The letters are stylized with sharp, angular edges. Below the text, there are two horizontal lines: a thin blue line on top and a thicker green line on the bottom.

HONOLULU AUTHORITY for RAPID TRANSPORTATION

**HONOLULU AUTHORITY FOR RAPID  
TRANSPORTATION**

**BUSINESS PLAN**  
for  
**FY2014**

**DRAFT**

**May 2013**

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# HART Business Plan

## INTRODUCTION

This document provides a third year Business Plan for the Honolulu Authority for Rapid Transportation (HART) covering fiscal year 2014 (July 1, 2013, through June 30, 2014). It is designed to describe HART's business activities and resource allocations during the agency's third year of operations in accordance with its responsibility for building and ultimately operating the Honolulu Rail Transit Project (HRTP), from East Kapolei in West O'ahu to Ala Moana Center (HRTP).

The FY2014 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 the third year of operations, and how it will go about performing its responsibilities. The HART Board of Directors (BOD) will review and approve the FY2014 Business Plan in conjunction with its review and final approval of a FY2014 Budget. In the future, it is envisioned that HART will prepare an annual Business Plan with a multi-year moving timeframe. The annual Business Plan will provide historical information and a projection of key operating and financial information for at least one year beyond the fiscal year which is the focal point of the Plan to provide a look-ahead for management planning and performance trend oversight purposes.

### Summary of FY2013 Highlights and Progress

FY2013 was HART's second year of existence. During the year, the HART BOD, staff, and consultant team made progress toward achieving the vision of bringing rapid transportation to O'ahu despite major challenges presented by litigation. Shown below is a brief summary of major events and accomplishments during HART's second year:

#### Project Delivery:

- Construction was started on the West Oahu/Farrington Highway guideway section and 16 columns were completed. Three full properties needed for the HRTP were acquired and eminent domain proceedings were started on two additional properties.
- Construction activities on the West Oahu/Farrington Highway guideway section were suspended as a result of a Hawaii Supreme Court ruling (*Kaleikini v. Yoshioka, et al.*) mandating that HART complete an Archaeological Inventory Survey (AIS) on all four sections of the alignment. Steps were taken to perform the necessary AIS work which was completed two months ahead of schedule. During the AIS work, a first-of-its-kind cultural monitoring program was developed. This program will serve as a model for the remainder of construction on the HRTP. The results of the AIS were submitted to the State Historic Preservation Division (SHPD) for review and approval for the entire alignment. The resumption of construction awaits SHPD action.
- 8,735 tons of running rail (all the rail needed for the project) was rolled, shipped and received by HART. The power contact rail is in the process of being delivered.

- In response to public input and other comments, the HART BOD approved funding for additional seats on the HRTTP railcars to be provided by Ansaldo Honolulu JV. As a result, seating capacity will be increased by 25%.
- An agreement was reached with the Hawaii Department of Transportation (HDOT) on funding for the State Rail Safety Oversight Program required by federal law. HART and HDOT worked cooperatively to hire a nationally recognized consultant who will assist in implementing and managing this program.
- The HART Transit Oriented Development (TOD) Committee formed a TOD Stakeholders Group to help promote TOD. The group, which will consist of various government and private sector stakeholders, will focus on providing and sharing information to facilitate TOD.

#### Finances:

- Successfully completed the required steps to receive a Federal Full Funding Grant Agreement (FFGA) from the Federal Transit Administration. The FFGA was executed on December 19, 2012. A key step in this major accomplishment was City Council action to approve a \$450 million “line of credit” for the HRTTP to be used only if absolutely necessary for future funding shortfalls.
- As a result of the FFGA, HART received \$67.5 million in March 2013 bringing total federal funding received to date for the HRTTP to \$132 million.
- Reduced the FY13 Operating Budget by \$1.5M and three staff positions.
- Completed the agency’s first annual financial audit cycle, which yielded overall favorable conclusions and findings related to the transition from DTS to HART. Issued first annual financial statement for HART since becoming a semi-autonomous unit.
- General Excise Tax Surcharge (GET) collections to date total \$651million which is \$33 million more than forecast in the June 2012 Financial Plan.
- Took aggressive action to keep the cost impact of the construction suspension below the estimated \$7-10 million per month.

#### Other Litigation Matters:

- In the case of *Honolulutraffic.com et al. v. FTA, et al.* the U.S. District Court ruled in favor of the City and FTA on a vast majority of the plaintiff’s claims. However, the Court did rule that the City and FTA (1) had failed to adequately identify Traditional Cultural Properties (TCP) prior to the issuance of the Record of Decision on the project, (2) failed to adequately consider the Beretania Street Tunnel alternative, and (3) failed to consider whether the project would constructively “use” Mother Waldron Park. The decision resulted in additional analyses and a suspension of construction and real estate acquisition activities in section four (City Center Section) of the alignment. A revised TCP report was prepared and transmitted to SHPD in compliance with the ruling. In addition, a draft Supplemental EIS was prepared and filed with the FTA which addressed the Beretania Street alignment and Mother Waldron Park issues. The TCP reports for Phase 4 and a Supplemental EIS have been prepared and further activities will be undertaken to seek approval of these additional analyses.
- In the case of *Bombardier Transportation (Holdings) USA, Inc. v. Director, Dept. of Budget and Fiscal Services, et al.*, the State of Hawaii Intermediate Court of Appeals denied the appeal and upheld the City’s decision to disqualify Bombardier’s proposal for

the core systems contract solicitation. The ruling affirmed that the City's procurement process was done properly and in accordance with state law.

Organizational Development:

- Significant organizational and staffing changes occurred in FY2013, all designed to improve the effectiveness and efficiency of the organization. Key changes included:
  - ✓ Hiring of a Deputy Executive Director from the local community with considerable transportation, construction and public sector experience.
  - ✓ Hiring of an experienced Chief Financial Officer and staff to improve fiscal processes, accounting, financial analysis and reporting.
  - ✓ Two senior management positions were eliminated to flatten the organization and the area of public involvement was streamlined by eliminating positions and external contractors, all of which saved money.
  - ✓ A senior level Director of Operations and Maintenance position was established in recognition of HART becoming an operating organization in the future.
  - ✓ Changes in the Engineering and Construction area included consolidation of responsibilities and the internal promotion of three staff members to key positions within the restructured area. In addition, a new Manager of Project Controls was hired and now reports to the Deputy Executive Director. Also, the Core Systems Manager and the Risk Manager were replaced with experienced personnel.
- Finally, a working group was established with Oahu Transit Services (OTS) to explore how best to integrate bus and rail services, as well as opportunities for consolidating administrative functions between HART and OTS to improve efficiency and customer 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 and understandable 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 FY2014 HART Business Plan describes the basic elements of the business strategy for the agency. These elements are described below and 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. (Note: A later section of the FY2014 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*)

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 O'ahu by:

- **Mobility**: Improving mobility for all residents, visitors, and businesses on O'ahu 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 transit-oriented development 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: The above Vision Statement is based in part on the Environmental Impact Statement prepared for the H RTP.)

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 on time and within budget 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 to the Business Plan.

As shown in Appendix A, the HART BSC is structured to provide performance measures and metrics for each of 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 as well as a separate summary of the status of “mission critical” performance measures to enhance the transparency of the progress being made on implementing the HRTP.

In FY2014 and for the next several years HART will be engaged in completing the design and construction of the HRTP. Actual operation of rail service will not occur until 2017. 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 of HART’s business activities, it is envisioned that HART management will provide 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.

## FY2014 Work Program

### Agency Business Operations

HART came into existence July 1, 2011, and has functioned to date as a semi-autonomous agency of the City & County of Honolulu government. During FY2014, HART will continue to use various City business systems and administrative practices as appropriate when conducting the agency's business activities (e.g. Department of Transportation Services (DTS) procedures for Transportation Improvement Program (TIP) modifications and EEO reporting; the City's accounting and payroll systems; and the city's Enterprise Resource Planning (ERP) systems for both financial and Human Resources applications). In addition, HART will continue to receive services provided by other City Departments (e.g. Budget and Fiscal Services, Corporation Counsel, and Design and Construction). Individual agreements with City Departments set forth the scope and terms of the services to be provided. This support from the City enables the agency to continue concentrating its resources on the implementation of the HRTTP. During FY2014 and beyond, HART will evaluate the extent to which it should develop its own business systems to improve efficiency and delivery of needed business services.

HART will need to complete a number of steps during FY2014 to further develop the organizational capacity and capability to fulfill its Mission as described in the preceding section. Several of the actions that will be taken are designed to ensure that HART will maintain eligibility to receive Federal funding for the HRTTP. A preliminary listing of the tasks that will be undertaken in FY2014 is as follows:

- Continue to update BOD operating procedures and practices.
- Develop new agency operating procedures and practices as needed.
- Complete agency reorganization and recruit and hire key management, technical, and support staff.
- As required, adopt or modify BOD and HART policies guiding the agency business activities (e.g. financial policy and procurement policy).
- Continue to add and 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 management reporting.
- 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 second annual audit, specifically addressing deficiencies identified in 2012's audit report.
  - Continue to build finance, accounting and internal controls capability.

- Continue development of a brand identity for HART.
- Regularly update and communicate with stakeholders, including the Mayor and City Council, state officials and the Oahu Metropolitan Planning Organization Policy Committee to ensure a flow of information regarding the progress of the project.
- Continue the creation of an organizational structure and culture that will enable the fulfillment of the agency's Mission and Vision.

### **EEO and Disadvantaged Business Enterprise (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 the City's EEO Office and with DTS. Oahu Transit Services as the area's bus operator maintains its own FTA approved EEO Program. HART staff prepares combined reports for both the rail and DTS programs which DTS submits to the FTA for review and approval. The FTA has approved the combined EEO program for HART/DTS for the next three years.

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 to gain increased DBE participation in upcoming construction contracts whenever possible.

### **HRTP Project Implementation**

#### **Project Description:**

The HRTP is a proposed 20-mile light metro rail line in an exclusive right-of-way with fully automatic (driverless) train operation. All of the alignment, with the exception of the access and egress from the Maintenance and Storage Facility and the Leeward Community College Station, is elevated above existing highways and arterial roadways. The rail line includes 21 stations from East Kapolei, in West O'ahu, to Ala Moana Center. Initial service is scheduled to start in 2017 from the western end of the alignment at the East Kapolei Station to the Aloha Stadium Station with full service operations to Ala Moana Center starting in 2019. Full service is anticipated to operate 20 hours per day, with 3-minute headways during peak periods and 6-minute headways in the midday. End-to-end travel time is estimated to be 42 minutes. Service will be provided by 2-car trains. Average weekday rail boardings in 2030 are projected to be about 116,000 passengers. A peak hour directional maximum load of about 8,000 passengers per hour is anticipated in 2030.

**Appendix C** provides a more detailed description of the project along with background on the planning for the project.

Project Status and FY2014 Work Activity:

- Overall, the H RTP is currently in final design phase of project development with construction work programmed to re-start and continue on two Design-Build contracts for guideway sections and the Maintenance and Storage Facility.
- Contracts for a Program Management Support consultant (PMC) and General Engineering consultant (GEC) services will be continuing. The HART Operating Budget provides funding for 139 positions for the project which includes positions provided by the PMC.
- During Q1 of FY2014, efforts will continue to resolve and satisfy both the Hawaii Supreme Court and U.S. District Court decisions which have caused construction work to be suspended including:
  - Assisting SHPD in completing its AIS review and issuance of the necessary authorizations.
  - Completing the FTA and federal court reviews of the Supplemental EIS.
  - The objective is to restart construction by the end of Q1 to minimize delay claims and protect the project schedule from further delay.
- In preparation for the restart of construction, during Q1 of FY2014:
  - Complete negotiations on outstanding delay claims arising out of the suspension of construction work.
  - Work towards a “clean slate” with contractors by negotiating settlement of all outstanding notice to proceed (NTP) delay claims arising out of the start of the project.
  - To the extent possible, utilize the period to acquire old and new permits, rights of entry, land acquisition, and other agreements necessary to limit or eliminate exposure to future delays and delay claims.
- In FY2014, for the Design-Build (DB) contracts:

At the end of FY2014, overall construction of the West Oahu/Farrington Highway Guideway is expected to be 30% complete. The Kamehameha Highway Guideway contract design will be completed by the end of FY2014 with construction scheduled to be 20% complete. The Maintenance and Storage Facility design will be completed and construction is scheduled to be 40% complete at the end of FY2014.
- The Design-Build-Operate-Maintain (DBOM) Core Systems contract for train control, communications, operations and maintenance, and revenue vehicles, will be in the design phase and this effort will continue throughout FY2014 with contract completion at that time estimated at 10%.
- For the Design-Bid-Build (DBB) contracts:
  - The Airport Guideway and Utilities design will be completed by FY2014, with construction on the Airport Utilities expected to be 10% complete by the end of FY2014. Construction on the Airport Guideway will not begin until FY2015.

- The City Center Guideway and Utilities design will be completed by FY2014. Construction on the City Center Guideway and Utilities will not begin until FY2015.
  - The Farrington Highway Station Group design will be completed by the end of FY2013, and construction will be 20% complete at the end of FY2014.
  - The West O‘ahu Station Group design will be completed in the beginning of FY2014, and construction will be 5% complete at the close of FY2014.
  - The Kamehameha Highway Stations design will be completed by the beginning of mid-FY2014, and construction will be 5% complete by the end of FY2014.
  - The Airport Stations design will be completed by FY2014, with construction starting in FY2015.
- Continue to develop Native Hawaiian community and other key stakeholder relationships.
    - Refine the model Cultural Monitoring Program for implementation during the period of construction.
  - During FY2014, advance planning for future operations on the rail system:
    - Establish more robust DTS-OTS-HART-Ansaldo cooperation on fare media/collections system; budget synergies; operational intersects and coordination; customer services; management structures; etc.
    - Decision on final fare collection system and fare policy
    - Consider additional customer service features such as WiFi.
  - Implement the project’s Public Art Program to incorporate public art into various design elements of the H RTP.
  - Deliver significant contract milestones, and major contract awards expected over the next 12 months, to keep the project on schedule.

Land Use Connection: Transit-Oriented Development

The Revised Charter of Honolulu (Charter or RCH) authorizes HART “to promote, create and assist transit oriented development projects near fixed guideway system stations that promote transit ridership, and are consistent with the intent of the adopted community plans and zoning.” RCH 17-103.2(n). Likewise, the Charter mandates that the Executive Director “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.” RCH 17-104(m) and (n).

HART is the steward of a large-scale public investment. Federal, State, and City policy direction to concentrate growth around transit stations further enhances the value of real property adjacent to transit stations. By promoting high quality, more intensive development on or near properties adjacent to transit stations, the agency can increase ridership, support long-term system capacity and generate additional revenues for transit, such as increased fare collection from increased ridership and changes in the fare policy, and joint development (JD) opportunities, not anticipated during project planning. Also, such development creates

attractive investment opportunities for the private sector and facilitates local economic development goals.

The State and City along with the federal government control the planning and permitting authority for all of the land along the 20-mile corridor. Coordination of these activities between the respective agencies is necessary to successfully leverage public and private investment in the corridor. In coordination with HART, both the State and City are preparing neighborhood TOD plans for transit station areas and investigating revisions to the land use regulatory requirements, which will provide the policy framework for private development. The neighborhood TOD plans will support the creation of vibrant mixed-use neighborhoods consisting of workforce and affordable housing, retail shopping locations, and other infrastructure improvements necessary to improve safety, promote healthy lifestyle habits such as walking and biking, and increase rail ridership.

For the City, DPP is responsible for developing transit-oriented development (TOD) neighborhood plans and zoning regulations for station TOD areas for the eventual adoption by the City Council. During FY2014, HART TOD – land use planning staff will continue to provide technical support in areas such as system description, modal connectivity, station access, parking and safety and security to DPP in its planning efforts, which will include coordination with other cognizant City and State agencies, special interest groups (e.g. disabled, and elderly), the private sector, and the public at community meetings to develop the TOD plans for the areas surrounding the transit stations.

During FY2014, HART staff will actively pursue, develop, and execute MOUs and MOAs with public and/or private owners of land within close proximity of each planned transit station to directly access the station from their proposed development. Collaboration is already underway with the Navy, UH, DHHL, DLNR, HDOT, DAGs, and a variety of private landowners.

HART, in collaboration with the State and City planning offices, recognizes transit oriented development is a tool that can assist in implementing Smart Growth (focus on compact, mixed-use, transit-linked, and walkable communities), and Complete Streets (focus on safe and efficient access for all users while encouraging street connectivity and creation of a comprehensive, integrated, connected network for all modes) in proximity to the H RTP guideway and rail stations. These tools all are consistent with HART's commitment to incorporation of sustainability practices throughout its planning practices.

To assist in the collaboration efforts, the HART BOD has approved the creation of a Transit Oriented Development Stakeholders Advisory Group consisting of representatives from HART, the City, the State and private sector representatives from various organizations and groups. HART will be working to get the Stakeholders Group in place and functioning during FY2014.

Finally, HART staff will keep track of new TOD programs and opportunities developing at the federal level as a result of the implementation of the new surface transportation law MAP-21 as well as potentially at HUD or thru other federal programs or initiatives.

## Procurement Plan

### Agency Business Operations

HART will conduct routine procurements for needed services, equipment, and supplies related to support the conduct of agency business operations utilizing City procedures and group discount opportunities.

