



HONOLULU AUTHORITY for RAPID TRANSPORTATION

## MINUTES

**Board of Directors Meeting  
Mission Memorial Annex Conference Room  
550 South King Street, Honolulu, Hawaii  
Thursday, May 17, 2012, 10:00 AM**

**PRESENT:**

Don Horner  
Carrie Okinaga  
William "Buzz" Hong

Robert Bunda  
Wayne Yoshioka  
David Tanoue

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

Gary Takeuchi  
Frank Doyle  
Karen Gast  
Lorenzo Garrido  
Paul Migliorato  
Lance Wilhelm  
Russ Honma  
Jerrean Kaikaina  
Alex Iglesia  
Randy Rivera

Dan Grabauskas  
Toru Hamayasu  
Aukai Reynolds  
Harvey Berliner  
Jeanne Mariani-Belding  
Bill Brennan  
Joe Magaldi  
Lori Hiraoka  
Shannon Wood  
Mitchell Tynanes  
Maurice Morita

**EXCUSED:**

Ivan Lui-Kwan  
Keslie Hui

Glenn Okimoto  
Damien Kim

**I. Call to Order by Chair**

Board Chair Carrie Okinaga called the meeting to order at 9:29 a.m.

**II. Public Testimony**

Ms. Okinaga called for public testimony.

Michael Asato provided brief testimony, as well as written testimony (attached hereto as Attachment A), on the risks associated with the October 2011 monthly progress report.

Cliff Slater testified regarding his opposition to the Business Plan, and stated that it provided inadequate transparency regarding risks and uncertainties. Board member Don Horner expressed his appreciation for Mr. Slater's concern for taxpayers and efforts to help the HART Board do its job better. He asked Mr. Slater to provide a list of specifics on how they can do that.

Retired architect Jeffrey Patterson stated he was in opposition to the Business Plan. He expressed his concern that construction has started without final plans or guaranteed financing. He also listed obstacles such as land acquisition, burial sites, soil problems, and lawsuits. Mr. Patterson did not agree with the CEO recruitment process, and questioned why the two finalists for the position withdrew. Mr. Horner stated that the gentlemen were supportive of the project.

Russell Honma provided testimony regarding the transit oriented development (TOD) in west Oahu. Board member William "Buzz" Hong asked if Mr. Honma has attended any TOD meetings. Mr. Honma replied that he had, and thought that although the meetings were effective at the time, the TOD momentum has since been lost.

Maurice Morita testified about the need for rail for residents of the Ewa Plains, especially in light of the future housing developments.

Bobby Slater provided testimony on the format of the HART Board meetings, stating that it does not allow for a discussion to occur.

### III. Approval of Minutes

Ms. Okinaga stated that, per Corporation Counsel, Executive Session minutes do not require approval. Thus, the Board would be taking no action on them.

Ms. Okinaga called for the approval of the minutes of the April 19, 2012 Board of Director meetings. There being no objections, the minutes were unanimously approved as circulated.

### IV. Report of Committee Meetings

Finance Committee Chair Don Horner stated that he had no additional remarks regarding the May 3, 2012 Finance Committee meeting other than what was reflected in the minutes.

Ms. Okinaga stated that the Audit/Legal Matters Committee Chair was absent. The Vice Chair, Mr. Horner, stated that he would answer any questions about the May 3, 2012 Audit/Legal Affairs Committee meeting. No questions were forthcoming.

V. Adoption of the Audit/Legal Matters Committee's Recommendation to Ratify the Selection of the Independent Auditor

Ms. Okinaga introduced Resolution 2012-1 to adopt the Audit/Legal Matters Committee's recommendation to ratify the selection of PKF Pacific Hawaii LLP as HART's independent auditor, attached hereto as Attachment B.

Board member David Tanoue asked if the retention of the auditor was a Federal Transit Administration (FTA) requirement, and Ms. Okinaga stated that it was a charter requirement. Board member Wayne Yoshioka moved, and Mr. Horner seconded to adopt Resolution 2012-1. The motion carried unanimously.

VI. Presentation of the Maintenance and Storage Facility

The next agenda item was a slide presentation of the Maintenance and Storage Facility (MSF) by MSF Contract Manager Akira Fujita, Martin Hall of Parsons Brinckerhoff, and Assistant Contract Manager Brent Uechi. A copy of the presentation is attached as Attachment C.

They began by explaining that the MSF is one of three design/build contracts, along with the West Oahu/Farrington Highway guideway and Kamehameha Highway guideway contracts. The MSF contract, held by the Kiewit/Kobayashi Joint Venture, contains two elements: 1) design/construction and 2) procurement of products for the entire project. The MSF is located next to Leeward Community College (LCC), near the proposed LCC Station. The MSF will function as a maintenance site for the rail car fleet, and for the guideway.

Access to the MSF is provided by the roadway fronting LCC, which is currently the only entry to the MSF, LCC, and the surrounding residences. It consists of 43 acres, and is a former Navy drum site to be acquired from the Department of Hawaiian Homelands (DHHL). A second entry along the easterly/southerly side of the property will be created via Farrington Highway. This entry will allow access for emergency first responders and provide an alternative emergency access to LCC.

The MSF will consist of four buildings: 1) the Operations and Service Building, which will house administrative, communications and control personnel, the control center, maintenance facilities, safety and security personnel, and inspectors; 2) maintenance of way facility; 3) train wash facility; and 4) wheel truing facility. There will be three miles of track within the MSF site for storage, access to and from the maintenance and maintenance of way facilities, and the train wash platform.

Construction began on July 25, 2011, with substantial completion scheduled for 2015. The total present contract cost for the MSF is \$210.9 million, including the proposed change order for rail tracks of \$15.9 million.

Mr. Horner stated that the MSF will be a state of the art facility. Mr. Tanoue asked whether the MSF site is being acquired from DHHL, and Mr. Fujita confirmed that HART is currently in the acquisition process, and currently has a right of entry.

Mr. Hong asked about the stability of the soil at the MSF site, and requested a topographical overlay map of the MSF site, along with a drainage plan. Mr. Fujita stated that the site is stable. He went on to say that cut and fill excavation is planned so that no new materials will be required to level the site.

Mr. Horner stated that as “brains that drive the trains,” the MSF will serve as much more than a storage and wash facility. He asked whether the Environmental Impact Statement included the MSF site, and Mr. Fujita confirmed that it had. Mr. Horner and Mr. Tanoue asked whether the shoreline management and high water mark risks had been addressed, and Mr. Fujita confirmed that they had, and that the property was above the mean high water mark.

Mr. Horner asked about the cost of the property. Mr. Hamayasu stated that the City is hoping to exchange another piece of the property of comparable value with DHHL for the MSF site.

Mr. Horner stated that the MSF is sited between ten miles of track in either direction because there is no other appropriate site for it. He asked whether the risk is in the construction phase. Mr. Hamayasu stated that the risk is shared by the contractor and HART’s contingency. Mr. Horner stated that this is analogous to the Middle Street bus facility, which is City owned, but operated by a contractor. Mr. Hamayasu agreed, and stated that the contractor is responsible for the maintenance of the equipment.

Ms. Okinaga asked whether HART had been meeting with neighboring Leeward Community College and Waipahu High School. Mr. Fujita said that meetings with those organizations occur on a regular basis, as HART strives to be a good neighbor. Mr. Grabauskas added that he had met with LCC Chancellor Manny Cabral, who was complimentary about the communications between LCC and HART thus far.

At Mr. Horner’s request, Mr. Hall detailed his background as a civil engineer whose past work history includes tenures at the Santa Fe Railroad, Puerto Rico’s Tren Urbano, and New Jersey Transit. His experience includes work on the Maintenance and Storage Facilities in Puerto Rico and New Jersey. He has been in Hawaii since 2007 doing preliminary engineering for the West Oahu/Farrington Highway section of the guideway. Mr. Horner asked Mr. Hall to explain why the Tren Urbano project was so over budget. Mr. Hall stated that the scope of the project expanded after the initial cost estimate was drawn up, and there were many claims issues because of interfaces between contracts. Mr. Hall said that his main concerns are permitting and interfacing issues, but these are manageable. On behalf of the Board, Ms. Okinaga thanked the group for their presentation on the MSF.

VII. Discussion of the FY13 Business Plan

Ms. Okinaga introduced the next agenda item, the FY13 Business Plan, noting that the Plan is required under HART's Financial Policies. She proposed that the Finance Committee take the lead in evaluating the draft Business Plan, which would then make its recommendations to the full Board. There being no objections, the matter was referred to the Finance Committee.

VIII. Discussion of Executive Director's Performance Metrics

The next agenda item, the Executive Director's Performance Metrics, were likewise referred to the Human Resources Committee for evaluation and recommendation to the Board of Directors.

IX. Report of the Executive Director

Mr. Grabauskas began his report to the Board by providing them with the monthly progress reports from December 2011 to April 2012. He stated that the reports would be available on the website. The balanced scorecard remained a work in progress.

Mr. Grabauskas reported that the concrete for the first guideway column was poured on Monday, May 21, 2012. Seven additional column foundation shafts had been drilled. Archaeological inventory survey work continued in the City Center section, with 44 of 232 trenches completed, and five out of 40 trenches completed in the Airport section.

Regarding legislative matters, Mr. Grabauskas reported that the HART budget bills and Bill 37 on commercial paper were advancing through Council fairly unchanged. He reported on his continued work with Council members on the budget, and stated that the Council recognized all the Board-endorsed changes to the operating budget. He also reported working with the Council and the FTA on language in Bill 37 agreeable to all parties, and stated he would be appearing before the Council the following week on the bill. Mr. Grabauskas stated that the Council wanted to ensure that the bond funds could not be encumbered or expended until the Full Funding Grant Agreement (FFGA) was issued.

Board member Robert "Bobby" Bunda asked Mr. Grabauskas to detail the FFGA submittal timeline. Mr. Grabauskas stated that HART is working closely with the FTA on refining the submission, which will be made in mid-June. Once submitted, the FTA works on the draft, then forwards it to the Office of Management and Budget. The FTA then submits the final document to Congress for a 60-day review. Mr. Bunda asked if Congress must then appropriate monies for the FFGA, and Mr. Grabauskas responded affirmatively, and stated that the FFGA approval process in and of itself is not the vehicle by which Congress could change the \$250 million currently budgeted by the president for the Honolulu project. The \$1.55 billion commitment will occur through appropriation

over a succession of years. Mr. Grabauskas emphasized that in the history of the Congress, there has never been a situation in which they have not funded an FFGA.

Mr. Horner asked about the importance of building partnerships with organizations such as the University of Hawaii, Leeward Community College, Honolulu Community College, and Queen's Medical Center. Mr. Grabauskas stated that a station in close proximity to the Queen's Medical Center will transport employees and patients, 15% of whom are from the neighbor islands, and can take the train from the airport to the hospital. He stated he was also working on coordination with TheBus, and is reaching out to Admiral Fernandez Ponds regarding the Pearl Harbor Makalapa Gate station. He also reported meeting with the Sovereign Councils of the Hawaiian Homelands Assembly, Department of Hawaiian Homelands, Office of Hawaiian Affairs, and the Oahu Island Burial Council. Mr. Grabauskas also reported positive interactions with the Sierra Club.

X. Executive Session

Ms. Okinaga asked if there were any matters for discussion in executive session. There were none.

XI. Adjournment

All Board business having been completed, Ms. Okinaga adjourned the meeting at 10:55 a.m.

Respectfully Submitted,



Cindy Matsushita  
Board Administrator

Approved:



Carrie Okinaga  
Board Chair

JUL 19 2012

Date

# ATTACHMENT A

# Testimony of Michael Asato

Honolulu Authority for Rapid Transportation

Board of Directors Meeting

## Discussion of FY13 Business Plan

May 17, 2012

Comment [m1]: Just the facts ma'am.