### Project Implementation

The table below lists the H RTP contracting actions that were in process in the 4<sup>th</sup> quarter of FY2013 and those that will be active during each quarter of FY2014:

Qtr	Section	Type	Status	Description	Ad Date	NTP Date
2013 4Q	PW	DFIM	Active	Elevators & Escalators	8/17/2012	6/15/2013
		Services	Active	Federal Government Liaison	11/30/2012	6/15/2013
	PW	Pro Svcs	Active	Historic Architectural Design	3/15/2013	6/15/2013
	PW	Pro Svcs	Future	Professional Recruiting Services	4/10/2013	5/30/2013
	PW	Services	Future	OCIP Brokerage Services	12/14/2012	6/29/2013
2014 1Q	City Cen	Design	Active	Dillingham Station Group/Kaka'ako Station Group	11/16/2012	8/15/2013
		Services	Future	On-Call Construction Contractor	3/15/2013	8/27/2013
	PW	Prof Svcs	Future	General Engineering Consultant Re-compete	5/31/2013	9/1/2013
	PW	Art	Future	Art-in-Transit (Call for Artists)	4/30/2013	9/30/2013
2014 2Q	Airport	CE&I	Active	Airport and City Center Utilities CE&I	12/21/2012	10/2/2013
		WOFH/KHG	CE&I	Active	West Oahu / Farrington Highway and Kamehameha Station Groups (includes H2/R2 Ramp)	1/23/2013
	KHG	Design	Future	Pearl Highlands Parking Structure/Bus Transit Center	4/15/2013	12/21/2013
2014 3Q	Airport	Construction	Future	Airport Section Utilities	11/1/2013	3/5/2014
2014 4Q	Airport	CE&I	Future	Airport and City Center Guideway CE&I	7/5/2013	4/1/2014
		WOFH/KHG	Construction	Future	West Oahu / Farrington Highway and Kamehameha Station Groups Construction	1/15/2014
	City Cen	Construction	Future	City Center Section Utilities	3/15/2014	6/15/2014

# **HART Organizational Development Strategy**

## **Background**

Planning and development of the HRTTP was the responsibility of DTS for six years. The HRTTP was managed through DTS' Rapid Transit Division (RTD). DTS/RTD 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 Final Environmental Impact Statement (FEIS); and the development of a contracting strategy for actually constructing the project.

Because of the uncertainty surrounding whether the City would receive the funding and approvals needed to advance the project, the strategy DTS/RTD 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 Program Management Support Consultant (PMC) that has provided experienced and technically proficient personnel to fill key positions and roles in the project organization. PMC provided services have included 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. PMC personnel have functioned as staff embedded within the DTS/RTD assisting City employees in managing and overseeing the work.

In addition, DTS/RTD 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. As part of this effort, the GEC conducted engineering and technical studies, including conceptual engineering, to support the preparation of the EIS, and PE work to support the City's request to advance to final design. The GEC assisted the DTS/RTD with preparing competitive procurement documents for the various DB contracts and the Core Systems DBOM contract.

The project has passed the critical milestone of completing the FEIS and obtaining a Record of Decision (ROD) issued by the U.S. Department of Transportation in accordance with the National Environmental Policy Act (NEPA) and Hawai'i State law. With the issuance of the ROD, FTA provided authority to begin property acquisition and undertake utility relocation work. As noted in the FY2013 Work Program section, DB contracts for initial phases of the project have already been awarded and construction work has started on the initial phases. HART has now begun final design on other elements of the project.

With the start-up of HART on July 1, 2011, RTD ceased to exist and the RTD staff, including the embedded PMC staff, was transitioned to become the core staff of HART. In addition, the GEC continued to perform its scope of work under the auspices of HART.

## **FTA Requirements**

Because the HRTTP will be 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 H RTP. 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 assessment of a grantee’s technical 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 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. The current PMP for the H RTP is in the process of being updated for the next project milestone, the FFGA. 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. HART is scheduled to be in position to receive an FFGA in the second quarter of FY2013 assuming everything is in order.

As a result, 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.

### **HART Organization**

Work on the project is now in the final design phase of FTA’s New Starts process. Work continues on property acquisitions and owner/tenant relocations and utility relocation. Limited construction work on DB portions of the project has begun.

The organizational approach embodied in the PMP for the final design and construction phases requires a staff of 139 positions and continues the role of the PMC as providing embedded staff within 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 FY2014 HART staff. Of these positions, 24 or roughly 17% of them are expected to be PMC provided staff.

The GEC's role has evolved to reflect the start of final design and construction work. The GEC will oversee final design efforts and provide construction management and oversight services including resident engineering, office engineering, and inspection. This includes performing quality assurance inspections of all contractor activities; reviewing all contract document submittals including shop drawings and specifications; reviewing contractor invoices; reviewing requests for information; reviewing requests for change; conducting inspections, value engineering, and reviewing change order estimates. The GEC will provide Construction Engineering and Inspection services for HART's DB contracts.

The PMP calls for retaining the services of engineering design consultants (EDCs) to develop final detailed designs of the remaining project elements that will be procured through open competitive bidding. This does not include the three DB contracts or the Core Systems and Vehicles contract since final design is a function within the scope of those contracts. This does include stations, the Airport and City Center guideway phases and various fixed facilities. Fixed facilities design includes the design of civil and structural facilities, trackwork, utilities, the Pearl Highlands parking structure and access ramps, landscaping and some systemwide elements. The GEC will oversee the final design work of the EDCs. The GEC also continues to provide technical studies and management support for implementation of the Section 106 Programmatic Agreement 2<sup>nd</sup> Mitigation Support for the ROD.

### **Future Organizational Development**

At present and for the next three to four years, HART is 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 revenue service begins operating initially in 2017 with full service along the entire alignment starting in 2019. 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 of the agency in accomplishing its Mission and Vision. The strategy for managing this evolution is outlined below:

- Phase out use of PMC 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: Deputy CEO, Chief Operating Officer, Chief Engineer, Internal Audit, Marketing, Planning, Property Management.
    - Use PMC to temporarily fill these roles when recruitment is unsuccessful or cannot be completed in a timely fashion.
    - PMC 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 PMC contract expires in February 2015; the contract may need to be extended for an additional period depending on HART's success in staff recruitment.

- GEC and 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. Move away from using City processes and systems wherever it makes the most sense for HART to achieve its Mission, Vision, and Goals.
- Develop a seamless multi-modal (bus and rail) transit system.
  - Engage in joint planning with DTS and “TheBus” management (O‘ahu Transit Services) for reconfiguration of the bus system to complement rail.
  - Establish a joint bus-rail fare collection system (hardware and software) and a revenue processing set-up to reduce interface problems and achieve economy of scale cost savings.
  - Encourage DTS to update /improve the bus fare collection system prior to the start of rail operations.
- Future issues that will need to be addressed:
  - Programming of bus fare collection system improvements to interface with rail fare collection needs to be pursued in the very near future.
  - The process for setting fares between the HART BOD and City Council will need to be addressed.
  - Operating support from the City for the rapid transit operation will be required as delineated in the Financial Plan.
  - Development of operating policies and rules and the identification of any implications for project design and the operating and capital improvement budget.
  - Pursuing opportunities for concessions and possible joint use of transit facilities and assets to generate income.

# HART Financial Strategy, Plans and Budgets

## Financial Overview

HART has prepared a detailed 20-year financial plan in accordance with the requirements of the Federal Transit Administration to receive federal funding for the HRTP. The 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 its existing public transportation system. It also includes a plan to fund the operations and maintenance (O&M) costs associated with the project, TheBus, and Handi-Van services. The current HART Financial Plan was prepared in June 2012 in preparation for receiving the FFGA from the FTA that was executed in December 2012. **Appendix D** contains a summary of revenues and expenses as shown in the approved HART Financial Plan for completing the HRTP and for operating the City's integrated public transportation system over the period covered by the Plan (FY2010 – FY2030).

The financial strategy reflected in the approved 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 General Excise Tax (GET) and grants from the federal government provided by the Federal Transit Administration. The 0.5% GET tax expires in 2022.
- Short and medium term debt financing will be used to help manage cash flows during construction of the HRTP. However, all such 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, City general funds and some Federal Transit Administration grant programs.

## FY2014 Operating and Capital Expense Budgets

HART staff prepared and submitted preliminary FY2014 Operating and Capital Budgets to the HART BOD Finance Committee in November 2012. On November 30, 2012, the HART Executive Director/Chief Executive Officer transmitted the proposed FY2014 Budgets to the Mayor and the City Council. This section of the FY2014 Business Plan describes in summary form the Operating and Capital Budgets. City Council requested further detailed information of the HART proposed budget during the spring of 2013, and will include it in the City's budget bills anticipated to be approved on June 6, 2013. The HART Board is scheduled to discuss and adopt the FY14 Operating and Capital budgets by June 30, 2013. The final version of the FY2014 Business Plan will reflect the final FY2014 Operating and Capital Budgets adopted by the HART BOD. The total budget request for FY2014 was as follows:

Operating Budget	\$ 20,917,259
Capital Improvements	<u>1,340,438,300</u>
Total FY 2014 Budget Request	\$1,361,355,559

**Appendix D** includes a summary table which provides operating and capital expense historical information for FY2012 (Note: a detailed breakdown of actual costs for all line items is not available) and FY2013 (Projected) as well as the FY2014 Budget described in the sections below.

**FY2014 Operating Budget**

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 Operating Budget has three major expense categories as shown in the table below. The table provides a breakdown of these three cost components for FY2014 and a comparison against the budgeted projected actual amounts for FY2013. The FY2013 projected amounts shown in the table are preliminary; there will be adjustments made through August 2013 to record payable amounts.

<b>Expense Category</b>	<b>FY2013 Budget</b>	<b>FY2013 Projected</b>	<b>FY2014 Budget</b>
Personnel	\$12,971,682	\$ 10,406,533	\$13,030,366
Current Expenses	8,081,511	6,370,244	7,880,893
Equipment & Software	16,000	--	6,000
<b>TOTAL</b>	<b>\$21,069,193</b>	<b>\$16,776,777</b>	<b>\$20,917,259</b>

The Personnel category of the FY2014 Operating Budget includes funding for 139 full-time equivalent (FTE) positions, then same level as FY2013. This compares to 136 FTEs authorized in the FY2012 Budget and 110 FTEs in 2011. 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 FY2014 staffing plan by major functional category and includes PMC provided positions funded by the Capital Budget. See **Appendix B** for detailed organizational charts.

<b>Functional Category</b>	<b>Positions</b>
Executive Management (CEO, Deputy CEO, Board Administrator, RTSA, EEO & Admin. Support)	8
Project Controls & Change Management	15
Budget & Finance (CFO, Procurement, Grants, Budget, Accounting, Risk Management & Internal Control)	24
Planning, Utilities, Permits & Right-of-Way	29
Engineering & Construction Management	37
Other Professional (Legal, Operations, Safety & Security, Quality & Assurance, Government Relations, & Public Involvement)	23
Administrative Services	9

The following table provides a breakdown of the reimbursements to other City departments included in the proposed FY2014 Budget:

<b>City Department/Purpose</b>	<b>Amount</b>
Corporation Counsel – Staff Salaries	\$ 552,482
Corporation Counsel – Current Expenses	37,500
Design & Construction – Staff Salaries	50,000
Budget & Financial Services – Staff Salaries	61,946
Fringe Benefits Associated with Above Salary Items	284,043
5% Reduction to Salaries and Fringe Benefits	0
CASE – Central Administrative Services Expenditure	996,060
<b>TOTAL</b>	<b>\$ 1,982,031</b>

### **FY2014 Capital Budget**

The FY2013 Capital Budget is made up primarily of expenses related to the design and construction of the H RTP consistent with the work planned for the year as described in the Work Program section of this Business Plan. The table below provides a summary comparison of the FY2014 planned expenditures by project budget component against the FY2013 budget. The FY2013 projected amounts presented in the table are preliminary; there will be adjustments made through August 2013 to record payable amounts.

<b>Capital Budget Elements</b>	<b>FY2013 Budget</b>	<b>FY2013 Projected</b>	<b>FY2014 Budget</b>
Consultant Services	\$ 64,593,540	\$ 10,365,120	\$19,731,900
Design Services	72,673,230	111,560,542	39,867,500
Programmatic Agreement	100,000		1,950,000
Utility Relocation	17,342,190		134,500,000
Construction, Const. Mgmt. & Insp.	243,966,420	90,187,459	304,466,100
Core Systems & Equipment	55,556,510	32,250,852	425,907,000
Land Acquisition & Relocation	37,353,070	23,777,549	86,570,000
Public Art	0	2,042	1,975,000
Contingency & Recertification	0	0	325,470,800
<b>TOTAL</b>	<b>\$ 491,584,960</b>	<b>\$268,143,564</b>	<b>1,340,438,300</b>

While the purposes of most of the elements listed in the above table are generally self-explanatory, several are further described below:

- The Consultant Services expense category includes funding for: the Project Management Consultant providing experienced personnel in various specialized and technical areas to augment agency staff (\$3.0 million); consultants supporting the agency in the areas of real estate acquisition and relocation (\$0.2 million) and owner-controlled insurance program (\$0.2 million); and consultant services supporting the Hawaii Department of Transportation (HDOT) in the areas of traffic management, design review, state safety oversight, as well as HDOT labor costs (\$1.6 million total).

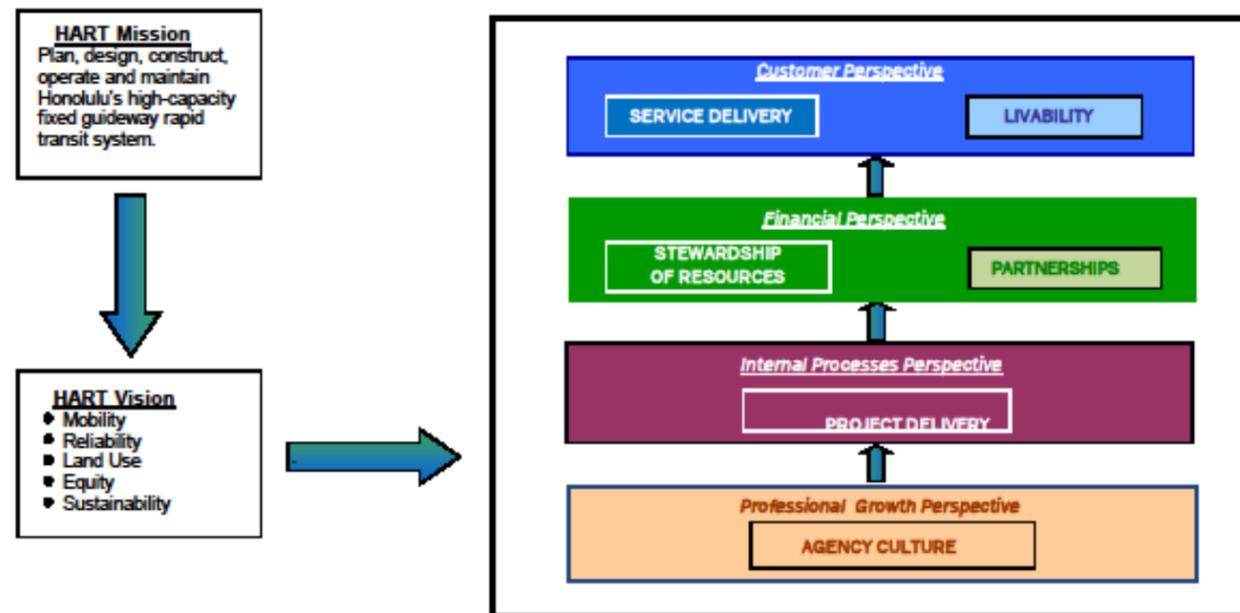
- The Design Services line item is for final design services related to various DBB contracts including the station groups for West O‘ahu /Farrington Highway, Airport, and Kaka‘ako; Airport Guideway; City Center Guideway; Quality Audit Expenses; and allocated contingency for the three DB contracts.
- The Programmatic Agreement (PA) category covers funding for the Kako‘o (independent PA project manager).
- The Public Art category provides funding for the start-up of the Public Art Program.
- The Contingency & Recertification line item category has been added as a result of the update of the Risk and Contingency Management Plan done in conjunction with the FTA. The line item provides allowances for Contingency drawdowns (\$225,470,800) and Contract Recertifications (\$100,000,000) during FY2014. Contract Recertifications occur on occasion to help manage cash flow during the fiscal year when invoices need to be paid prior to receiving debt proceeds and do not change the total contract value.