Good morning HART Board members. I am testifying as a private citizen to bring to your attention the following "significant" project risks identified in the Freedom of Information Act-obtained October 2011 Program Management Oversight Contractor (PMOC) report.\*

PROJECT RISK REGISTER						Legend					
Honolulu High-Capacity Transit Corridor Project						Low (1)	Med (2)	High (3)	Very High (4)	Significant (5)	
Date Issue: August 2011						Probability	< 10%	10>=50%	> 50%	75%	>90%
Rev. 6						Cost	< \$250K	\$250K>=\$1M	\$1M>=\$3M	\$3M>=\$10M	>\$10M
Note: Project Wide risks are evaluated both at the Project Wide level and by contract. Therefore, what may seem as repetitive are actually risks applicable to each contract.						Schedule	< 1 Mths	1>=3 Mths	3>=6 Mths	6>=12 Mths	> 12 Mths
						Rating	1-3	3, 4, 5	4, 5	5	
Current ID	SCC Code	Contract Package	FTA Risk Category	Risk Description	Most Current Notes and Comments	Probability Rating	Cost Impact (A)	Schedule Delay (B)	Risk Rating %=(A+B)/2	Prior Risk Rating	
60	10.04	Project Wide	Geotech/Early Cons	Differing geotechnical conditions may be encountered and result in schedule delays and additional cost. (General Project Wide geotechnical risk)		5	5	3	20	20	
60e	10.04	City Center Guideway	Geotech/Early Cons	Given limited geotechnical information available at this time, additional costs may be incurred associated with final design through construction.		5	5	3	20	20	

[http://www.honolulutraffic.com/PMOC\\_OCT2011.pdf](http://www.honolulutraffic.com/PMOC_OCT2011.pdf) [Acrobat pp. 326-327, huge 204MB download]

Regarding the issue of risk, at the Council Special Budget Committee meeting on May 10, 2012:

[http://www1.honolulu.gov/multimed/arcctwiiha.asp?id=ccl\\_bud\\_051012\\_a\\_283](http://www1.honolulu.gov/multimed/arcctwiiha.asp?id=ccl_bud_051012_a_283)

Harimoto [02:15:00]: Let me get back to the issue of risk because you brought that up earlier. So because the FTA has tightened up their oversight significantly I think that they are doing a better job of pointing out potential risk so that the projects do come in on-budget, on-schedule because they are working with the jurisdictions to be sure that they proactively address these issues so you pointed out the risks that there are some concerns the FTA has about Honolulu's project, now can you name any transportation project that the FTA says there are no risks?

Slater: No but they have not delineated those risks as they have done recently.

Harimoto: Are you sure they are portraying this.... I'm a project manager by profession and I know there is risk to anything. But the more you point out the potential risk the more you proactively mitigate those risks so I think it is unfair to just say that there are risks and there are concerns. Yes, of course, but I think with any project there will be – and with more oversight that the FTA is providing and now that we have a rail expert here I think we are more on track than we were before, so if anything I think the risks are more mitigated now so that's my only point. Thank you, Madame Chair.

\* At the April 12, 2012 Budget Committee meeting Grabauskas promised "openness & transparency" (and to Budget Chair Kobayashi, the PMOC reports): as of May 16, I am unable to find the PMOC reports on HART's website. Where are they? Also at the May 3 Council Transportation Committee meeting, testified that he would be attending a meeting with the PMOC later that afternoon. What happened?

And at that same Council Special Budget Committee meeting:

HART Executive Director Grabauskas [02:26:34]: I would hasten to also say, perhaps the most important thing that I would comment on is following on the comments made by Councilman Harimoto. Risk identifications are not predictions, they are purely identifications of risk, and when we know what those potential risks are then we can work to mitigate and to be prudent we put contingencies in place based on prior experience where we know that the probabilities are that you may encounter something and you put those contingencies aside. But an excellent plan that includes a lot of risk assessment isn't something to be afraid of. It is not predictive. It is an assessment of possibility, and when we know those possibilities then we can address them. And so that is really important to folks is not to be afraid of the PMOC is saying, these are all the things that might happen. I mean if you renovate your own kitchen you would have a contingency to say if it is an old house when you pull the dry wall down you don't know if you have to do the electrical system over. So these are the kinds of things that your very baseline is building in, and you are doing that in a good fashion. If you don't have a good risk assessment, then the unknowns and the probabilities work *against* you. So I think the PMOC and the FTA is really doing an admirable job on behalf of the taxpayers to say, we need to identify every risk, every probability, and we need to really put that in front of everybody so that as managers we can manage to those risks.

On the one hand, the above PMOC significant project risks could be mitigated by a City Center guideway segment design contract (which mysteriously had no appropriation request for FY2013)

 <b>Honolulu Rail Transit Project</b> <b>City Center Guideway</b> <b>and Utilities</b> <b>Design Contract</b> <b>RFQ-HRT-468902</b>  <b>Pre-Submittal Conference</b> <b>January 13, 2012</b>  	<b>Procurement Schedule</b> (Subject to Change) <ul style="list-style-type: none"> <li>▪ Issue RFQ <span style="float: right;">16 Dec 11</span></li> <li>▪ Pre-Submittal Conference <span style="float: right;">13 Jan 12</span></li> <li>▪ Final Date to Submit Questions <span style="float: right;">23 Jan 12</span></li> <li>▪ Responses &amp; Final Addendum Date <span style="float: right;">31 Jan 12</span></li> <li>▪ Submittal Due Date <span style="float: right;">9 Feb 12</span></li> <li>▪ Award Contract <span style="float: right; border: 1px solid red; padding: 2px;">30 Jul 12</span></li> </ul> 
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and on the other hand, per HART letter to Council (May 8, 2012, ref: HRT4/12-464780R) is anticipated to be completed in FY2014:

	AIS Completion	Final Design Completion	First Construction Contract Awarded
West Oahu Farrington Highway	Completed 10/2009	Complete by 12/2012	11/2009
Kamehameha Highway	Completed 8/2011	Complete by 12/2012	6/2011
Airport	Complete by 8/2012	Complete by 2013	Late 2013
City Center	Complete by 1/2013	Complete by 2014	Early 2014

In your discussion of HART's FY2013 business plan I respectfully request that in carrying out your fiduciary duty of risk oversight ask HART Executive Director Dan Grabauskas:

1. Why were these significant risks with only a 3 to 6 month impact on schedule not mitigated back in August 2011 (the issue date of the Project Risk Register, revision 6)?

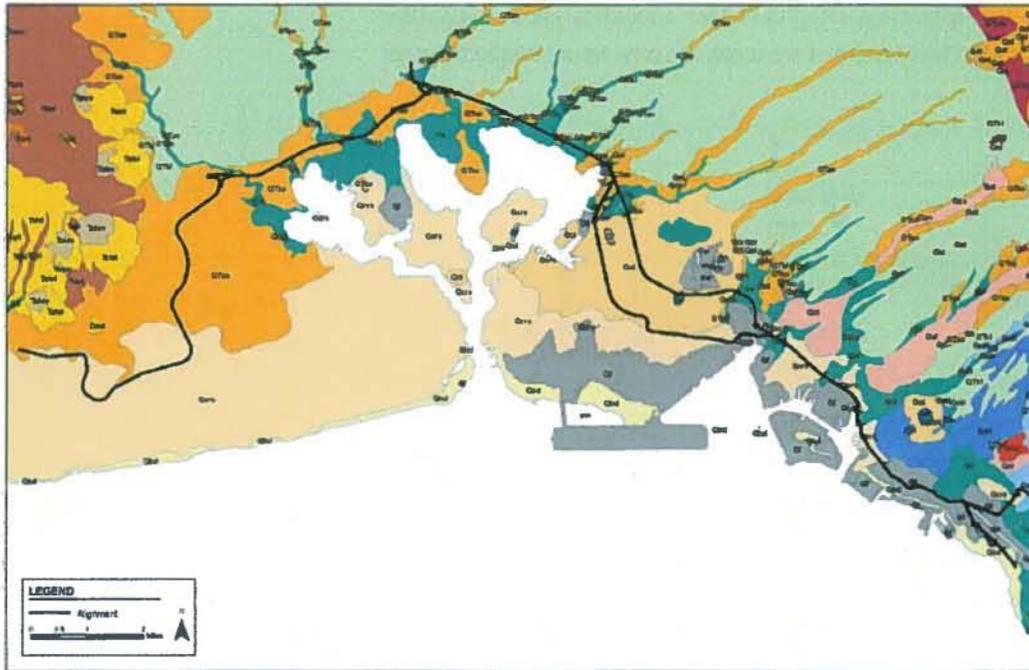
Item No.	Item Description	Category	Impact	Probability	Severity	Overall Risk	Responsible Party	Start Date	End Date	Status
100	100-001	Programmatic	High	Medium	High	High	Program Manager	8/1/11	12/31/11	Open
100	100-002	Programmatic	High	Medium	High	High	Program Manager	8/1/11	12/31/11	Open
100	100-003	Programmatic	High	Medium	High	High	Program Manager	8/1/11	12/31/11	Open

2. Given "differing geotechnical conditions may be encountered and result in schedule delays and additional costs" (*sic*), why is the drilled shaft foundation design baselined project wide?

**Risk Description**

Differing geotechnical conditions may be encountered and result in schedule delays and additional cost. (General Project Wide geotechnical risk)

For instance, Waipahu's farming soil is very different from Kakaako's sandy soil and Nimitz Highway along Honolulu Harbor's landfill soil.



Source: Sharnoff, David R., Soren, John M., Whitson, Sarah E., Bunt, Kelly M., Geologic Map of the State of Hawaii, USGS Hawaiian Volcano Observatory

Figure 4-1: Geologic Map of the Project Corridor

<http://www.honolulustransit.org/media/11987/20110702-geology-soils-farmlands-and-natural-hazardstech-report.pdf> (pp. 28-29)

3. Given that there is “limited information at this time” on geotechnical conditions necessary for the “final design” of the City Center elevated guideway segment foundation what might be some “Pandora’s Box” impacts should instead of the drilled shaft foundation design a driven-pile foundation design with say 40 feet wide x 10 feet long x 5 feet deep concrete pile caps be required?<sup>†</sup>

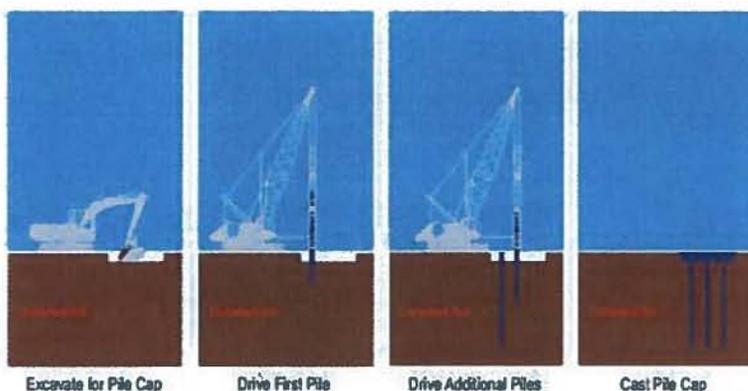
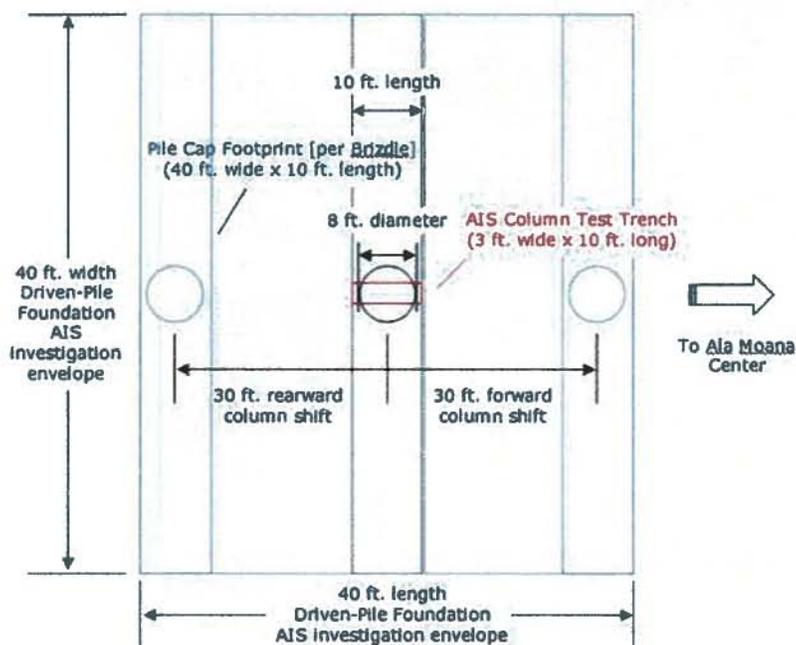


Figure E-2 Driven-pile Foundation Construction Piers

For instance, one impact might be that the City Center Archeological Inventory Survey will have to be redone for its excavation sampling strategy [\[link\]](#) to reflect a much larger investigation envelope because only 3 feet wide x 10 feet long test trenches are now being dug looking for *iwi kupuna* [\[article\]](#).