## **Appendix A**

### **HART Balanced Scorecard**

DRAFT

**Business Strategy Map**



Goal	Current Quarter (Q3 FY13)				Inception to Date				Comments and Legend		
	January, February, March 2013				October 2009 - March 2013				<span style="color: green;">●</span> On track or ahead of plan. <span style="color: red;">●</span> Immediate attention needed; Requires recovery/resolution. <span style="color: yellow;">●</span> Monitoring. <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">  </span> No current target/activity to date; Action pending. <span style="color: orange;">●</span> Monitoring; Requires special attention.     N/A Not Applicable.     TBD To be determined.		
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status			
<b>Customer Perspective</b>											
<b>SERVICE DELIVERY</b>											
Platform Gates				○					○	Submittal anticipated during FY14.	
Fare Collection System				○					○	TBD in FY14.	
Bus-Rail Integration Plan				○					○	TBD	
HART Operating Organization Plan				○					○	TBD	
HART Service Policy/Standards				○					○	TBD	
<b>LIVABILITY</b>											
HART Sustainability Policy				○					○	TBD in FY13.	
Transit-Oriented Development (TOD) Policy				○					○	TOD stakeholders group in development.	
<b>Financial Perspective</b>											
<b>STEWARDSHIP OF RESOURCES</b>											
<b>Programmatic Agreement (PA) [Positive = # above or added to Plan; Negative = # remaining]</b>											
Traditional Cultural Property (TCP) Studies	0	0	-0-	●	3	4	(1)	●	# Guideway Sections with TCP studies completed vs. planned. Sections 1-3 completed - State Historic Preservation Division (SHPD) approved TCP studies; Section 4 studies completion expected April 2013, with Consulting Party Review and Consultation in early May (completion of the City Center TCP work is also a condition of the pending federal lawsuit).		
Section I (WOFH) Archaeological Inventory Survey (AIS)	0	0	-0-	●	92	92	-0-	●	# trenches completed vs. planned. Section I AIS completed - SHPD accepted AIS Report April 19, 2010.		
Section II (KHG) AIS	0	0	-0-	●	37	31	+6	●	# trenches completed vs. planned. Section II AIS completed - SHPD accepted AIS Report on May 23, 2012. Additional trenches were added in collaboration with SHPD to provide additional data at those locations.		
Section III (Airport) AIS	0	0	-0-	●	47	40	+7	●	# trenches completed vs. planned. Sections III completed - AIS Report in SHPD Review starting March 4, 2013. Comments returned March 29, 2013. Revision in progress. Additional trenches were added in collaboration with SHPD to provide additional data at those locations. <i>These figures represent an adjustment to numbers previously reported.</i>		
Section IV (City Center) AIS	18	18	-0-	●	250	232	+18	●	# trenches completed vs. planned. Section IV completed - AIS Report submitted to HART April 1, 2013. On April 8, 2013, HART submitted the report to SHPD for review. 18 additional trenches beyond the original plan were added in January in collaboration with SHPD to provide additional data at those locations. <i>These figures represent an adjustment to numbers previously reported.</i>		
Overall AIS Completion (#)	---	---	N/A	●	426	395	+31	●	# trenches completed vs. planned.		
Overall AIS Completion (%)	---	---	N/A	●	108%	---	N/A	●	% trenches completed vs. planned.		
'iwi kūpuna finds (bone fragments or full burials) only	2	---	N/A	●	7	---	N/A	○	# 'iwi kūpuna finds. A total of 7 finds have been identified through January 2013. None have been found since. These finds are only associated with the AIS work for the project. Additional finds are possible during utilities relocation and construction. There are 5 finds of human skeletal fragments and 2 human burials. No determinations have been made on the status of any of these finds as burials by SHPD or OIBC at this time. Consultation is in progress with cultural and lineal descendants and these agencies.		
<b>Operating Budget [Negative = below Plan]</b>											
Operating Expenditures	3.8	5.3	(1.5)	●	40	55	(15.0)	●	\$M in Q3 FY13 Expenditures/Encumbrances vs. Inception to Date Operating Budget. For Current Quarter monitoring purposes: \$21M Total Budget/4 quarters = \$5.3M. <i>Current information includes Inception to Date figures.</i>		
Staffing Level	4	6	(2)	●	126	137	(11.0)	●	# Current HART Full-Time Equivalents (FTEs) vs. planned positions in the FY13 Operating Budget. 126 current FTEs		
<b>Capital Budget [Negative = below Plan]</b>											
Capital Expenditures/Encumbrances	\$56	\$92	(36)	●	\$578	\$642	N/A	●	\$M in Q3 FY13 Expenditures/Encumbrances in Current Quarter vs. Total Inception to Date Capital Budget of \$642M. HART is monitoring the capital expenditures each quarter. The capital expenditures are less than planned due to the litigation causing delays. <i>Current information includes the Inception to Date figures.</i>		

Goal	Current Quarter (Q3 FY13)				Inception to Date				Comments and Legend	
	January, February, March 2013				October 2009 - March 2013					
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		
<b>Revenues (Negative = below Plan)</b>										
Financial Perspective (Continued)	Net GET Surcharge Receipts	\$42	\$51	(9)	●	\$596	\$633	(\$38)	●	* \$974M = Actual Net GET Surcharge received since inception of the surcharge on 1/1/07 * \$M Net GET Surcharge Cash Receipts vs. projected FYs 2010-2013 revenue in FFGA Financial Plan Table A-1, Capital Plan Cash Flows. Receipt amounts exclude Starting Cash Balance of \$298M. * \$3,291M = Total Net GET Surcharge revenue forecast for FYs 2010-2023 * \$51M = Forecast quarterly amount on a cash basis through March 2013 = one-fourth of the \$203M FY 2013 amount * Project Inception-to-Date (10/2009 to 3/2013) \$633M = Forecast amount through March 2013 (on a cash basis) The status for the Current Quarter and the Inception to Date has changed from yellow to orange.
	Federal Grant Funds (New Starts)	\$68	\$65	+3	●	\$132	\$314	(\$182)	●	The variance indicates the available amount of funds. HART has not yet applied for these funds and will apply for them in early FY2014. * FTA New Starts receipts vs. projected FYs 2010-2013 per Table A-1 of the FFGA Financial Plan. * \$1,550M = Total \$5309 New Starts funds; The first increment under the FFGA is \$255M. * \$65M = Forecast quarter amount = one-fourth of the \$258M FY 2013 amount * Project Inception-to-Date (10/2009 to 3/2013) \$314M = Forecast amount = three-fourths of \$258M (FY 2013 forecast amount) plus amounts for FYs 2011 (\$21M) & 2012 (\$99M).
	Federal Grant Funds (ARRA)	---	---	N/A	●	\$4	\$4	\$0	●	\$214M FTA funds = \$210M \$5307 + \$4M ARRA (American Recovery and Reinvestment Act). No \$5307 funds are planned to be used in FY 2013. This source of funding has been completed.
<b>PARTNERSHIPS</b>										
Financial Perspective (Continued)	Total Stations with Approved Transit-Oriented Development Plans (as shown below)	0	2	N/A	●	0	21	N/A	●	TOD plans are being created for 21 stations.
	City Department of Planning and Permitting Transit-Oriented Development Plans	0	2	N/A	●	0	19	N/A	●	City Department of Planning and Permitting (DPP) has responsibility for TOD plans for 19 of the 21 stations. A total of 13 stations have final draft TOD neighborhood plans at this time.
	Hawaii Community Development Authority Transit-Oriented Development Plans	0	0	N/A	●	0	2	N/A	●	Two additional stations are in HCDA and not part of the DPP planning.
<b>PROJECT DELIVERY - OVERALL</b>										
Internal Processes Perspective	<b>Project Budget</b>									
	FFGA Baseline Project Budget	---	---	N/A	○	\$5,122	\$5,122		●	\$M FFGA Baseline Project Budget (including contingencies and FTA-eligible finance charges), in accordance with FTA New Starts project guidelines.
	Committed (\$)	\$34	---	---	●	\$2,260	\$4,251	(1,991)	●	\$M Total Committed (awarded Contract Values + approved Change Orders) this quarter and to date vs. the current Total FTA Project Budget, excluding remaining contingencies and finance charges. The contract awards have been shifted to future years due to AIS delays and the repackaging of contracts.
	Committed (%)	1.5%	---	---	●	53.2%	---	N/A	●	% \$M Committed of the committed Baseline FFGA Project Budget.
	Incurred (\$M)	\$63	---	---	●	\$656	\$4,251	(3,595)	●	\$M Incurred (Expenditures + approved Requests for Payment) this quarter and to date vs. the current Total FTA Project Budget, excluding remaining contingencies and finance charges. The plan is based on the original program cost curve issued in 2009 and will be re-baselined in September 2013 once construction resumes.
	Incurred (%)	1%	---	---	●	15%	---	---	●	% \$M Incurred (Expenditures + approved Requests for Payment) of the current Total FTA Project Budget, excluding remaining contingencies and finance charges.
	Estimate at Completion (EAC)	---	---	---	●	\$5,122	\$5,122		●	\$M current vs. planned Estimate at Completion (EAC = contract values as budgeted or awarded + executed change orders + pending and potential changes).

Goal	Current Quarter (Q3 FY13)				Inception to Date				Comments and Legend
	January, February, March 2013				October 2009 - March 2013				
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
<b>Project Progress</b> [Positive = ahead of Late Plan; Negative = behind Late Plan]									
Overall Project Progress	1.3%	2.2%	(0.9%)	●	11.9%	13.2%	(1.3%)	●	% 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.
Overall Design Progress	4.3%	2.1%	+2.2%	●	42.0%	36.8%	+5.2%	●	% Complete of Final Design contracts & DB-DBOM design levels-of-effort actual vs. late plan. During the partial temporary suspension of work on ground-disturbing activities, HART is proceeding with final design and engineering activities on awarded contracts to position the project to continue construction once the suspension is lifted following AIS completion. Design is progressing satisfactorily in support of the planned bid dates. The status for the Current Quarter and the Inception to Date has changed from yellow to green.
Overall Construction Progress	1.9%	3.1%	(1.2%)	●	7.8%	10.1%	(2.3%)	●	% Completion of Construction (DB, DBB, DBOM & E/E) contracts vs. planned. On 8/24, HART issued a partial temporary suspension of work for all ground-disturbing activities. HART is evaluating the cost (including equipment, overhead and personnel costs) and schedule impacts of the work suspension with Design-Build Contractor Kiewit Infrastructure West Co. (KIWC) to develop and implement mitigation strategies. KIWC has released field personnel and reassigned staff to other projects.
<b>Contingency</b>									
Cost Contingency	\$644	\$644	-0-	●	\$644	\$644	-0-	●	\$M Total Project Cost Contingency vs. the FFGA Baseline Total Project Contingency Budget.
Schedule Contingency	20	20	-0-	●	20	20	-0-	●	# Months Total Buffer Float used vs. planned in the Draft FFGA Risk and Contingency Management Plan [RCMP], June 2012 (Table 6-2).
<b>PROJECT DELIVERY - SPECIFICS</b>									
<b>Contracting - Construction (DB, DBOM and Elevators/Escalators)</b> [Negative = below plan/budget]									
Contracts Awarded	0	0	N/A	●	4	4	0	●	# Contracts awarded vs. planned. Elevator/Escalator (E/E) contract award is expected in Q4 FY13.
Committed (Contract Values + Executed Changes)	2%	---	N/A	○	96%	100%	(4%)	●	% \$M Committed (\$1,703 M) of baseline budget (\$1,771 M) not including contingencies. (Due to increased committed amount)
Contracts Completed	0	0	N/A	○	0	0	-0-	○	# Contracts completed vs. planned.
<b>Contracting - Construction (DBB)</b> [Negative = below plan/budget]									
Contracts Awarded	0	0	N/A	○	0	0	-0-	○	# Contracts awarded vs. planned. The first of 8 planned DBB construction contracts is scheduled to be awarded in Q2 FY14. (Re-packaged; reduce to 8 from 11.)
Committed (Contract Values + Executed Changes)	---	---	N/A	○	0%	0%	-0-	○	% \$M Committed (\$0 M) vs. baseline budget (\$1,237 M) not including contingencies.
Contracts Completed	0	0	N/A	○	0	0	-0-	○	# Contracts completed vs. planned.
<b>Contracting - Final Design Consultants</b> [Negative = below plan/budget]									
Contracts Awarded	0	0	N/A	●	6	6	-0-	●	# Contracts awarded vs. planned. The seventh of 9 planned Final Design contracts is scheduled to be awarded by Q1 FY14. (Re-packaged; reduce to 9 from 10.)
Committed (Contract Values + Executed Changes)	---	---	N/A	○	73%	100%	(27%)	●	% \$M Committed (\$118M) vs. baseline budget (\$162M) not including contingencies. Excluded changes in the numbers were reviewed and the current percentage complete reflects the current project status.
Contracts Completed	0	0	N/A	○	0	0	N/A	○	# Contracts completed vs. planned.
<b>Contracting - Other Consultants</b> [Negative = below plan/budget]									
Contracts Awarded	0	0	-0-	●	12	12	-0-	●	# Contracts for Consultant Services other than for final design, construction or insurance awarded this quarter and to date vs. planned, including: 6 for Construction Engineering and Inspection Services, 4 for Project Management (2 Program Management Oversight Consultant + 2 General Engineering Consultant), 4 for Specialty Consulting (Real Estate, Kako'o, Owner-Controlled Insurance Program [OCIP] and LEED MSF Commissioning Consultants), 4 for HDOT Consultant Services and 2 for On-Call for Construction and HazMat Removal consulting. The first CE&I contract will not be awarded until Sept 2013. (Re-packaged; reduce to 20 from 23.) The Inception to Date numbers were updated to reflect the current contract mix.
Committed (Contract Values + Executed Changes)	---	---	N/A	●	58%	100%	(42%)	●	% \$M Committed (\$333M) vs. baseline budget (\$573M). Due to the construction delay, the contract amounts awarded are less than expected. Once construction resumes, the amount committed will increase. The numbers were reviewed and the current percentage complete reflects the current project status.
Contracts Completed	0	0	-0-	●	2	2	-0-	●	# Contracts completed vs. planned. PMSC-1 and GEC-1 have been completed and are being closed out.

Internal Processes Perspective (Continued)

Goal	Current Quarter (Q3 FY13)				Inception to Date				Comments and Legend
	January, February, March 2013				October 2009 - March 2013				
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
<b>Change Orders and Claims</b>									
Change Orders (#)	13	—	N/A	●	61	—	N/A	●	# Change Orders executed this quarter (10 Construction, 1 Final Design, 1 UTIL, 1 Specialty Consultant) These change orders are reducing our unallocated contingency.
Change Orders (\$)	\$79.7	—	N/A	●	\$161.2	—	N/A	●	\$M Change Orders executed this quarter (\$25.1M Construction, \$.6M Specialty Consultant, \$.2M UTIL and others) These change orders reflect the Notice to Proceed and AIS delays.
Claims Filed	0	0	N/A	○	0	0	N/A	○	# Claims filed vs. anticipated.
Claims Resolved	0	0	N/A	○	0	0	N/A	○	# Claims resolved vs. filed.
<b>Utility &amp; HDOT Agreements (Negative = # remaining)</b>									
Utility Agreements	2	—	N/A	○	27	29	(2)	●	# Utility Agreements completed vs. required. The Interim Bridging Agreement for Airport was executed in February and the City Center Interim Bridging Agreement was executed in March. HART needs to sign a utility agreement for the City Center and Airport. HART is internally reviewing the two remaining agreements. Completion of 29 agreements by the end of Q3 FY13 is planned. <i>The numbers were reviewed and the current figures reflect the current project status. Numbers for the calendar year were utilized earlier, and fiscal year numbers are now utilized.</i>
HART-HDOT Agreements	—	—	N/A	○	2	8	(6)	●	# HDOT Agreements completed vs. required. Of the 4 Master Agreements required, 1 (WOFH) has been completed. Of the 4 Joint Use and Occupancy (JU&O) Agreements required, 1 (WOFH) has been completed. The KHG Master and JU&O Agreements remain to be executed, pending meeting with HDOT & HART Attorneys, and possibly elevating subject matter between Mayor and Governor.
<b>Real Estate/Right-of-Way (ROW) (Negative = # remaining)</b>									
Full Acquisitions	0	0	0	●	21	38	(17)	●	# Properties fully acquired ready for construction this quarter and to date vs. planned. Due to acquisition difficulties in securing the Lee property in the WOFH section, the final design is impacted. One property remaining in the Kamehameha section is in escrow. One full take is in escrow and 3 remaining full takes are in negotiations at the Airport section. The remaining City Center full takes are on hold due to the federal court case. The status for the Current Quarter changed from green to yellow.
Expenditures for Full Acquisitions	\$0	\$0	\$0	●	\$36	\$37	(\$1)	●	\$M in expenditures recorded for full acquisitions vs. planned in the FFGA Budget.
Partial Acquisitions	0	0	0	●	7	133	(126)	●	# Properties partially acquired ready for construction this quarter and to date vs. planned. Most of the partial acquisitions are located in the City Center section and are on hold pending resolution in the federal court case.
<b>Safety (lower Actual = favorable vs. Hawaii standard)</b>									
Performance against Standard	0	0	0	●	0.2	4.3	—	●	Incidence rate of Recordable Injuries and Illnesses vs. the Hawaii 2010 Total Recordable Incidence Rate (TRIR). Federal regulations define the Incidence Rate as the # of recordable injuries and illnesses occurring amongst a given # of full-time workers (usually 100) over a given period of time (usually 1 year). A Recordable Incident is a work-related injury or illness that results in: death, loss of consciousness, days away from work, restricted work activity or job transfer, or medical treatment beyond first aid. (29 CFR 1904).
OSHA Recordable Injuries	0	0	0	●	4	0	—	●	# Occupational Safety and Health Agency (OSHA) Recordable Injuries to date.
OSHA Violations	0	0	0	●	0	0	—	●	# OSHA violations to date.
Safety Certification Checklists	—	—	N/A	○	—	—	—	○	# Safety Certification Checklists completed vs. planned.
<b>Quality Assurance (QA)</b>									
QA Audits	3	3	-0-	●	15	15	-0-	●	# QA Audits of HART, GEC, contractors and suppliers completed vs. planned.
Design NCRs	7	7	0	●	20	21	(1)	●	# Design Non-Conformance Reports (NCRs) closed vs. issued.
Construction NCRs	—	—	N/A	○	—	—	N/A	○	# Construction NCRs closed vs. issued.

Internal Processes Perspective (Continued)

Goal	Current Quarter (Q3 FY13)				Inception to Date				Comments and Legend
	January, February, March 2013				October 2009 - March 2013				
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status	
<b>Economic Multipliers</b> <i>(Negative = below plan)</i>									
DBE Participation	0.014%	13%	-12.986%	●	0.35%	13%	-12.65%	●	Actual vs. target participation rate of Disadvantaged Business Enterprises (DBE). The planned DBE participation rate is an overall project goal. <i>The rate has been adjusted to more accurately reflect performance to date.</i>
Direct Jobs Created	---	---	---	○	---	---	---	○	# Direct jobs created. Projections and criteria to be developed.
<b>Public Outreach</b>									
Neighborhood Board Meetings	24	---	N/A	●	742	---	N/A	●	# Neighborhood Board Meetings in which HART has participated to date.
Presentations/ Events	29	---	N/A	●	1,393	---	N/A	●	# Events in which HART has participated to date.
<b>AGENCY CULTURE</b>									
<b>Staff Training and Career Development Program</b>									
Training Opportunities				○				○	# Training opportunities provided to HART staff vs. planned. Annual Training Plan to be developed.
Employees Trained				○				○	# HART Employees (including PMSC) who have received professional training. Objective to be established.
<b>Internal Promotions</b>									
Internally-Filled Positions	2	0	+2	●	4	0	+4	●	% of positions filled that have been filled internally. Objective to be established.
<b>PMSC/GEC Phase-Out</b>									
Positions Transitioned to HART	0	0	-0-	●	3	0	+3	●	# Positions transitioned from PMSC to HART vs. planned in the HART Business Plan. TBD.
<b>Employee Satisfaction</b>									
Surveys	0	0	N/A	○	0	0	N/A	○	# Employee surveys conducted to date vs. planned. Plan to be developed.