<sup>†</sup> See Appendix on John Brizdle’s Council testimony.

A second "Pandora's Box" impact may be on FTA Standard Cost Category (SCC) 40.02 Site Utilities, Utilities Relocation in which as reported in "State Falls Behind in Fix-up Projects for APEC Meeting" (*Honolulu Star Advertiser*, September 13, 2011 [\[article\]](#)):

Noise complaints, work restrictions that limited construction to night hours and required contractors to clean up daily, and water table problems delayed the utility line work, he said. Old and inaccurate maps for the underground utility and sewer lines set back the project, Meisenzahl said. ... As for the delay in placing utility lines underground and completing some of the road work along Ala Moana Boulevard, Meisenzahl said poor maps complicated the project. Some sewer lines and utility lines that were marked as being 3 feet below ground on the map were actually down 5 feet, he said. "Oftentimes in the olden days, they use to put together the maps but something else was done out in the field and the change was never marked. Or the measurements were just flat out wrong," Meisenzahl said. "This is very common whenever you are working in Honolulu and unfortunately, you just don't know what you have until you open up the ground."

In other words relocating *all* utility lines under say the 40 feet wide x 10 feet long pile cap of a driven-pile foundation design will be much more expensive than working around the 8 feet-diameter drilled-shaft foundation design.

A third "Pandora's Box" impact may be on FTA SCC 40.04 Environmental Mitigation, e.g. wetlands, historic/archeological, parks in which as reported in "Burial Council Won't Sign Rail Pact" (*Honolulu Advertiser*, October 20, 2009 [\[article\]](#)):

A government panel [Oahu Burial Council] charged with protecting Native Hawaiian burials is opposing plans to run Honolulu's \$5.5 billion rail line through Kakaako via Halekauwila Street. ... "When it comes to the issue that we're concerned with, you picked one of the worst possible alignments," burial council member Kehau Abad told transit officials during a meeting last week. ... However, the administration was unwilling to alter the route from going through an area that sits on a band of sandy deposits that's expected to contain high concentrations of burials, according to the council. ... The current route will almost certainly encounter buried human remains, which could delay the project and drive up costs, Abad said during last Wednesday's meeting. ... According to the city's 2006 study, there is a high potential of encountering Native Hawaiian burials and other archaeological artifacts once construction enters urban Honolulu. Other portions of the route along Farrington and Kamehameha highways and the airport have a medium potential of encountering such sites.

In other words, say 40 feet wide x 10 feet long x 5 feet deep pile caps of a driven-pile foundation design will dramatically increase the likelihood of encountering *iwi kupuna* such that based on the experiences of Kakaako Whole Foods & Kawaiahao Church, it may take years if not decades for HART to traverse Kakaako from downtown to Ala Moana Center.

4. Quantifying the “Pandora’s Box” impacts of “limited geotechnical information at this time” for the “final design” of the City Center guideway segment foundation — what are the “additional costs that may be incurred associated with final design through construction”? Where are those contingencies in the FTA Standard Cost Category worksheet [.xls] which is part of the Financial Plan to be submitted for the FFGA (e.g., page C-2 of City/HART’s April 2011 Financial Plan [link], Acrobat p. 62),

Risk Description
Given <u>limited geotechnical information available at this time</u> , additional costs may be incurred associated with final design through construction.

MAIN WORKSHEET - BUILD ALTERNATIVE					(Rev 13, June 1, 2010)
City and County of Honolulu					Today's Date: Mar 2011
Honolulu Rail Transit Project, East Kapolei to Alo Moana Center					Yr of Base Year: FY 2011
Entry into Final Design					Yr of Revenue Ops: FY 2019
<b>40 SITEWORK &amp; SPECIAL CONDITIONS</b>					
40.01 Demolition, Clearing, Earthwork					
40.02 Site Utilities, Utility Relocation					
40.03 Haz. mat'l, contam'd soil removal/mitigation, ground water treatments					
40.04 Environmental mitigation, e.g. wetlands, historic/archeologic, parks					
40.05 Site structures including retaining walls, sound walls					
40.06 Pedestrian / bike access and accommodation, landscaping					
40.07 Automobile, bus, van accessways including roads, parking lots					
40.08 Temporary Facilities and other indirect costs during construction					

and how were they estimated using the FTA cost methodology (Appendix A: Cost Estimation Methodology of FTA *Project and Construction Management Guidelines* [link]) where estimated plans, specification & estimates (PS&E) should have ±5% probable accuracy and carry a 0% to 10% contingency in *exiting* Final Design (see below)?<sup>‡</sup> Did the contingencies presume the baselined drilled-shaft foundation design? What is the contingency plan delta of an engineering change order (earliest in FY2014) should a driven-pile foundation design be needed instead — and how soon will it exhaust the Honolulu Rail GET-surcharge fund and drawdown the City’s \$450 million line-of-credit commercial paper facility?