## **Appendix B**

### **HART Organizational Charts**

DRAFT

Prepared by:

*Waijiam Do*  
Administrative Specialist

*4/2/2013*  
Date

Concur:

*[Signature]*  
Director of Administrative Services

*4/2/2013*  
Date

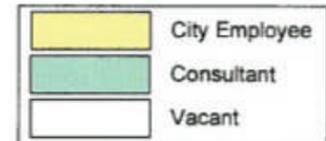
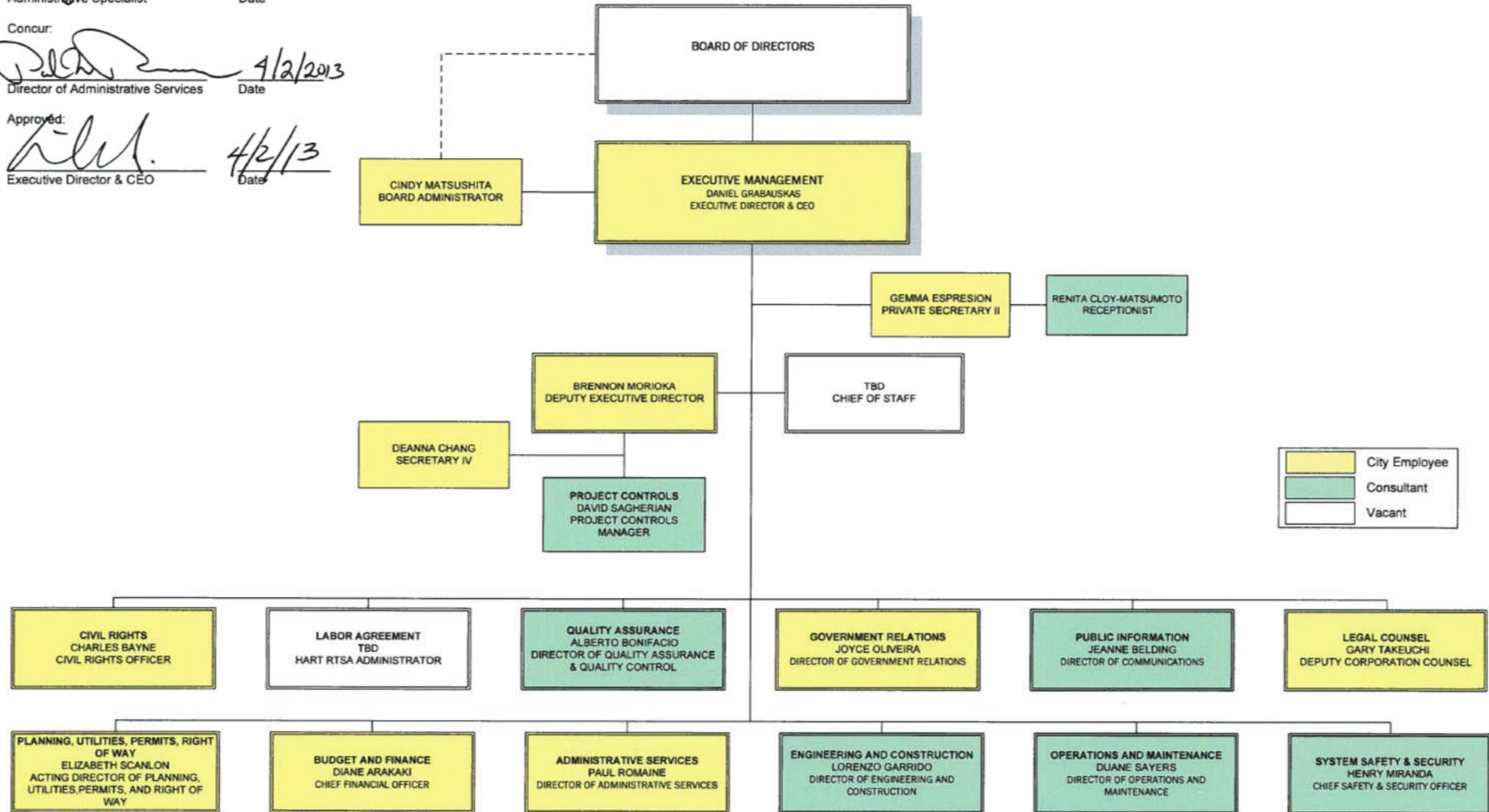
Approved:

*[Signature]*  
Executive Director & CEO

*4/2/13*  
Date

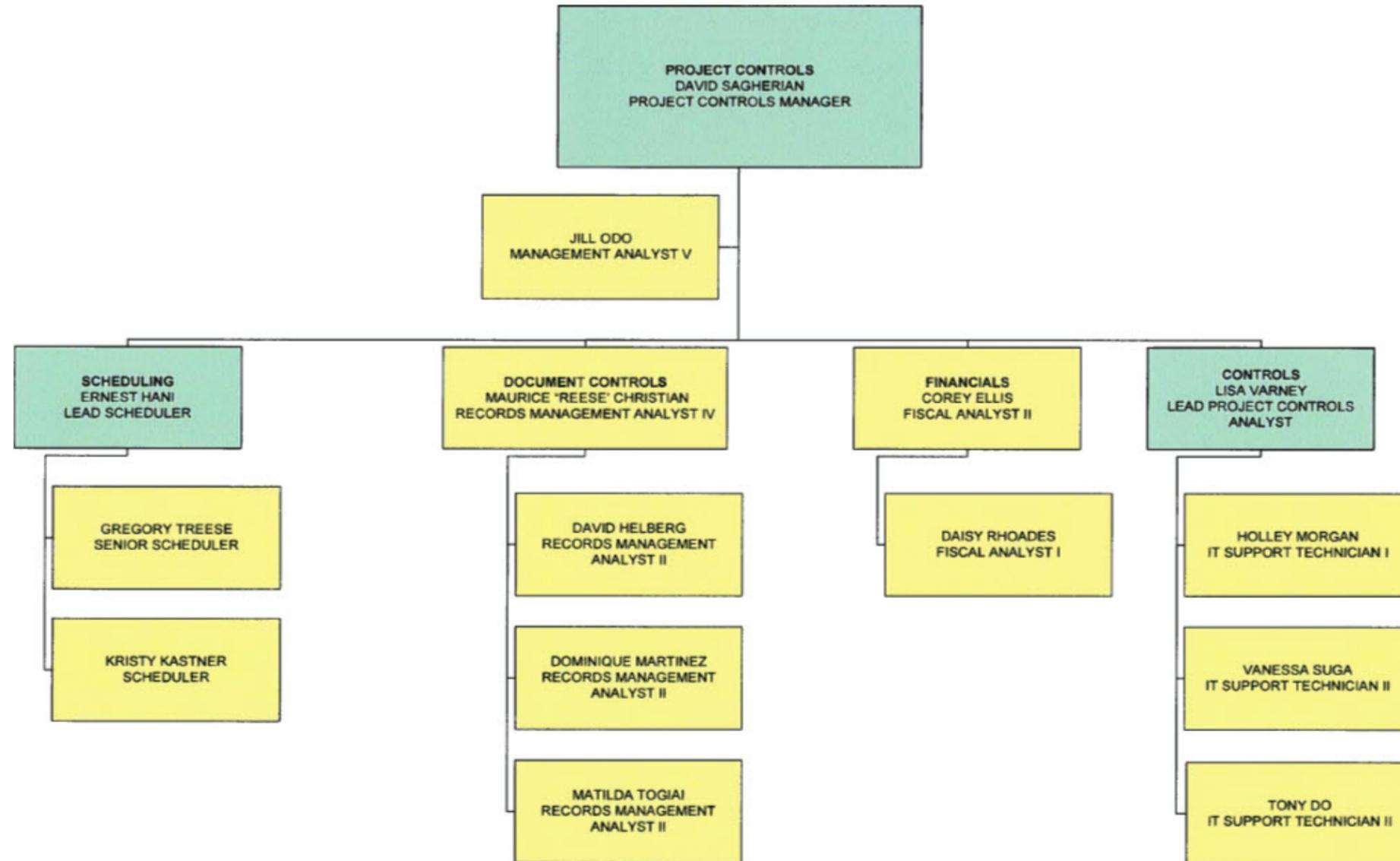
# HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

APRIL 2, 2013



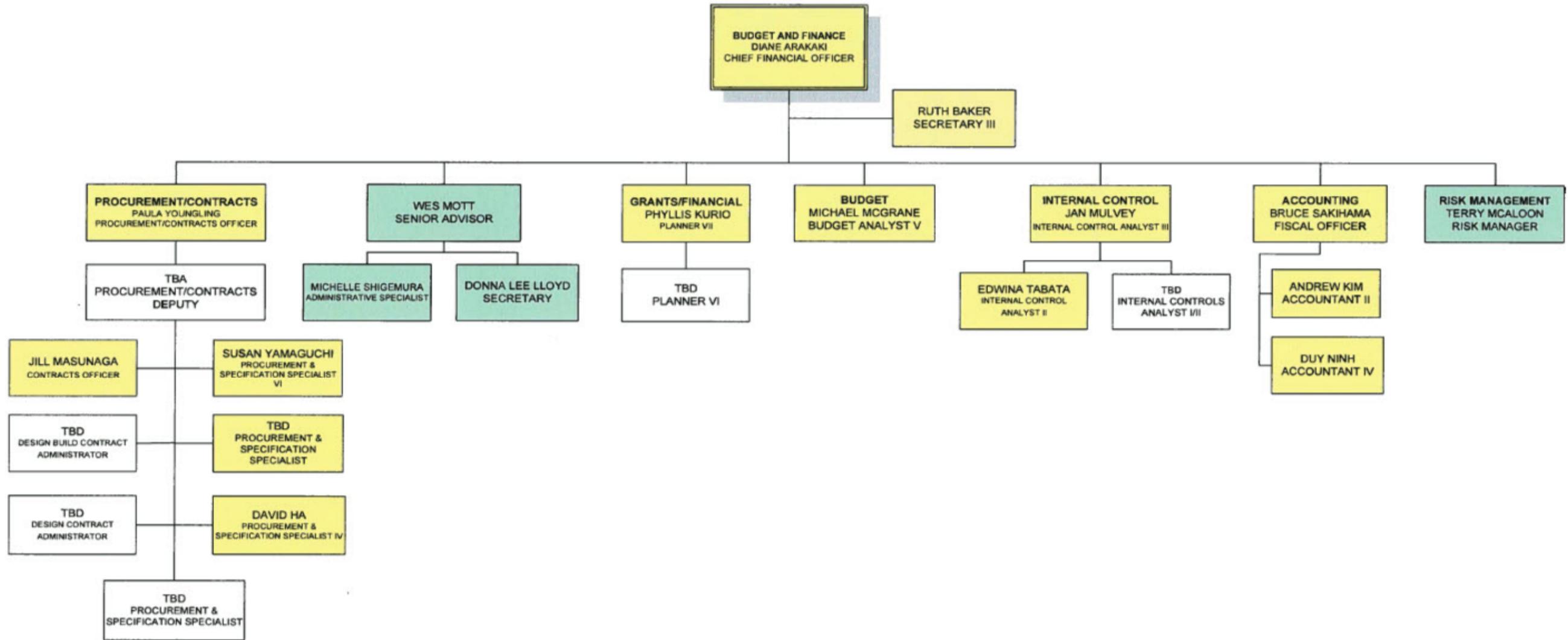
# HONOLULU AUTHORITY FOR RAPID TRANSPORTATION PROJECT MANAGEMENT

APRIL 2, 2013



# HONOLULU AUTHORITY FOR RAPID TRANSPORTATION BUDGET AND FINANCE

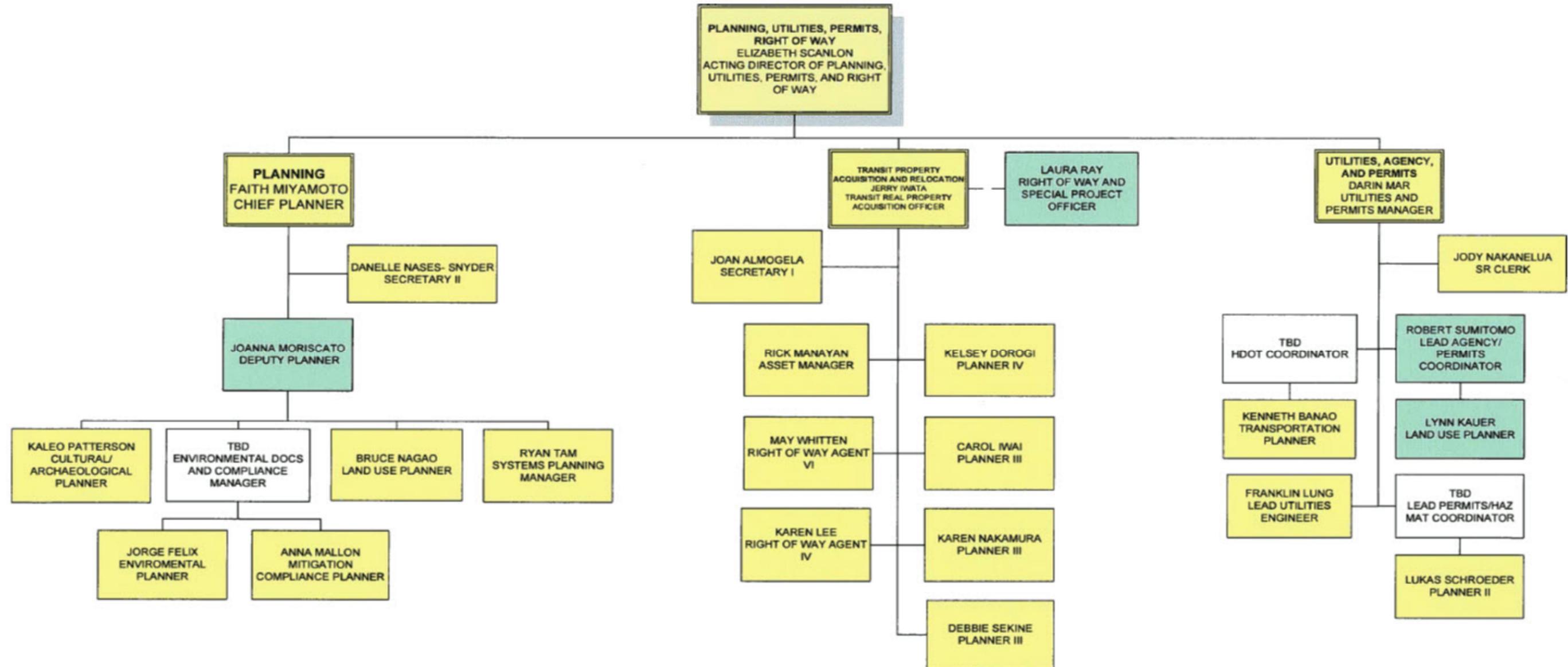
APRIL 2, 2013



# HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

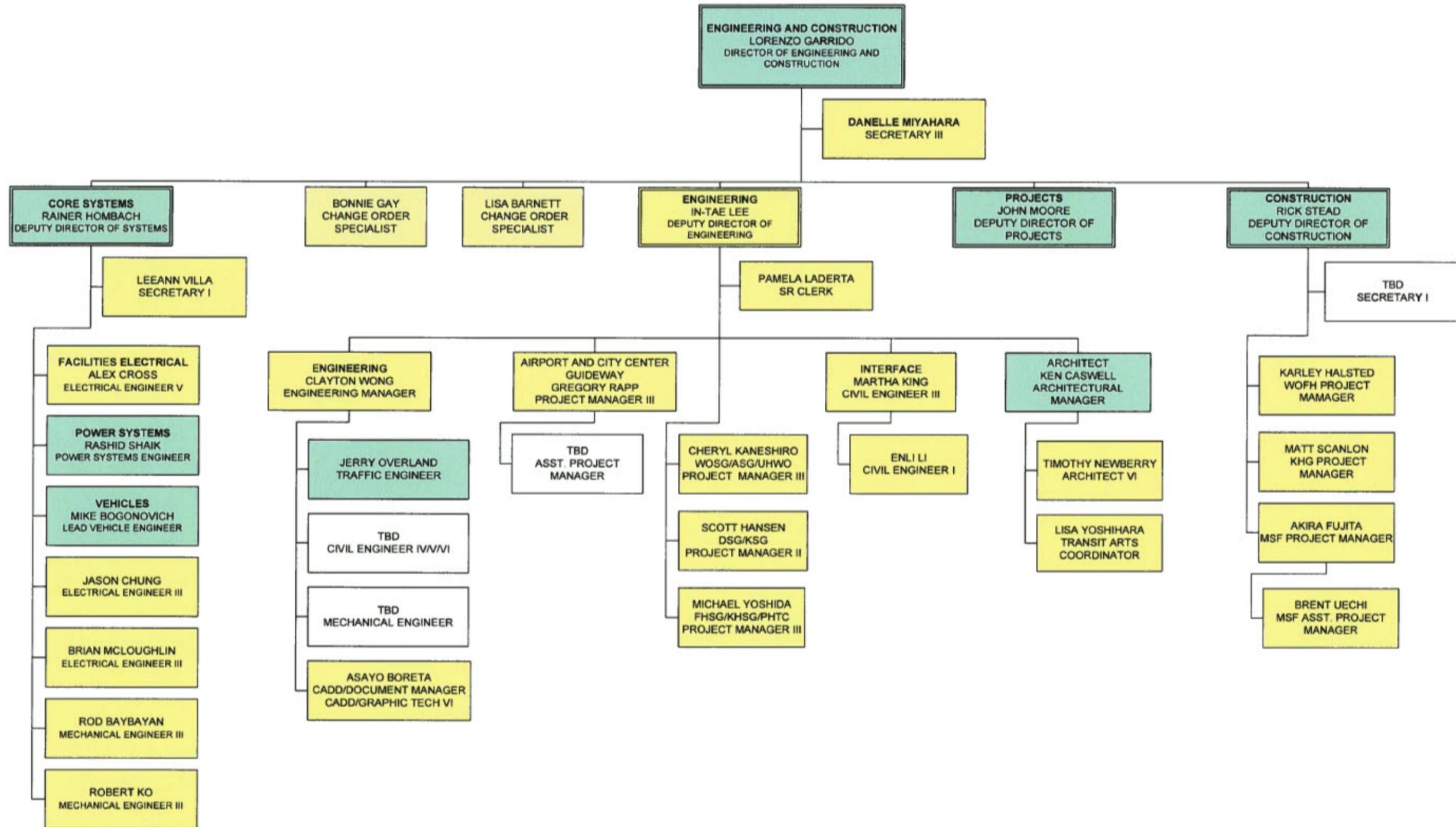
## PLANNING, UTILITIES, PERMITS, RIGHT OF WAY