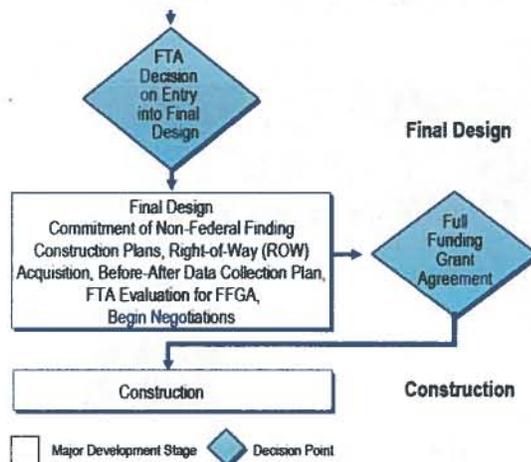
**Table A-1. Recommended Contingency by Estimating Stage**

Estimate Stage	Probable Accuracy <sup>1</sup>	Design Stage	Purpose	Information Available	Estimate Methods	Contingency Guideline
Detailed (engineer's estimate)	±5%	PS&E	Check Estimate for Bids, Commit Funds	Complete Plans and Specifications for Bidding, Detailed Construction Schedule, Contract Terms and Conditions	Detailed takeoff of all measurable items, detailed review of specifications, detailed pricing including price quotes, crewed approach to labor and equipment, detailed estimate of general conditions, overhead & profit, and escalation. Consideration of construction schedule, work restrictions, shift requirements, and risk.	0% - 10%

<sup>1</sup> Probable Accuracy as stated by the Association for the Advancement of Cost Engineering International (AACE)

<sup>‡</sup> In exiting Final Design, per Cost Estimation Methodology of FTA *Project and Construction Management Guidelines*, it is irrelevant that Honolulu Rail is now carrying the Preliminary Engineering-estimated \$800 million contingency (likely parametrically derived presuming the drilled-shaft foundation design — which for the City Center guideway segment has yet to be validated via a geotechnical investigation).

5. Given that the PMOC-identified significant project risks can be mitigated with only 3 to 6 month schedule impact — and “final design” of the City Center foundations anticipated to be completed in 2014 — is Honolulu Rail ready to exit “Final Design” and apply for an FFGA in 2012?



Perhaps at the next HART Project Oversight Committee meeting, ask PMOC contractor Jacobs Engineering whether in its FFGA Readiness Report [Oversight Procedure 52 pdf] will it recommend that Honolulu Rail is ready for the FTA to execute an FFGA in 2012.



U.S. DOT Federal Transit Administration  
TPM-20 Office of Engineering  
Project Management Oversight

**Oversight Procedure 52 - Readiness to Execute FFGA**

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**6.0 SCOPE OF WORK**

3) The PMOC's readiness report shall:

- a) Integrate the findings and recommendations of the reviews above;
- b) Include an executive summary in three pages or less that includes the following:
  - i) Synthesis of findings on scope, schedule, and cost;
  - ii) Characterization of significant uncertainties in terms of likelihood (probable, remote, improbable) and their consequence (catastrophic, critical, serious, moderate, marginal);
  - iii) Professional opinion regarding the reliability of the project scope, schedule and cost and the ability of the project sponsor to manage the project;
  - iv) Statement of potential range of cost (lower, upper bound and most likely);
  - v) Recommendation (if PMOC considers a recommendation appropriate) of the project to FTA for funding based on the PMOC's finding that the project is accurately represented by the total project cost, scope description, and schedule, shown in draft FFGA attachments; and that the project has a high likelihood of staying within budget and schedule through construction and into revenue operations;
- c) Document the assessment methodology;
- d) Provide back-up information in appendices.

In closing, given that the PMOC identified the above two significant project risks in its Project Risk Register back in August 2011 which could have been mitigated with a 3 to 6 month schedule impact — and HART thus far *ignoring* and even *deferring* their mitigation to FY2014 — the PMOC should not be recommending to the FTA that Honolulu Rail is ready for an FFGA in 2012 (and ergo, the FTA should not approve Honolulu Rail’s FFGA in 2012).

PROJECT RISK REGISTER							Legend							
Honolulu High-Capacity Transit Corridor Project							Low (1)	Med (2)	High (3)	Very High (4)	Significant (5)			
Date Issued: August 2011							Probability	< 10%	10% < 50%	> 50%	75%	> 90%		
Rev: 6							Cost	< \$250K	\$250K < \$1M	\$1M < \$3M	\$3M < \$10M	> \$10M		
Note: Project Wide risks are evaluated both at the Project Wide level and by contract. They may be shared with other contracts or apply to multiple contracts.							Schedule	< 3 Mths	1 > 3 Mths	3 > 6 Mths	6 < 12 Mths	> 12 Mths		
							Rating	1	2, 3, 4, 5	6	7	8		
Current ID	SCC Code	Contract Package	FTA Risk Category	Risk Description	Most Current Notes and Comments	Probability Rating	Cost Impact (A)	Schedule Delay (B)	Risk Rating %((A+B)/2)	Prior Risk Rating				
60	10.04	Project Wide	Geotech/Early Const	Different geotechnical conditions may be encountered and result in schedule delays and additional cost. (General Project Wide geotechnical risk)		5	5	3	70	20				
60e	10.04	City Center Guideway	Geotech/Early Const	Given limited geotechnical information available at this time, additional costs may be incurred associated with final design through construction.		5	5	3	70	20				

As a student of corporate governance, whenever there is a debacle the predictable outcry is, where was the board? In carrying out your fiduciary duty of risk oversight — and for your discussion of the FY13 Business Plan — I am testifying to bring to your attention the “significant” project risks identified by the PMOC. Should the FTA correctly decide that Honolulu Rail is not ready to execute an FFGA in October 2012, there will be what Councilmember Ikaika Anderson calls a “monument of embarrassment” [\[article\]](#). The stakes are high for at risk are *your* good names, the community’s trust in *you*, and *your* legacies.

Speaking directly to HART Finance Chair and former First Hawaiian Bank CEO Don Horner, I hope you will: (i) emulate JPMorgan CEO Jamie Dimon in admitting that a “terrible egregious mistake” in risk management has been made and immediately pull the plug on Honolulu Rail to save taxpayer monies; (ii) clawback whatever remains of the \$500 million cash rail fund to redeploy to higher societal priorities such as Governor Abercrombie’s proposal to provide “one-to-one” laptop for every Hawaii public school student [\[article, video\]](#) in which as the CBS *60 Minutes* piece on Khan Academy shows there has been a revolutionary breakthrough in STEM education [\[video\]](#); and (iii) investigate what I regard as either recklessly incompetent project management, general engineering and risk management — or a sham FFGA application will soon be submitted in which the whole point of Honolulu Rail is not to build it but rather ransack the \$500 million cash rail fund in the 2012 election year to reward paid-to-play campaign contributors. Either way, what is happening here is not right, not *pono*. Thank you.