APRIL 2, 2013



# HONOLULU AUTHORITY FOR RAPID TRANSPORTATION ENGINEERING AND CONSTRUCTION

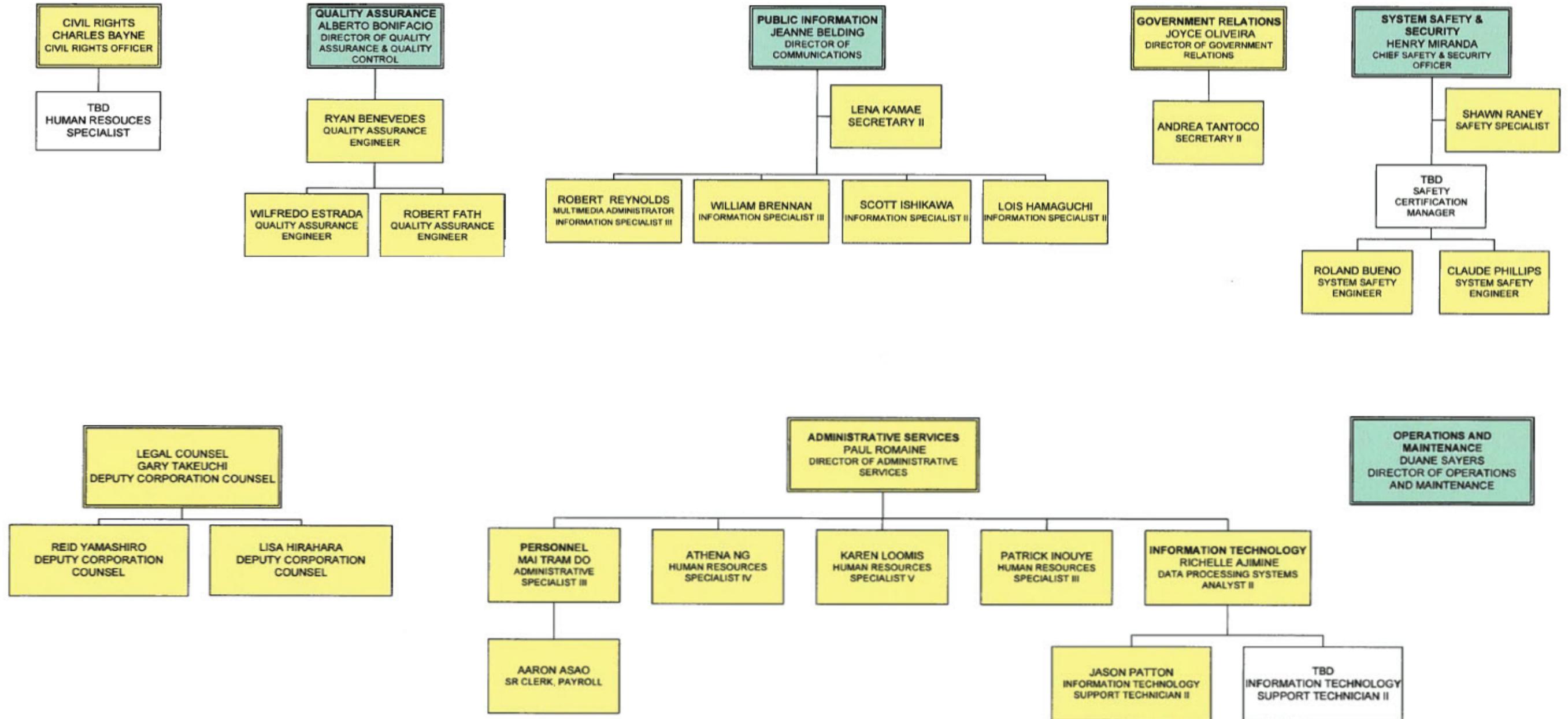
APRIL 2, 2013



# HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

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

APRIL 2, 2013



## Appendix C

### Project Background and Planning

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 O‘ahu. 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 Hawai‘i at Mānoa with a connection to Waikīkī 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** and described in Project Description, both following.

Figure 1: The Project



## Project Description

### Alignment

The project is an approximately 20-mile portion of the LPA extending from East Kapolei in the west to Ala Moana Center in the east (**Figure 1**). The alignment is elevated, with the exception of 3,175 linear feet (0.6 mile) that is at-grade near the Leeward Community College Station.

The project is planned to be delivered in four design and construction sections, as described below.

#### ***Section I – West O‘ahu /Farrington Highway: East Kapolei to Pearl Highlands***

East Kapolei is the western terminus of the project. The alignment begins at Kualaka‘i Parkway (North-South Road) north of Kapolei Parkway. The alignment follows Kualaka‘i Parkway in a northerly direction to the entrance to UH West O‘ahu where it turns east and continues south of Farrington Highway and then onto Farrington Highway and crosses Fort Weaver Road. The alignment is elevated along this length.

The alignment continues in a north-easterly direction following Farrington Highway in an elevated structure. Alongside Waipahu High School, the alignment descends to grade as it enters the Maintenance & Storage Facility (the former Navy Drum site). The alignment continues at grade to Leeward Community College and then returns to an elevated configuration to cross the H-1 Freeway. North of the Freeway, the alignment turns eastward along Kamehameha Highway.

**Table 1: Section I Stations – East Kapolei to Pearl Highlands**

Station No.	Name/Planned Location	Planned Station Type	Planned Station Features
1.	<b>East Kapolei:</b> Kualaka‘i Parkway @ East –West Road	Center Platform Concourse	Park-and-Ride lot: 900 spaces
2.	<b>UH West O‘ahu :</b> Kualaka‘i Parkway @ Campus Drive	Side Platform Concourse	Park-and- Ride lot: 1,000 spaces Major bus interface
3.	<b>Ho‘opili:</b> Future minor east-west street approximately 300’ south of Farrington Highway	Side Platform No concourse	
4.	<b>West Loch:</b> Farrington Highway @ Leoku Street	Side Platform Concourse	Major bus interface with Bus Transit Center
5.	<b>Waipahu Transit Center:</b> Farrington Highway @ Mokuola Street	Side Platform Concourse	Major bus interface with Bus Transit Center
6.	<b>Leeward Community College:</b> Leeward CC parking lot	Center Platform At grade	Community college interface Access from below platform circulation space

***Section II – Kamehameha Highway: Pearl Highlands to Aloha Stadium (Airport)***

The alignment continues in an elevated structure and continues in the median of Kamehameha Highway, crossing H-1 and continuing to where the Moanalua Freeway extension joins Kamehameha Highway at Aiea Stream. The route then crosses the westbound lane of Kamehameha Highway past a section with a pocket track and continues to the Aloha Stadium Station. Section II includes three stations: Pearl Highlands, Pearlridge, and Aloha Stadium, and two park-and-ride lots.

**Table 2: Section II Stations – Pearl Highlands to Aloha Stadium**

Station No.	Name/Planned Location	Planned Station Type	Planned Station Features
7.	<b>Pearl Highlands:</b> Kamehameha Highway @ Kuala Street	Side Platform Concourse	Park-and-Ride multi-level structure: 1,600 spaces Major bus interface
8.	<b>Pearlridge:</b> Kamehameha Highway @ Kaonohi Street	Side Platform Concourse	Major bus interface to be provided in the future as a separate project when funds become available
9.	<b>Aloha Stadium:</b> Kamehameha Highway @ Salt Lake Boulevard	Side Platform No Concourse	Major bus interface Park-and-Ride lot: 600 spaces

***Section III – Airport: Aloha Stadium to Middle Street Transit Center Station***

Past Aloha Stadium Station, the elevated route reenters the median of Kamehameha Highway continuing to its intersection with Nimitz Highway. The route then runs along Nimitz Highway turning *makai* into Aolele Street. The route then follows Aolele Street (Koko Head) transitioning to Ualena Street and Waiwai Loop to reconnect to Nimitz Highway along the *makai* frontage road and continues to the Middle Street Transit Center, after crossing Nimitz Highway. Section III includes four stations: Pearl Harbor Naval Base, Honolulu International Airport, Lagoon Drive, and Middle Street Transit Center.

**Table 3: Section III Stations – Airport**

Station No.	Name/Planned Location	Planned Station Type	Planned Station Features
10.	<b>Pearl Harbor Naval Base:</b> Kamehameha Highway @ Radford Drive	Side Platform Concourse	
11.	<b>Honolulu International Airport:</b> Aolele Street @ Ala 'Auana Street	Side Platform No Concourse	Pedestrian walkways to Airport Terminal
12.	<b>Lagoon Drive:</b> Ualena Street @ Lagoon Drive	Side Platform No concourse	Two entrances
13.	<b>Middle Street Transit Center:</b> Dillingham Boulevard @ Middle Street	Side Platform Concourse	Major bus interface with Bus Transit Center Pedestrian Bridge to Transit Center

### ***Section IV – City Center: Middle Street Transit Center Station to Ala Moana Center***

The elevated alignment continues southeast following Dillingham Boulevard and crosses Kapālama Canal, leaving Dillingham Boulevard at Ka‘aahi Street, and crosses Iwilei Road. After crossing Iwilei Road, the alignment follows Nimitz Highway to Halekauwila Street and continues southeast along Halekauwila Street past Ward Avenue, where it transitions onto Queen Street. At the end of Queen Street, the alignment crosses Waimanu Street and crosses over to Kona Street. The alignment then goes into Ala Moana Center and ends with a tail track along Kona Street.

Section IV includes eight stations: Kalihi, Kapālama, Iwilei, Chinatown, Downtown, Civic Center, Kaka‘ako, and Ala Moana Center. There are no park-and-ride lots planned in this section.

**Table 4: Section IV Stations – City Center**

<b>Station No.</b>	<b>Name/Planned Location</b>	<b>Planned Station Type</b>	<b>Planned Station Features</b>
14.	<b>Kalihi:</b> Dillingham Boulevard @ Mokauea Street	Side Platform Concourse	Two entrances
15.	<b>Kapālama:</b> Dillingham Boulevard @ Kokea Street	Side Platform No concourse	Two entrances
16.	<b>Iwilei:</b> Ka‘aahi Street @ Dillingham Boulevard	Side Platform Concourse	
17.	<b>Chinatown:</b> Nimitz Highway @ Kekaulike Street	Side Platform Concourse	
18.	<b>Downtown:</b> Nimitz Highway @ Alakea Street	Side Platform Concourse	Two entrances
19.	<b>Civic Center:</b> Halekauwila Street @ South Street	Side Platform No Concourse	Two entrances
20.	<b>Kaka‘ako:</b> Halekauwila Street @ Ward Avenue	Side Platform No Concourse	
21.	<b>Ala Moana Center:</b> Kona Street <i>mauka</i> of shopping center	Center/Side Platform Adjacent to shopping center	Major bus interface

### **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 anticipated to be on the train during an initial burn-in period to provide the possibility of manual intervention in response to malfunctions. The driverless option is possible because the fixed guideway will operate in exclusive right-of-way with no automobile or pedestrian crossings. The system is being designed so that vehicles from more than one supplier could operate on the guideway once they are integrated with the train control system. To this degree, it is intended to be a non-proprietary system.

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

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

There will be 80 guideway vehicles to accommodate 6,280 passengers per hour per direction in the initial years of operations. Additional vehicles will be added to the fleet as passenger demands require in the future.

The Maintenance & Storage Facility will be constructed on 43 acres of land at the former Navy Drum site, *makai* of Farrington Highway to the west of Leeward Community College, to service and store the transit vehicles. Up to 150 vehicles may be accommodated at the Maintenance & Storage Facility.

### **Fare Collection**

A unified fare structure is planned, which will be integrated with the City's existing bus system, TheBus. The H RTP is contemplated to be barrier-free. Fare vending machines are to be placed in all stations and continued use of standard fare boxes is assumed for TheBus. Fare collection for the fixed guideway system involves proof of payment procedures. Under the barrier-free concept, no gate or fare inspection points are to be installed at the stations. Part of the station including the platform is designated by signage and floor markings as a fare paid area. Persons entering fare paid areas will need to have proof of having paid a valid fare. Fare inspectors will ride the system and randomly check to verify that passengers have valid tickets or transfers. Violators will be cited and fined as determined by future policies set by City ordinance. As of January 2012, studies have not been completed to determine whether the fare inspectors will be Honolulu Police, other City employees or contractor employees. These decisions will be made by the City at least 18 months prior to initial operations. Stations are also being designed so that fare gates may be installed in the future with little or no disruption if a different fare collection method is desired at any time after systems operations have begun. Conduits and cable raceways are planned to be installed in the system at this time to cover the possibility of future fare gates and related communications (including additional video monitoring, if deemed necessary).

The following assumptions were made for the fixed guideway system:

- Fares for the fixed guideway system will be consistent with the fare structure for TheBus. Pass products will work interchangeably on both modes and transfers between modes will be seamless and at no additional fare.
- Current City policy requires that the bus fares be adjusted so that the farebox recovery ratio does not fall below 27% or exceed 33%. It is assumed that future fare increases will be consistent with this policy.

## **Operating Plan**

The Project is planned to operate in revenue service seven days a week. Weekday service will operate between 4 a.m. and midnight. Saturday service will run from 5 a.m. to midnight, and Sunday service will run from 6 a.m. to midnight. Vehicle headways in each direction will range from 3 minutes during peak periods to 10 minutes from 8 p.m. to midnight. A train will arrive in each direction at the station every 6 minutes during base periods. The system is planned to operate with multi-car vehicles at a maximum train length of 240 feet with each train able to carry a minimum of 300 passengers. The peak capacity in the opening year will be 6,280 passengers per hour per direction. The system will be expandable to allow for a 50% increase in capacity.

## **Ridership Estimates**

2030 travel forecasts for the project anticipate about 116,000 daily transit boardings. In the initial year of full operations, the project anticipates approximately 99,800 daily boardings.

## **Appendix D**

### **Financial Charts and Tables**

DRAFT

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

<b>SOURCES OF FUNDS</b>	<b>YOE \$M</b>
<b>Project Capital Sources of Funds</b>	
Project Beginning Cash Balance	298
Net GET Surcharge Revenues	3,291
FTA Section 5309 New Starts Revenues	1,550
FTA Section 5307 Formula and ARRA Funds Used for the Project 1/	214
Interest Income	3
Transfer from Project Cash Balance to Ongoing Rail Capital and O&M Cost	(193)
<b>Subtotal Project Capital Sources of Funds</b>	<b>\$5,163</b>

<b>USES OF FUNDS</b>	<b>YOE \$M</b>
<b>Project Capital Uses of Funds</b>	
Project Capital Cost	4,949
<b>Subtotal Project Capital Cost</b>	<b>\$4,949</b>
<b>Finance Charges</b>	
Interest Payment on GO Bonds Issued for the Project	191
Interest Payment on Tax-Exempt Commercial Paper	10
GO Bond Issuance Cost	13
<b>Subtotal Finance Charges</b>	<b>\$215</b>
<b>Subtotal Project Capital Uses of Funds</b>	<b>\$5,163</b>

<b>Ongoing Capital Sources of Funds</b>	
FTA Section 5309 Fixed Guideway Modernization	80
FTA Section 5309 Bus Discretionary	116
FTA Section 5307 Formula Funds Used for Ongoing Capital Cost	499
FTA Section 5307 and 5309 Grants Carryover from Prior Years	50
American Recovery and Reinvestment Act	26
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
<b>Subtotal Ongoing Capital Sources of Funds</b>	<b>\$1,225</b>

<b>Ongoing Capital Uses of Funds</b>	
Additional Railcar Acquisitions	35
Project Capital Asset Replacement Program	150
TheBus Vehicle Acquisitions	667
Other Capital Cost	235
TheHandi-Van Vehicle Acquisitions	138
<b>Subtotal Ongoing Capital Uses of Funds</b>	<b>\$1,225</b>

<b>TOTAL CAPITAL SOURCES OF FUNDS</b>	<b>\$6,388</b>
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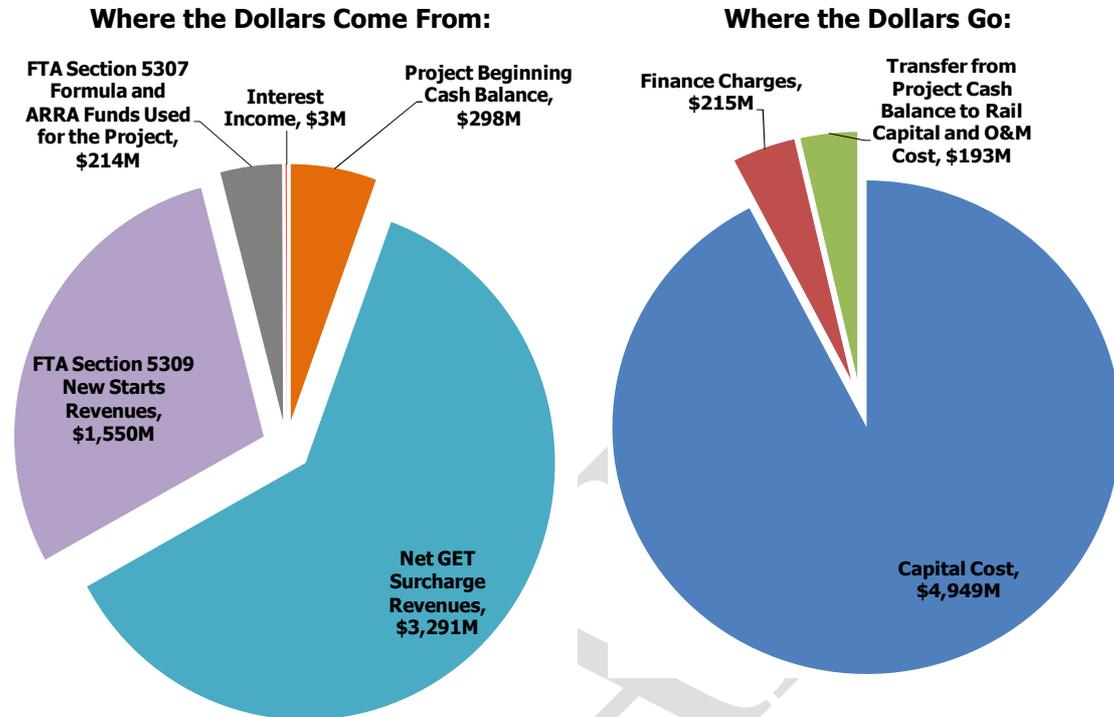
<b>TOTAL CAPITAL USES OF FUNDS</b>	<b>\$6,388</b>
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<b>Operating Sources of Funds</b>	
Fare Revenues (TheBus and Rail)	2,098
Fare Revenues (TheHandi-Van)	60
<b>Subtotal Fare Revenues</b>	<b>\$2,158</b>
FTA Section 5307 Formula Funds Used for Preventative Maintenance	247
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
<b>TOTAL OPERATING SOURCES OF FUNDS</b>	<b>\$8,436</b>

<b>Operating Uses of Funds</b>	
TheBus O&M Costs	5,459
Rail O&M Costs	1,613
TheHandi-Van O&M Costs	1,310
Other O&M Costs	55
<b>TOTAL OPERATING USES OF FUNDS</b>	<b>\$8,436</b>

1/ Includes \$4M from American Recovery & Reinvestment Act of 2009  
Note: totals may not add due to rounding

## Project Sources and Uses of Funds, YOE \$millions



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

Source: Financial Plan, June 2012

## SUMMARY OF HART FINANCIAL INFORMATION - FY2012 to FY2014

(dollars)

	FY2012 Actual	FY2013 Budget	FY2013 Projected	FY2014 Proposed
<b>Total Budget</b>				
Operating Budget	20,582,626	21,069,193		20,917,259
Capital Improvements	354,736,280	491,584,960		1,340,438,300
<b>Total Budget Request</b>	<b>375,318,906</b>	<b>512,654,153</b>		<b>1,361,355,559</b>
<b>Operating Expenses</b>				
Personnel	8,968,714	12,971,682	10,406,533	13,030,366
Current expenses	6,917,651	8,081,511	6,370,244	7,880,893
Equipment & Software/Depreciation	18,069	16,000	0	6,000
<b>HART Operating Total</b>	<b>15,904,434</b>	<b>21,069,193</b>	<b>16,776,777</b>	<b>20,917,259</b>
<b>Reimbursements to Other City Depts.</b>				
Salaries, Fringe Benefits & Current Expenses		1,065,402	452,854	985,971
City Overhead Contribution (CASE)		1,014,467	865,297	996,060
<b>Other City Depts. Reimbursements Total</b>	<b>1,049,544</b>	<b>2,079,869</b>	<b>1,318,151</b>	<b>1,982,031</b>
<b>HRTF Capital Expenses</b>				
Consultant Services		64,593,540	10,365,120	19,731,900
Design Services		72,673,230	111,560,542	39,867,500
Programmatic Agreement		100,000		1,950,000
Utility Relocation		17,342,190		134,500,000
Construction, Construction Mgmt. & Inspection		243,966,420	90,187,459	304,466,100
Core Systems including Equipment		55,556,510	32,250,852	425,907,000
Land Acquisition		34,181,200	23,586,554	85,570,000
Relocation		3,171,870	190,995	1,000,000
Art		0	2,042	1,975,000
Other (Contingency and Recertification)		0	0	325,470,800
<b>HART Capital Program Total</b>	<b>245,259,271</b>	<b>491,584,960</b>	<b>268,143,564</b>	<b>1,340,438,300</b>

# ATTACHMENT F

## LOOKING BACK AT THE LAST TWO YEARS ON THE HART BOARD

Last Sunday, my last child, JR, graduated from the University of Portland. Commencement speakers oftentimes deliver dull and uninspiring speeches. But what we all heard was definitely to the contrary. It was truly inspiring as Ethicist and scholar Kirk Hanson of Santa Clara University delivered the message conveying that in life, "It is not about you, it lies not in a narcissistic fascination with our selves, but in service to others, indeed in living a life of service, to things that matter."

Thinking of the last two years, serving on the board with all of you, I constantly worried about how I could make a difference for the project and the community. I admit that early on in my political career, and up until after my years of being the leader of the Senate, I always thought it was about me, how I could make a difference for my community and how I could make a difference for the state of Hawaii. It is no wonder that happiness eluded me.

Leaving politics has definitely changed my attitude. I'm happy to serve my community by serving with you as one member of the HART Board on this project. We've not always agreed, but we have all contributed. Thanks to Jeannie Belding, Scott Ishikawa, Chair Okinaga who helped edit my Op-ed piece last year, I was able to contribute in a small way, and my worries about making a difference did abate. Based on feedback that I received, some people's minds were changed as a result of reading that piece that came from my heart. This project is so important to so many people, present and future, and I am very happy to be able to be a part of building something that is going to help so many.

It's been my pleasure to work with intelligent, hard-working, and caring people like you. I have thoroughly enjoyed it.

Thank you for your consideration and I would respectfully request that you appoint me as your ninth member again, as you did two years ago. I look forward to continuing to move the project forward.

Mahalo,

Robert Bunda

**Honolulu Authority for Rapid Transportation**

**RESOLUTION NO. 2013-6**

**REGARDING THE REAPPOINTMENT OF ROBERT "BOBBY" BUNDA AS THE NINTH VOTING MEMBER OF THE HART BOARD OF DIRECTORS**

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

WHEREAS, Charter Section 17-105.2 authorizes the voting members of the Board of Directors of HART (Board) to appoint a ninth voting member by majority vote;

WHEREAS, in 2011, Robert "Bobby" Bunda was appointed by the voting members of the Board to an initial two-year term as the ninth voting member of the Board;

WHEREAS, Mr. Bunda has served with distinction on the Board, and has been an active and valued member throughout his initial term, which concludes on June 30, 2013;

WHEREAS, in consideration of Mr. Bunda's distinguished, active and valuable service on the Board for the past two years, the Board believes that he has earned the opportunity to serve a full five-year term; and

WHEREAS, the Board feels strongly that the complexity and dynamic nature of the rail project benefits from stability, knowledge, and experience on the Board;

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

1. That the Board of Directors of HART reappoints Robert "Bobby" Bunda as its ninth voting member to serve for a five-year term, commencing on July 1, 2013.
2. That this Resolution shall take effect immediately upon its adoption.

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

\_\_\_\_\_.

\_\_\_\_\_  
Board Chair

ATTEST:

\_\_\_\_\_  
Board Administrator

**Honolulu Authority for Rapid Transportation**  
**STAFF SUMMARY**

<b>TITLE:</b> REGARDING THE REAPPOINTMENT OF ROBERT "BOBBY" BUNDA AS THE NINTH VOTING MEMBER OF THE HART BOARD OF DIRECTORS	<b>STAFF CONTACT:</b> Cindy Matsushita	<b>DATE:</b> May 13, 2013
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Type:	Goal	Focus Area	Reference Notes
<input type="checkbox"/> <b>Action/Approval</b>	<input type="checkbox"/> <b>Project Delivery</b>	<input type="checkbox"/> <b>Livability/Land Use</b>	
<input type="checkbox"/> <b>Information</b>	<input type="checkbox"/> <b>Service Delivery</b>	<input type="checkbox"/> <b>Partnerships</b>	
<input type="checkbox"/> <b>Follow-up</b>	<input type="checkbox"/> <b>Resource Stewardship</b>	<input type="checkbox"/> <b>Agency Admin.</b>	

**1. Purpose:**  
To reappoint Robert "Bobby" Bunda as the ninth voting member of the HART Board of Directors following the expiration of his initial two-year term.

**2. Background/Justification**  
Mr. Bunda was initially appointed on September 16, 2011. His term expires on June 30, 2013.

**3. Procurement Background**  
N/A

**4. Financial/Budget Impact**  
N/A

**5. Policy Impact**  
N/A

**6. Public Involvement**  
N/A

**7. Alternatives**  
N/A

**8. Exhibits**

**Certified and Recommended by:**

\_\_\_\_\_

**Executive Director and CEO**

\_\_\_\_\_

**Date**

# ATTACHMENT G

**Performance Evaluation Report**  
**Executive Director and Chief Executive Officer**  
**Honolulu Authority for Rapid Transportation**  
**April 2012 – March 2013**

**Introduction**

Appointed by the Board of Directors (Board) of the Honolulu Authority for Rapid Transportation (HART), the Executive Director and Chief Executive Officer (Executive Director) receives policy direction from the Board and is responsible for planning, directing, and administering all of the affairs of HART, including running the day-to-day operations of the Authority. The Executive Director makes recommendations to the Board on budgets, policies, plans, and rules, and reports regularly on the performance of the agency.

Pursuant to Section 17-103.3(d) of the Revised Charter of the City and County of Honolulu 1973 (2000 ed.), the Board shall "[e]valuate the performance of the executive director at least annually; and submit a report thereon to the mayor and council."

Daniel A. Grabauskas was appointed by the Board as Executive Director and Chief Executive Officer of HART on March 1, 2012, and began service on April 9, 2012. This is the first annual evaluation of Executive Director Grabauskas.

**Methodology**

In evaluating the Executive Director, the Board considered the following performance factors: Leadership Qualities (effectiveness and competence; positive attitude and morale; personal and agency integrity; creativity; relationships; and openness and transparency) and Managerial Skills (organizational structure; delegation; personnel and staffing; budget and fiscal matters; communication skills; training and development; and community relations).

The following evaluation components were then applied to the performance factors:

FAILS TO MEET EXPECTATIONS	-	Results achieved do not meet required expectations and objectives
IMPROVEMENT REQUIRED	-	Results achieved do not meet required expectations and require improvement
MEETS EXPECTATIONS	-	Results achieved meet required expectations and objectives
EXCEEDS EXPECTATIONS	-	Results achieved exceed required expectations and objectives consistently
EXEMPLARY	-	Results achieved surpass required expectations and objectives without exception

The Board also considered the Executive Director's performance in meeting the annual performance objectives agreed to by the Board and the Executive Director for his first year in office.

**Evaluation**

The Board's evaluation of the Executive Director for the period April 2012 to March 2013 is as follows:

A. **Leadership Qualities.** The leadership qualities assessed by the Board are Effectiveness and Competence; Positive Attitude and Morale; Personal and Agency Integrity; Creativity; Relationships; and Openness and Transparency.

Mr. Grabauskas was scored very high by the Board for each of these leadership qualities, with all Board members rating the Executive Director's performance as achieving either "exceeds expectation" or "exemplary."

The Board members noted that the Executive Director has done an exceptional job in fostering an agency culture of transparency and integrity. This has translated into increased trust and support for HART and the Honolulu Rail Transit Project (Project). The result has been improved relationships with the City administration, the City Council, and the Federal Transit Administration (FTA), as well as with other stakeholders, including Native Hawaiian groups and individuals. The Executive Director has also maintained an outstanding working relationship with the Board.

Members of the Board also recognized Mr. Grabauskas' success in smoothly transitioning into an existing agency, and capably assuming command while promoting an energetic, team-oriented operation. He "hit the ground running," bringing a positive attitude and strong personal integrity to the job. Soon after beginning employment, the Executive Director voluntarily took a 5% reduction in his base salary in recognition of similar sacrifices being made by City workers and department heads. He was also able to effectively adapt to a new cultural environment with sensitivity.

The Executive Director's exceptional leadership qualities were demonstrated by his ability to confidently and ably direct HART during a period of particularly significant challenges. His first year in office included a mayoral election that focused on whether or not the Project should continue, as well as major rulings in State and Federal litigation concerning the Project. Throughout, Mr. Grabauskas provided positive, creative and effective leadership that kept the agency and the Project moving forward. By the end of the calendar year 2012, the Project was able to obtain a Full Funding Grant Agreement with the FTA that locked in \$1.55 billion in federal funding.

B. Managerial Skills. The managerial skills assessed by the Board are as follows: Organizational Structure; Delegation; Personnel and Staffing; Budget and Fiscal Matters; Communication Skills; Training and Development; and Community Relations.

As was the case with leadership qualities, Mr. Grabauskas received a very high rating from the Board for his managerial skills. With few exceptions, all Board members rated his performance in this area as "exceeds expectation" or "exemplary."

The Board was especially impressed with the Executive Director's strong communication skills, which were put to excellent use in improving community relations, reaching out to stakeholders, and directing the Authority. His outreach efforts to explain the benefits of the Project to diverse constituencies and to

respond to concerns about the Project were extensive and effective. With the City Council alone, in his first eight months on the job, the Executive Director attended at least 16 meetings, and responded to over 100 written and oral inquiries from Councilmembers. In all his various communication efforts, Mr. Grabauskas demonstrated himself to be experienced, knowledgeable and articulate.

The Executive Director's efforts to establish a sound organizational structure for HART also received positive reviews by Board members. They noted his restructuring of the agency into various working groups to more efficiently operate during the Project's current construction management phase. His hiring of a Deputy Executive Director, Brennon Morioka, and the delegation of authority to Mr. Morioka, were also important developments that strengthened the Authority's capabilities and allowed the Executive Director to better focus on many of the significant matters requiring his attention. HART's recent efforts to more formally engage Oahu Transit Services, the municipal bus operator, in discussions about possible cooperation and synergies were also seen as a significant positive development.

In terms of personnel and staffing, the Board strongly endorsed the Executive Director's efforts to identify and hire talented individuals for key positions in HART and to provide appropriate training and professional development opportunities within the Authority. Among these efforts was the beefing up of the agency's internal financial management capacity, including the hiring of a Chief Financial Officer and supporting professional staff. Some Board members noted a further need to strengthen HART's capabilities in this area, observing that although overall results in budget and fiscal matters have met expectations and objectives, continued improvement is important, as financial management and cost control will be essential to bringing the Project to completion on time and on budget. The Board also specifically noted and Mr. Grabauskas agreed that efforts to improve on the timeliness of Board communications and assistance were in order.

C. Performance Objectives. As noted previously, the Board and Mr. Grabauskas agreed to annual performance objectives for his first year in office. These objectives, attached to this report as Exhibit A, encompassed numerous specific items in the categories of organizational development, project delivery, stakeholder interactions and community leadership, and Board interaction. On March 31, 2013, the Executive Director submitted his self-evaluation report on his efforts to meet the agreed-to annual performance objectives. (See Exhibit B.) The Executive Director's submittal clearly explains how he met the objectives articulated for his first year on the job. Through the Executive Director's efforts, and the dedicated efforts of his entire HART team, to whom he gives well-deserved credit, great accomplishments have been achieved in the past year.

In summary, during the past evaluation period Mr. Grabauskas has ably led HART through many challenges, improving the Authority and achieving significant accomplishments. In doing so, he has exceeded expectations and demonstrated exemplary performance in many areas.

The Board will base its evaluation for the next review period in part upon the new annual performance objectives to be agreed to by the Board and the Executive Director. Beyond the achievement of those objectives, the Board's expectation is that Mr. Grabauskas will continue to demonstrate the same outstanding leadership that has characterized his service to date.

### **Conclusion**

Executive Director Grabauskas is to be commended on an excellent first year as the chief executive officer of HART. He has demonstrated that he is an energetic, creative, resourceful and effective leader. In the future, he will be expected to maintain, if not surpass, the high standards he has established for his position.

APPROVED BY THE BOARD OF DIRECTORS OF HONOLULU AUTHORITY FOR  
RAPID TRANSPORTATION THIS 16th DAY OF MAY, 2013.