## Appendix

John Brizdle's testimony at a special meeting on Honolulu Rail before the Honolulu City Council Committee on Transportation & Transit Planning on May 12, 2011 [agenda [link](#)]:

Brizdle [video 54:27]: Next, the City has not discussed the problems that they will encounter in rail segments [Phase III & Phase IV] with the underground construction. Because the soil in these segments is less firm than the soil in Kapolei, they will have to create huge underground cement blocks sitting on piles to support each of the hundreds of rail columns. Structural engineers that have tutored me on this subject are raising the alarm that the City faces huge engineering problems which make it impossible at this time to estimate the final cost of construction.



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Brizdle [video 1:01:29]: So building downtown, not only in the downtown section but in the Kakaako section, they need to do surveys, and they haven't done them. And the structural engineers that are coming to me saying you know, what's the City going to do about this? What's it going to cost? They said the City needs a geotechnical survey. You drill holes and you see what is down there as far as the strength of the ground. They need to do an infrastructure survey, which means to find the utilities before someone can engineer a design to move them. And then they need to do an archeological survey. So this is all in front of us. It is all going to be very expensive. The City has no idea what it is going to cost. If there is a design-build contract the people will do these surveys and they will report, and they will figure out a design, and it will cost what it is going to cost. So let them do it, that's my point. Let them do all those surveys before they spend any more money because we know they are going to have to do it.

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Brizdle [video 1:02:53]: Now the part that the City has really withheld from the public is how you build the rail. The City has talked a lot about the slender columns. The City has told the folks involved with *iwi kapuna* how slender the columns are, how easy they are to move [e.g., [article](#)]. What the City has not told you is that structurally those columns cannot move. The analogy is like they in our homes when you have 4 x 4 in our homes and we have that cement block underneath you call a tofu block, there is a huge tofu block underneath each of these 700 columns, and it may need to be as wide as the overhead structure which is 35 feet. It may need to be wider. And in downtown these are underground, they are called pile caps [link](#). They cannot move. They absolutely cannot move. They put piles underneath them. And in downtown Honolulu the structural engineers use a very technical term, it's called "muck." The piles have to sit on a coral shelf which could be 60 or 80 or 100 feet. So each of those slender piles that you see in your mind what you need to see is that there is a huge construction site. Maybe this pile cap is 40 feet by 10 feet by 5 feet thick, and they are driving piles down 100 feet in downtown. That is huge. Every single 150 feet you are going to have this. What's it going to cost? You have to move all the utilities underneath. They City has never shared this with the public. It's never been in the press. The Council has never discussed this. The bottom line is, it is going to cost a lot. Nobody knows what it is going to cost, and they won't know as was said so eloquently yesterday, until they do the tests. And the folks that are concerned about archeological sites and the *iwi kupuna*, they've been talk by the City that these columns are slender and easy to move. They were not told by the City that under beneath each of these underground, there is a pile cap that is massive. And it is going to require everything underneath that pile cap has to be moved. When the architects came forward and said light rail you only have to have a bed that is this wide and only 2 feet deep, the City said that's worse than rail. They misled you. They were not being straight with you. So again, let them figure this all out. Let's be transparent. Let's tell everybody what rail construction in segments [Phase III & Phase IV] is really going to be like. Let's let them get the cost, and let's stop them from spending the tax dollars on moving utilities in Ewa until it is all before you. You are the rail fiduciaries.

In response Department of Transportation Services (DTS) Director Wayne Yoshioka said:

DTS Director Yoshioka [\[video, 16:43\]](#): The other thing that I'd like to comment on came from Mr. Brizzle with regard to the comment on the foundations for the columns. In fact I believe he even handed out to the Council a sketch of a foundation for column, and I would just note that sketch probably has no basis in terms of looking at really has to support and what the grounds are like as they are right now. If you look at what RTD is going through right now they are doing significant testing to understand what the foundations have to look like, and in fact they are using drilled shaft as opposed to what this guy is showing in his sketch. So again, I really think that my comment to Mr. Brizzle at the time I looked at it at first when he showed it to me was that if person who drew that sketch was willing to put their name on that sketch and make some kind of assertion that they stand behind that sketch then I would show that a lot more credibility than it has right now in my mind because it is right now just a sketch without any backup as to as how it got there, and it certainly doesn't look like any of the foundations I've seen conceptually drawn for this project.

Director Yoshioka may have *misspoke* in his attempt to *discredit* Mr. Brizzle's testimony on pile caps because Figure E-2 in Appendix E: Construction Approach of the Honolulu Rail Final EIS [\[link, pp. 2-4\]](#) illustrates a conceptual drawing of a driven-pile foundation:

### Foundations

Foundations for the various system components would be dictated by structural demands and existing subsurface conditions. Two foundation construction methods would be used to support the aerial guideway structure: drilled shafts, which would be integral with columns; and driven piles, which would require pile caps for connection to columns. Test holes will be bored at anticipated foundation locations to determine soil conditions.

...

In cases where lateral loads are too large for drilled shafts or where geotechnical or other site conditions prohibit their use, foundations would consist of multiple drilled or driven piles with pile caps (Figure E-2). Piles around the perimeter of the foundation may be battered to improve the foundation's lateral load-bearing capacity. A drilled-pile foundation would include multiple small drilled shafts, each constructed as described above and connected with a pile cap as described for the driven-pile foundation. Piles may be driven by striking the pile with a heavy weight, vibrating the pile, or jacking the pile into the ground.