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Chair, Board of Directors

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Chair, Human Resources Committee

**Annual Performance Objectives  
for  
Daniel A. Grabauskas, Executive Director & CEO  
Honolulu Authority for Rapid Transportation (HART)**

**Evaluation Period: April 2012 – March 2013**

**Powers, Duties and Functions of the Executive Director:**

As defined in the Revised Charter of the City and County of Honolulu Section 17-104, the Executive Director shall:

- a) Administer all affairs of the authority, including rules, regulations and standards adopted by the board.
- b) Have at least five years of fixed guideway system experience.
- c) Sign all necessary contracts for the authority, unless otherwise provided by this article.
- d) Recommend to the board the creation or abolishment of positions.
- e) Enforce the collection of fares, tolls, rentals, rates, charges, and other fees.
- f) Prepare payrolls and pension rolls.
- g) Maintain proper accounts in such manner as to show the true and complete financial status of the authority and the results of management and operation thereof.
- h) Prepare annual operating and capital budgets.
- i) Prepare and maintain a six-year capital program.
- j) Prescribe rules and regulations as are necessary for the organization and internal management of the authority.
- k) Recommend rules and regulations for adoption by the board.
- l) Request, and accept appropriations from the city, and request and accept grants, loans and gifts from other persons and entities.
- m) Administer programs promoting appropriate developments near transit stations, including compilation of city incentive programs.
- n) Review development projects having significant impact on the operation of the fixed guideway system.
- o) Plan, administer and coordinate programs and projects of the fixed guideway system that are proposed to be funded, wholly or partially, under federal or state law and required to be transmitted to the Oahu metropolitan planning organization.
- p) Attend all meetings of the Board unless excused.
- q) In addition to the general powers under this section, other general or specific powers may be conferred upon the executive director by ordinance, so long as the powers are consistent with the article of this Charter.

**Annual Performance Review**

In this first year, the Board has set high expectations for the Executive Director & CEO. There are several critical milestones in the Honolulu Rail Transit Project (HRTTP) including but not limited to securing the required federal, state and city & county approvals for the commencement

of construction, the preparation and timely submittal of the application for Full Funding Grant Agreement (FFGA) to the Federal Transit Administration (FTA), all efforts required for execution of the FFGA, and an enhanced transparency and communication with the public and key stakeholders to build and to maintain the public's confidence in the management of and support for the rail project. To assess whether or not the Executive Director & CEO has accomplished these goals and successfully executed the duties and responsibilities of his position, the Board will evaluate performance in the following high priority areas.

#### ORGANIZATIONAL DEVELOPMENT

- Develop and implement a Human Resources Management Plan;
- Ensure successful succession and employee development plans across all functions of the Authority. This includes identifying current opportunities for training of our employees by experienced consultants, and encouraging employees to take initiative and develop within the organization;
- Coach, train, and motivate staff; manage employee relations; manage the workflow and prioritization of projects and measure the performance of the agency and direct staff and take appropriate corrective action when necessary; review the work of staff and make effective suggestions and recommendation; recommend and implement corrective actions, discipline and termination procedures as appropriate/necessary;
- Ensure that processes, policies and practices are interpreted and applied consistently and effectively and that the Authority is accountable and compliant with all current and applicable HART, City, state and federal policies;
- Empower senior management and employees to lead their departments and functions effectively and efficiently; encourage senior management and employees to work together and across all functions of the organization, avoiding "stove-piping"; provide an environment where managers from each department are encouraged to work together and present directly to executive leadership;
- Ensure that effective cost-control measures are in place at all levels of the Authority; and
- Invite and encourage Board member participation in community events and senior staff meetings as appropriate.

#### PROJECT DELIVERY

- Implement the HART business strategy adopted by its Board and in accordance with HART's mission to achieve the vision for the HRTP through the successful accomplishment of HART's goals, including construction of the entire fixed guideway system on time and within budget;

- Submit the application for FFGA in a timely manner;
- Manage the FFGA process through successful execution of the FFGA;
- Responsibly manage the Authority's assets in order to optimize all funding sources available to HART;
- Identify areas for cost reduction and increased efficiencies and communicate those recommendations and creative solutions effectively to the Board and management, resulting in an organization that is run efficiently and cost effectively;
- Manage a capital project-oriented organization with an emphasis on financial management, safety, security, and public awareness as to the impacts that construction will have on residents, visitors, the environment and other stakeholders;
- Responsibly schedule, authorize, and manage the physical development of the H RTP; and
- Balance the focus on on-time/within-budget construction milestones, with the long term vision of delivering future operation and maintenance of the system in a safe, clean, courteous, timely, dependable, and cost-effective manner.

#### STAKEHOLDER INTERACTIONS & COMMUNITY LEADERSHIP

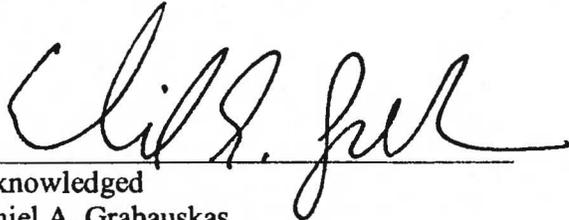
- Work effectively and persuasively with elected officials, local, state and federal agencies, the U.S. House of Representatives, the U.S. Senate, U.S. DOT/FTA, Transportation Security Administration (TSA), the governments of City and County of Honolulu and State of Hawaii and the local business community, organized labor, public constituencies, NGOs, the press and other stakeholders;
- Attend and/or participate in professional group meetings and maintain awareness of new trends and developments impacting the agency's business activities;
- Develop an understanding, appreciation, sensitivity and commitment to the social, cultural, economic, political and environmental needs of HART and the unique city it serves;
- Listen to stakeholder input and provide insight into the Authority's implementation of its capital program and policies and the Authority's current and future status and to assure maximum cooperation in building the best possible fixed guideway transportation system for the City and County of Honolulu;
- Advocate for sustainable development and economic growth for the City and County of Honolulu and increased revenue for local businesses and government;
- Maintain on-going communication with the State of Hawaii's Department of Transportation and the City and County of Honolulu's Department of Transportation Services regarding the

alignment of the fixed guideway system as it relates to grade crossings and capital intensive construction phases;

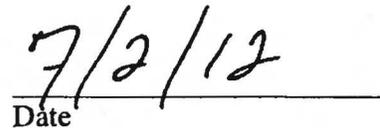
- Continually examine the Authority's performance as it relates to safety so that the design, construction and future operation result in delivery of safe, enjoyable and reliable service to all stakeholders; and
- Work with commercial and residential real estate developers and other businesses interested in real estate development and transit oriented development that maximize ridership and generate the highest return on investment, in furtherance of the City's development plans.

#### BOARD INTERACTION

- Develop a strong collaborative working relationship with an engaged 10-member Board of Directors; assist the Board in its policy-making duties by providing relevant information in a timely manner; assist the Board in short and long-term planning objectives; furnish information to include options and potential consequences, enabling the Board and its Committees to make informed decisions;
- Manage the resources of the Authority consistent with the Board's policies, project schedules and the financial plan, via actionable management plans that provide strategic direction for senior management to effectively execute these plans; and
- Communicate regularly with the Board of Directors about internal operations, reports and external stakeholder communications, updating the "balanced scorecard" every three (3) months.



Acknowledged  
Daniel A. Grabauskas  
Executive Director & CEO



Date

## MEMORANDUM

**TO:** Board of Directors,  
Honolulu Authority for Rapid Transportation (HART)

**FROM:** Daniel A. Grabauskas,  
Executive Director and CEO

**SUBJECT:** Annual Performance Objectives  
Evaluation Period April 2012 – March 2013  
Self Evaluation

**DATE:** 31 March 2013

### Executive Director and CEO Opening Statement

I would like to state up front that I am proud of this past year's accomplishments, but also add that it is my belief that there is always room for job performance improvement. My hope is that this review will allow those areas of professional development needing improvement to surface so that I may work on them in the coming year. I would also like to reiterate my personal commitment to the taxpaying public and to the HART Board of Directors to aim for excellence in all that I do and, in every way possible, to encourage excellent performance from our HART staff, our many consultants and our contractors.

I wish to thank the members of the HART Board of Directors for the confidence they placed in me a year ago and for their support, guidance and direction during the last twelve months. A very special *mahalo* to Board Chair Carrie Okinaga for her tremendous leadership and unwavering support. My *mahalo* also for the support of former Mayor Peter Carlisle and Mayor Kirk Caldwell, and City Council Chair Ernie Martin and the members of the Honolulu City Council with whom I have had the privilege to work. Finally to the staff at HART, past and present, my gratitude for their hard work and support. I am only one member of a very outstanding team that has striven mightily to deliver the many accomplishments discussed here.

As directed by the HART Board's Human Resources Committee, in this document I report on the goals, milestones, and achievements *vis-a-vis* the evaluation criteria established upon my hire. I describe the status of relevant on-going activities, completed tasks, and significant accomplishments over the past 12 months that advance the mission of the organization and that address the specific goals I was given by the Board of Directors in March 2012.

I look forward to a robust dialogue with the Human Resources Committee and the Board of Directors regarding my performance this past year and goal setting for the coming year. *Mahalo*.

## Status Report on Goals, Milestones, and Achievements

*"In this first year, the Board has set high expectations for the Executive Director & CEO."*

There were several critical milestones in the project that were highlighted in the performance evaluation criteria. I am pleased to report the following:

- "Securing the required federal, state and city & county approvals for the commencement of construction" Construction Commenced April 23, 2012;
- "The preparation and timely submittal of the application for Full Funding Grant Agreement (FFGA) to the Federal Transit Administration (FTA)" Application Submitted June 29, 2012;
- "All efforts required for execution of the FFGA" Grant Award Executed December 19, 2012.

In addition a very high priority was placed on enhanced transparency and communication with the general public and key stakeholders to build and to maintain confidence in the management of and support for the rail project. I can say confidently that HART's enhanced transparency is one of the hallmarks of this past year. The Board pronounced transparency a top priority and I have worked diligently and creatively with our staff to make HART a more open and accessible organization to elected officials, to the media, and ultimately to the people of the City and County of Honolulu.

Upon my arrival our team was doing many good things on this project and my goal was, and is, to foster the continuation of those often award-winning efforts. Community outreach through monthly Olelo programming, participation in numerous local events (both initiated by HART or as participants in many events and festivals, etc.), open and frequent HART Board and HART Board Committee meetings, newsletters, and our excellent website. However, there were areas identified early in my tenure where we could do more. There were also areas where spending less while doing more was not only possible but became an important mandate in order to re-gain public confidence in our outreach efforts -- and in the project as a whole. We eliminated unnecessary, duplicative, or ineffective expenditures from our public relations budget; no more coloring books or trinkets. The number of staff dedicated to public involvement was reduced from 23 to 9.5 full time equivalents (FTEs). We proactively instituted measures for greater transparency and increased the amount of information available to the public by adding 150,000+ pages of the administrative record to our website during my first month, and since then adding tens of thousands of pages of documents that were previously inaccessible or unavailable. The effort continues and new information is added every week.

Personally expressing HART's commitment to listen and respond to the public was an immediate and is an on-going priority for me. Over the past year I have personally presented to numerous organizations. As Executive Director and CEO, I have made well over 100 significant appearances: at press conferences and press availabilities, on live television and radio programs, at rotary clubs and chambers of commerce, at neighborhood boards, at HART-sponsored community outreach sessions along the alignment, in high schools and on college campuses, with numerous native Hawaiian organizations, before the City Council and various City Council committees, state legislative committees, at businesses large and small, community informational sessions, and in one-on-one settings with dozens of key stake holders -- not to mention almost every time I visit my grocery store. It is important that the Executive Director and CEO, on behalf of HART and the HART Board of Directors, be available and accessible to listen to the public's concerns and suggestions. At the HART Board's direction, I made this a top priority and have dedicated a significant amount of my time in these efforts.

*"To assess whether or not the Executive Director & CEO has accomplished these goals and successfully executed the duties and responsibilities of his position, the Board will evaluate performance in the following high priority areas..."*

## **1. ORGANIZATIONAL DEVELOPMENT**

The HART organization is complex and has noteworthy demands for its size. When approaching the management of HART, we should not forget that it is an organization still in its infancy: a reality which creates its own challenges. Daily we must establish new systems and create new protocols for activities, setting precedent where there currently is none. Even as it was being born as a semi-autonomous body, HART was quickly evolving from a long-time planning organization, to a construction management organization overseeing the largest public works project in Hawaii's history, all while preparing to become an organization which will oversee the operations manager of the state's first-ever rail system. Working with HART staff and our consultants, I have significantly revamped and integrated the organizational structure of HART to meet today's needs while keeping tomorrow's challenges in sight. We have brought in new, talented personnel to lead our departments through these transitions: both for the work we face today and for the challenges ahead of us. I am working actively on succession planning for several key positions, as well.

Below is a recapitulation of authority reorganization and significant staff changes of the last twelve months:

- hired new (authority's first) Deputy Executive Director (Brennon Morioka);
- hired new (authority's first) Chief Financial Officer (CFO) (Diane Arakaki);

- worked with CFO to hire new accounting staff, Fiscal Officer (Bruce Sakihama), and Budget Analyst (Michael McGrane) to address first annual audit findings and build core budget and cost control management capacity;
- eliminated the positions of Chief Operating Officer and Deputy Project Officer for Administration and Control for cost reductions and flattening the organization;
- reduced public involvement staffing from 23 FTEs to 9.5 FTEs;
- created new position to consolidate Planning, Utilities, Permits and Right of Way for improved coordination and named first Director (Elizabeth Scanlon);
- named new (authority's first) Director of Operations and Maintenance (Duane Sayers) and elevated position to senior level staff;
- named new Utilities and Permits Manager (Darin Mar);
- promoted new Procurement/Contracts Officer (Paula Youngling)
- promoted new Director of Engineering and Construction (Lorenzo Garrido);
- promoted new Deputy Director of Engineering (In-Tae Lee);
- hired new Deputy Director for Construction (Rick Stead)
- replaced former and hired new Core Systems Director (Rainer Hombach);
- replaced former and hired new Project Controls Manager (David Sagherian) and also replaced and hired new the project controls staff (nearly a 70% turnover);
- moved Document Controls to report to Project Controls;
- moved Change Order Management to report to Engineering and Construction;
- Project Controls now reports to the Deputy Executive Director in order to enhance cross-agency coordination and re-emphasize the primacy of on-budget and on-schedule priorities;
- replaced and hired new authority Risk Manager (James McAloon);
- hired new Safety Specialist (Shawn Rainey) and hiring new Safety Certification Manager.

There are several human resources documents that map out where we are and where we are going, such as our new organizational chart and several FTA-mandated personnel related documents that describe required staffing capacity and need for the organization to meet federal standards. HART is meeting these requirements through many of the recent hires and or staff promotions. The long range future of the organization (both size and structure) is currently being reviewed. 'Where we are going' will be informed by the budget and human resources exercise that the Board of Directors has directed in our "look ahead" to 2020 which will be presented to the Board of Directors in July 2013.

This past year I encouraged both agency-wide and job specific training. In a new organization, and a relatively small organization, with a complex set of tasks it is imperative that all staff be informed of their roles and responsibilities as City and County employees and to be armed with the right skills for their specific job-related challenges. All staff have undergone prevention of sexual harassment and ethics awareness training. Many staff have had training on our construction management system (CMS), various computer-related trainings, and construction site safety. Specific trainings were made available, or required, for more specialized work in such departments as: procurement; quality assurance and quality controls; safety and security,

civil rights, various federal transit administration grantee requirements; environmental; legal; and human resources. The goal is to build in-house know-how so that HART staff has all the skills necessary to operate more independently and successfully.

**Empowering Staff:** In order to do as directed, to “empower senior management and employees to lead their departments and functions effectively and efficiently; encourage senior management and employees to work together and across all functions of the organization, avoiding stove-piping” I instituted weekly senior staff meetings and weekly one-on-one meetings with senior staff to enhance communication and coordination and break down silos at the authority. In addition, the re-organization has also enhanced cross-functional interactions. We still have a way to go for the type of cross-departmental collaboration found in the highest performing organizations, but this past year has seen the authority take solid, positive strides forward.

**Cost Controls:** Cost controls and budgeting challenges were identified as a priority during both the interview process as well as in initial meetings with the Federal Transit Administration’s project management oversight consultant. To meet these challenges I hired the authority’s first CFO in August 2012 and began the process with her of building the budget and finance department’s capacity to effectively and efficiently monitor the operating and capital expenditures of the authority. In addition I have hired a new Project Controls Director who is charged with creating and leading an effective and robust project controls staff by the time we resume construction. This has been one of the highest priorities for me and I have worked closely and collaboratively with the FTA and their project management oversight throughout the process. Finally, while the first annual audit yielded findings related to reportings during the transition from DTS to HART, the over-all conclusions were favorable. Our goal is zero audit findings for 2014.

**Safety:** Safety is the top priority. From the first days that we went into construction, I personally visited the worksites for the monthly morning roll call to talk about safety with our contractor’s staff, and our own. Our safety and security officer and I meet weekly, or more often, focusing on a safe workplace and how we can build a safe and secure system, along with our partner Ansaldo JV. In addition, HART negotiated funding for the State Safety Oversight program with HDOT and has worked closely and collaboratively with HDOT to hire a nationally recognized consultant to assist in this role. Safety will be the top priority when we resume construction.

## **2. PROJECT DELIVERY**

This past year, the HART business strategy was adopted by the Board through the business plan which was updated for this fiscal year 2013. It is currently being updated for fiscal year 2014.

Immediately upon joining HART, the staff was challenged to find areas for cost reduction and increased efficiencies. We communicated those recommendations to the Board’s Finance Committee. Within the first couple of months on the job we made recommendations for

reductions in the operating budget and also worked to build relationships with the Mayor and City Council to communicate these actions, with special effort amongst the Budget Committee of the City Council. I wish to acknowledge my appreciation for the leadership of City Council Budget Chair Ann Kobayashi and Transportation Chair Breene Harimoto who were instrumental in advancing a new look at our budget during City Council review. In the first review of the operating budget, these recommendations resulted in over \$1.5M reductions. Three staff positions were also cut from this fiscal year's budget. None of these efforts would have been successful without the guidance I received in these early days from HART Board leadership, particularly from the Finance Chair, Don Horner, to whom I owe a great deal during this transition year. Finally, in order to set an example of fiscal austerity, I imposed the same salary cut that other city and county department heads had taken and unilaterally reduced my salary by 5% for this fiscal year.

In many ways the project became re-focused, almost single-purposed for a period this past year, on the archeological inventory survey (AIS) work required to satisfy the Hawaii Supreme Court decision. I am pleased to report that each milestone that was established was met on time or ahead of schedule. Notably the AIS trenching activity was done nearly two months ahead of schedule and the AIS reports to SHPD have been delivered ahead of schedule as well. This all-hands-on-deck effort brought departments and staff together in a profoundly important way and has helped to set a tone of achievement even in times of great adversity that will serve us well in the future.

### **3. STAKEHOLDER INTERACTIONS & COMMUNITY LEADERSHIP**

*"Work effectively and persuasively with elected officials, local, state and federal agencies, the U.S. House of Representatives, the U.S. Senate, U.S. DOT/FTA, Transportation Security Administration (TSA), the governments of City and County of Honolulu and State of Hawaii and the local business community, organized labor, public constituencies, NGOs, the press and other stakeholders -- develop an understanding, appreciation, sensitivity and commitment to the social, cultural, economic, political and environmental needs of HART and the unique city it serves."*

As cited above, I maintained during the past year a strong commitment to listen and respond to the public and the people's representatives. I have been extremely accessible to the media to make our case for the project's many merits, as well as to work hard to dispel the many misrepresentations made during the intense heat of the recent elections. Television, radio, newspaper reporters and editorial boards have had unprecedented access to timely information over the past year, and HART's message was delivered in every story that we could get into. These activities allowed us to communicate with the public at-large, and to our many stakeholders, about what changes we were making to improve the project and project delivery.

I have spent considerable time personally reaching out to our elected officials, including to our congressional delegation over several visits to Washington, D.C. and interactions in-state; and with our federal partners at the Federal Transit Administration both in Washington, D.C. and their regional office in San Francisco as our federal funding application was being prepared and was under review. In state, former Senate President and Board member Bobby Bunda was generous with his time to introduce me to the state legislative process, key legislators, and to guide the Board's legislative review process this year.

Over the last 12 months I took seriously the need to "introduce myself" to many, many stakeholders in the business community, labor community, the political community, and other public constituencies. I have met with numerous key local developers and business leaders and have spoken to their professional organizations or at their businesses. In addition, with the introductions by Board members Damien Kim and Buzz Hong I was able to quickly form solid relationships with the leaders of many of the state's labor organizations.

I have worked closely with the Mayor and the City Council on matters relating to the project, understanding that the City and County of Honolulu is the federal grant recipient and principal proponent for the project. I have maintained weekly briefing meetings with the Mayor and Managing Director and periodic updates for the City Council Chair. A quick recap of three significant milestone events at Honolulu Hale demonstrates the time and intensity of effort expended by myself and our dedicated staff this past year.

Immediately as I arrived in Honolulu, considerable time was spent with the City Council on several critical matters. It was important to establish a strong working relationship with the members of the City Council quickly in order to advance the annual budget review process already underway, and to address several important bills relating to the full funding grant application. First, working with the City Council, we were able to achieve passage of HART's operating and capital budgets. Here I worked closely with City Council and particularly the Budget Committee chair and members to address several amendments to reduce the budget and the number of employees requested for the coming fiscal year. These recommendations were agreed to and passed by the HART Board. Next, the City Council was asked to support an increase to the borrowing capacity for City and County and agree, if necessitated by some unforeseen future circumstance, that up to \$450M would be used to fund any project shortfalls and complete construction. This critical vote was a prerequisite for approval of the full funding grant application by the FTA. Following many personal public appearances and working closely with the City Council chair and leadership, this agreement was approved and a positive vote by the council allowed us to file the application. Finally, following FTA review and recommendation for approval, a subsequent vote of the City Council was necessary to authorize execution of the grant agreement. The vote was taken, and by a strong 8:1 vote margin, the authorization was provided. The leadership of City Council Chair Ernie Martin was instrumental in these complex negotiations and critical votes.

As a newcomer to the island, I felt a special responsibility to reach out, to learn the local history, language, and specific regional and ethnic concerns about the project -- both its potentially negative impacts and how to mitigate or avoid them, and to create connections where none had existed between HART and various communities to demonstrate the positive impacts that will result once rail is built and operational. In particular, outreach to the Native Hawaiian community has been a top priority. Including the community in our project, seeking their *mana'o*, has been vitally important to the success of our project. Many early meetings arranged by Vice Chair Ivan Lui-Kwan with leaders of the Native Hawaiian community set a tone of renewal and openness with the community that continues to pay dividends. I would also like to acknowledge City Council Vice Chair Ikaika Anderson for his interest and advice in this critical area as well. As an example of our responsiveness to community concerns, we created and implemented a first-of-its-kind cultural monitoring program for the archeological inventory survey work of our project -- and we are working now to create a model cultural monitoring program for the period of construction. We made every effort to be as inclusive as possible with the cultural monitoring program, and reached out to include the plaintiff in the Supreme Court case and her *'ohana* in these efforts, as well as other cultural descendants with connections to the *ahupua'a* in which we were working.

There are two other key areas where I expended efforts to advance the authority's mission:

- Transit Oriented Development (TOD): I participate regularly in various state and city & county TOD forums and work with the Board's TOD Chair Buzz Hong and the TOD committee and others to advance the TOD-rail connections.
- Hawaii Department of Transportation (HDOT): I work very closely with HDOT and have developed a collaborative relationship with the HDOT Director and various deputy directors and key staff. My thanks to HDOT Director and HART Board Member Glenn Okimoto and HDOT Deputy Director Jadine Urasaki for their assistance this past year.

#### **4. BOARD INTERACTION**

“Develop a strong collaborative working relationship with an engaged 10-member Board of Directors...”

Board meetings, board committee meetings, and board member interactions and communications have been a center for much of my activity. I have spent considerable time discussing project issues with Board members and committee chairs regarding their areas of priority and interest. I have attempted to be accessible and available. I work to maintain an openness to suggestions to carry out Board policies and direction. I have also attempted to present, along with our staff, timely and accurate data and to offer recommendations as issues arose so that the Board had the benefit of both pertinent facts as well as professional opinion upon which to base decisions. In addition, I have made efforts at improved communication through the Executive Director's

Reports and with personal invitations to include and invite Board member participation at public events.

There has been much to react to this past year. Coordination of message and responses to the almost daily questions presented by candidates for public office and the media during the recent elections consumed an immense amount of time to assure that the HART Board and staff were offering consistent, timely responses. In addition, with the court rulings on the project's three significant legal challenges coming down rapid fire over the past 12 months, many important decisions had to be coordinated between legal counsel and the Board and the staff. In the hindsight of a year, I believe we can be proud of the decisions we made regarding these cases -- and appreciative of the outstanding legal support from Corporation Counsel. While these challenges were at times exhausting and nerve-wracking, they fostered a "strong collaborative working relationship with an engaged 10-member Board of Directors" that has laid a strong foundation for the future.

As importantly as reacting well to the inevitable adversity inherent in large public works projects, I believe a positive, *proactive* rhythm of staff and Board engagement continues to develop. Issues are being raised about the future of the project and the authority flowing freely between Board and staff. Issues are being brought forward regularly, in a proactive fashion such as: ways to enhance public communications, HART-OTS/rail-bus cooperation initiatives, customer service enhancements such as free wifi, additional seats and fare gates, fare policy planning, legislative engagement, capital budget reviews, managing delay claims, transparency of reporting change orders, and so on. While our team is still new and there is a lot to be done, as we approach the re-start of construction there can be observed a healthy energy between the Board and the staff that I work to foster regularly.

Communication can be a challenge with a volunteer Board with competing interests both professional and personal beyond the time that can be realistically dedicated to HART business. This requires the Executive Director and CEO to find as many ways as possible to keep the Board well informed. Communication with the Board members is formally done through the Executive Director and CEO reports and coordination of numerous staff presentations before the full Board and Committees. Informally, I have endeavored to meet or talk (or often text and email) on a regular basis with the Board Chair and Vice Chair, as well as committee chairs and members. While there have been improvements to the information provided to the Board, the timeliness of the information continues to be a challenge. It is a priority to improve this in the coming year. These are works in progress as HART turns two years old in July 2013 and as many new staff settle in to their duties.

Finally, my sincere thanks to Human Resources Chair Keslie Hui for leading this review process.

## **Proposal for 2013 - 2014 areas of focus**

Continue to focus on the four (4) main categories above:

BOARD INTERACTION;  
STAKEHOLDER INTERACTIONS & COMMUNITY LEADERSHIP;  
ORGANIZATIONAL DEVELOPMENT; and  
PROJECT DELIVERY.

### PROPOSED PROJECT DELIVERY MILESTONES for APRIL 2013 - MARCH 2014

- Satisfy the requirements of the State Supreme Court decision:
  - Complete the AIS Report in 4 months or sooner.
  - Assist SHPD to review AIS reports within their allocated statutory period.
  - Acquire SMA permit as quickly as possible thereafter.
  - Acquire all other necessary permits that may have been contingent upon the SMA permit.
  - Resume construction in Phases 1 and 2 by September 30th, or as soon as possible thereafter.
- Satisfy the requirements of the Federal Court decision no later than 1Q 2014:
  - Traditional Cultural Properties (TCP) Report finalized.
  - Beretania Street Tunnel option analyzed.
  - Mother Waldron Park impacts analyzed, mitigated or eliminated.
- Minimize delay claims that has resulted from these two cases; complete negotiations on outstanding delay claims arising out of the delays and present recommendations to the Finance Committee and Board.
- To the extent possible and advantageous to the project budget and schedule, recommence construction in 3Q 2013 with a “clean slate” with contractors by negotiating settlement of all outstanding notice to proceed (NTP) delay claims arising out of the start of the project.
- Effectively utilize the delay period to acquire old and new permits, rights of entry, land acquisition, and other agreements necessary to limit or eliminate exposure to future delays and delay claims.
- “On time, On Budget” will be measured more accurately and precisely with new project controls and reported in a more meaningful way.
- Develop and implement a model Cultural Monitoring Program for the period of construction.
- Continue to develop Native Hawaiian Community and other key stakeholder relationships.

- Complete major staffing and agency reorganization.
- ‘Build Rail Better’ by working collaboratively with the Mayor and City Council under the direction of the HART Board of Directors.
- Establish more robust DTS-OTS-HART-Ansaldo cooperation on fare media/collections system; budget synergies; and operations intersects, etc.
- Grow more positive relationships with Mayor and City Council and establish positive relationships with new legislative leadership on the state and federal levels of government.
- Deliver significant contract milestones, and major contract awards expected over the next 12 months, to keep the project on schedule.
- Achieve zero findings in the authority’s 2nd annual audit, specifically addressing deficiencies identified in 2012’s audit report.

**Annual Performance Objectives  
for  
Daniel A. Grabauskas, Executive Director & CEO  
Honolulu Authority for Rapid Transportation (HART)  
Evaluation Period: April 2013 - March 2014**

Powers, Duties and Functions of the Executive Director:

As defined in the Revised Charter of the City and County of Honolulu Section 17-104, the Executive Director shall:

- a) Administer all affairs of the authority, including rules, regulations and standards adopted by the board.
- b) Have at least five years of fixed guideway system experience.
- c) Sign all necessary contracts for the authority, unless otherwise provided by this article.
- d) Recommend to the board the creation or abolishment of positions.
- e) Enforce the collection of fares, tolls, rentals, rates, charges, and other fees.
- f) Prepare payrolls and pension rolls.
- g) Maintain proper accounts in such manner as to show the true and complete financial status of the authority and the results of management and operation thereof.
- h) Prepare annual operating and capital budgets.
- i) Prepare and maintain a six-year capital program.
- j) Prescribe rules and regulations as are necessary for the organization and internal management of the authority.
- k) Recommend rules and regulations for adoption by the board.
- l) Request, and accept appropriations from the city, and request and accept grants, loans and gifts from other persons and entities.
- m) Administer programs promoting appropriate developments near transit stations, including compilation of city incentive programs.
- n) Review development projects having significant impact on the operation of the fixed guideway system.
- o) Plan, administer and coordinate programs and projects of the fixed guideway system that are proposed to be funded, wholly or partially, under federal or state law and required to be transmitted to the Oahu metropolitan planning organization.
- p) Attend all meetings of the Board unless excused.
- q) In addition to the general powers under this section, other general or specific powers may be conferred upon the executive director by ordinance, so long as the powers are consistent with the article of this Charter.

#### Annual Performance Review

After the significant milestones and progress achieved in Mr. Grabauskas's first year as Executive Director and CEO, for this second year, the Board continues to have high expectations. There are several critical milestones in the Honolulu Rail

Transit Project (H RTP) for the coming year, including resuming construction of the fixed guideway system and maintaining enhanced transparency and communication with the public and key stakeholders to build and to maintain the public's confidence in the management of and support for the rail project. To assess whether or not the Executive Director and CEO has accomplished these goals and successfully executed the duties and responsibilities of his position, the Board will evaluate performance in the following high priority areas.

## ORGANIZATIONAL DEVELOPMENT

- Develop and implement a Human Resources staffing plan, which shall include projections for the years of operation starting in 2017;
- Ensure successful succession and employee development plans across all functions of the Authority, especially in light of key retirements expected over the next few of years. This includes identifying current opportunities for training of our employees by experienced consultants, and encouraging employees to take initiative and develop within the organization;
- Coach, train, and motivate staff; manage employee relations; manage the workflow and prioritization of projects and measure the performance of the agency and direct staff and take appropriate corrective action when necessary; review the work of staff and make effective suggestions and recommendations; recommend and implement corrective actions, discipline and termination procedures as appropriate/necessary;
- Ensure that processes, policies and practices are interpreted and applied consistently and effectively and that the Authority is accountable and compliant with all current and applicable HART, City, state and federal policies;
- Empower senior management and employees to lead their departments and functions effectively and efficiently; encourage senior management and employees to work together and across all functions of the organization, avoiding "stove-piping"; provide an environment where managers from each department are encouraged to work together and present directly to executive leadership;
- Ensure that effective cost-control measures are in place at all levels of the Authority; and
- Invite and encourage Board member participation in community events and senior staff meetings as appropriate.

## PROJECT DELIVERY

- Implement the HART business strategy adopted by its Board and in accordance with HART's mission to achieve the vision for the H RTP through the successful accomplishment of HART's goals, including construction of the entire fixed guideway system on time and within budget;
- Manage the FFGA process and continue to retain and build the trust and confidence of the FTA;

- Responsibly manage the Authority's assets in order to optimize all funding sources available to HART;
- Identify areas for cost reduction and increased efficiencies and communicate those recommendations and creative solutions effectively to the Board and management, resulting in an organization that is run efficiently and cost effectively;
- Manage a capital project-oriented organization with an emphasis on financial management, safety, security, and public awareness as to the impacts that construction will have on residents, visitors, the environment and other stakeholders;
- Responsibly schedule, authorize, and manage the physical development of the H RTP;
- While maintaining focus on construction, facilitate efforts being made by the State and City and County governments in partnership with developers and landowners to advance transit oriented development that maximizes ridership and generates the highest return on investment, in furtherance of the H RTP and the City's development plans. In particular, develop and execute MOUs and MOAs with public and/or private land owners within close proximity of each planned transit station to access the station from their proposed development;
- Make satisfactory progress in the Disadvantaged Business Enterprise program;
- Maintain strong and consistent communication with and oversight over the DBOM contractor; and
- Balance the focus on on-time/within-budget construction milestones, with the long term vision of delivering future operation and maintenance of the system in a safe, clean, courteous, timely, dependable, and cost-effective manner.

#### STAKEHOLDER INTERACTIONS & COMMUNITY LEADERSHIP

- Work effectively and persuasively with elected officials, local, state and federal agencies, the U.S. House of Representatives, the U.S. Senate, U.S. DOT/FTA, Transportation Security Administration (TSA), the governments of City and County of Honolulu and State of Hawaii, the University of Hawaii system, and the local business community, organized labor, public constituencies, NGOs, the press and other stakeholders;
- Attend and/or participate in professional group meetings and maintain awareness of new trends and developments impacting the agency's business activities;
- Further develop an understanding, appreciation, sensitivity and commitment to the social, cultural, economic, political and environmental needs of HART and the unique city it serves;
- Listen to stakeholder input and provide insight into the Authority's implementation of its capital program and policies and the Authority's current and future status and to assure maximum cooperation in building the best

possible fixed guideway transportation system for the City and County of Honolulu;

- Advocate for sustainable development and economic growth for the City and County of Honolulu and increased revenue for government and local businesses;
- Maintain on-going communication with the State of Hawaii's Department of Transportation and the City and County of Honolulu's Department of Transportation Services regarding the alignment of the fixed guideway system as it relates to grade crossings and capital intensive construction phases;
- Continually examine the Authority's performance as it relates to safety so that the design, construction and future operation result in delivery of safe, enjoyable and reliable service to all stakeholders; and
- Work with government officials, commercial and residential real estate developers and other businesses, and the public to develop initiatives to minimize use of real property taxes for operation of the mass transit system in the future.

#### BOARD INTERACTION

- Further develop a strong collaborative working relationship with an engaged 10-member Board of Directors; assist the Board in its policy-making duties by providing relevant information in a timely manner; assist the Board in short and long-term planning objectives; furnish information to include options and potential consequences, enabling the Board and its Committees to make informed decisions;
- Manage the resources of the Authority consistent with the Board's policies, project schedules and the financial plan, via actionable management plans that provide strategic direction for senior management to effectively execute these plans;
- Ensure materials for Board meetings are provided in a timely manner and in advance of Board meetings, and where possible, posted for public review; and
- Communicate regularly with the Board of Directors about internal operations, reports and external stakeholder communications, updating the "balanced scorecard" and "HART Facts" every three (3) months.

Acknowledged

Daniel A. Grabauskas  
Executive Director & CEO