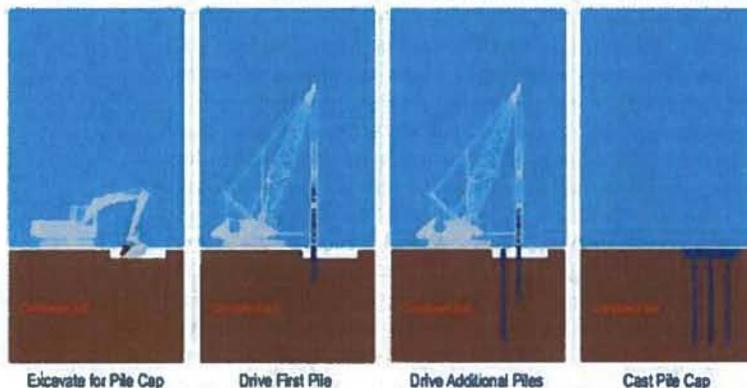


Figure E-2 Driven-pile Foundation Construction Phases

## ATTACHMENT B

**Honolulu Authority for Rapid Transportation**

**RESOLUTION NO. 2012-1**

**RELATING TO THE SELECTION OF AN INDEPENDENT AUDITOR FOR THE  
HONOLULU AUTHORITY FOR RAPID TRANSPORTATION**

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

WHEREAS, the Charter, at Section 17-111, provides that the accounts and financial status of the authority shall be examined annually by a certified public accountant whose services shall be contracted for by the Board of Directors (Board); and

WHEREAS, through the Financial Policies adopted by the Board, at part VII.C., the Board directed HART to engage the services of an independent certified public accountant to conduct the annual financial audit; and

WHEREAS, Request for Proposals RFP-HRT-446502 (RFP) was therefore issued by HART for an independent financial auditor in November 2011; and

WHEREAS, pursuant to the RFP, the contract to provide the independent financial auditor services for HART was awarded to PKF Pacific Hawaii LLP (see Exhibit A); and

WHEREAS, the Board referred the matter of the independent financial auditor to the Audit and Legal Affairs Committee, which has been fully briefed on the RFP and the procurement of the independent financial auditor, and recommends ratification of the selection of PKF Pacific Hawaii LLP as HART's independent financial auditor;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART that the Board hereby ratifies the selection of PKF Pacific Hawaii LLP as HART's Independent Financial Auditor.

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

\_\_\_\_\_.

Exhibit A – Agreement for Independent Financial Auditor Professional Services, Contract No. SC-HRT-1200054

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

ATTEST:

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

# ATTACHMENT C

# HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

## Maintenance & Storage Facility May 17, 2012

Akira Fujita, P.E.

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

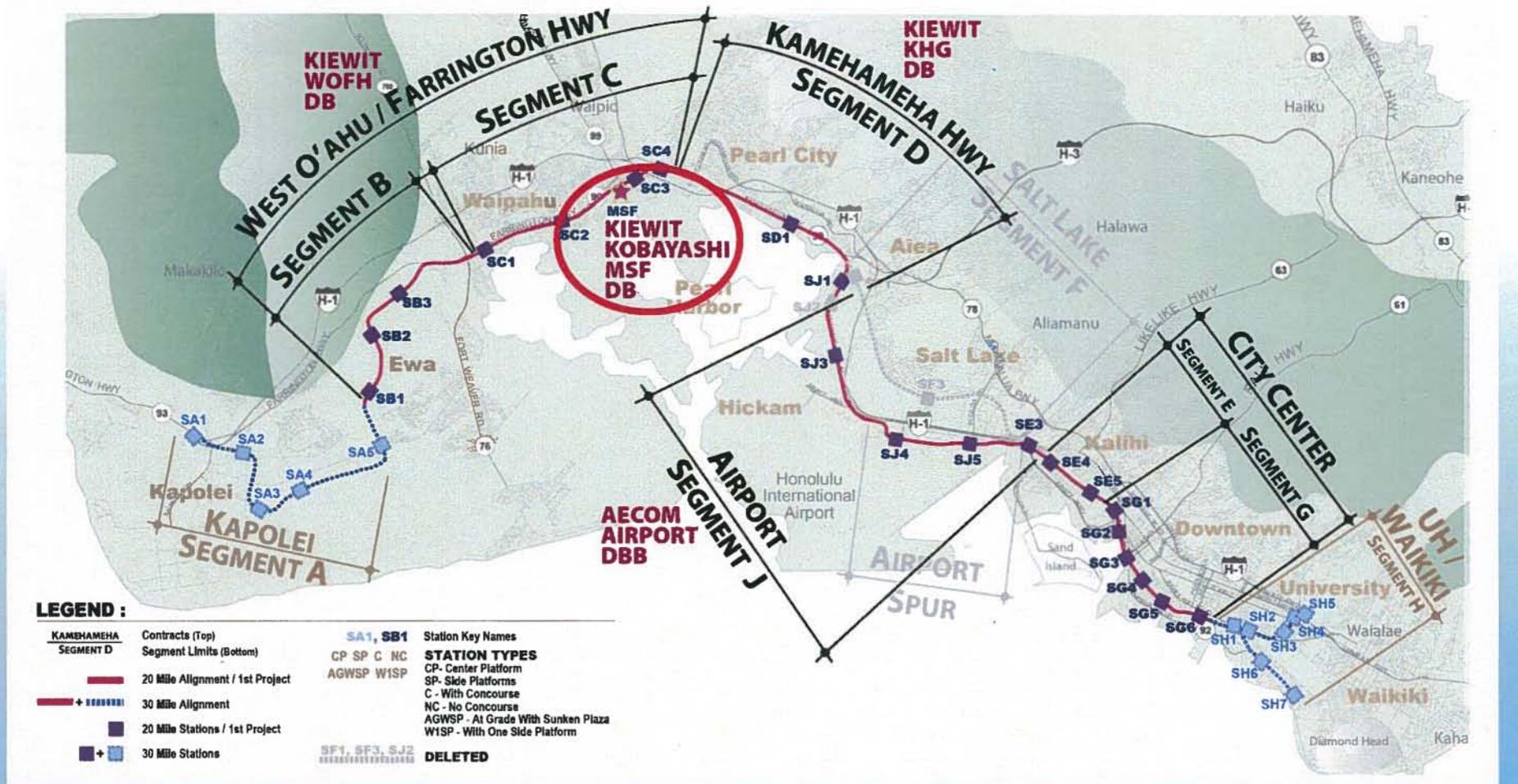
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**HART**

HONOLULU AUTHORITY for RAPID TRANSPORTATION

# Project Phases

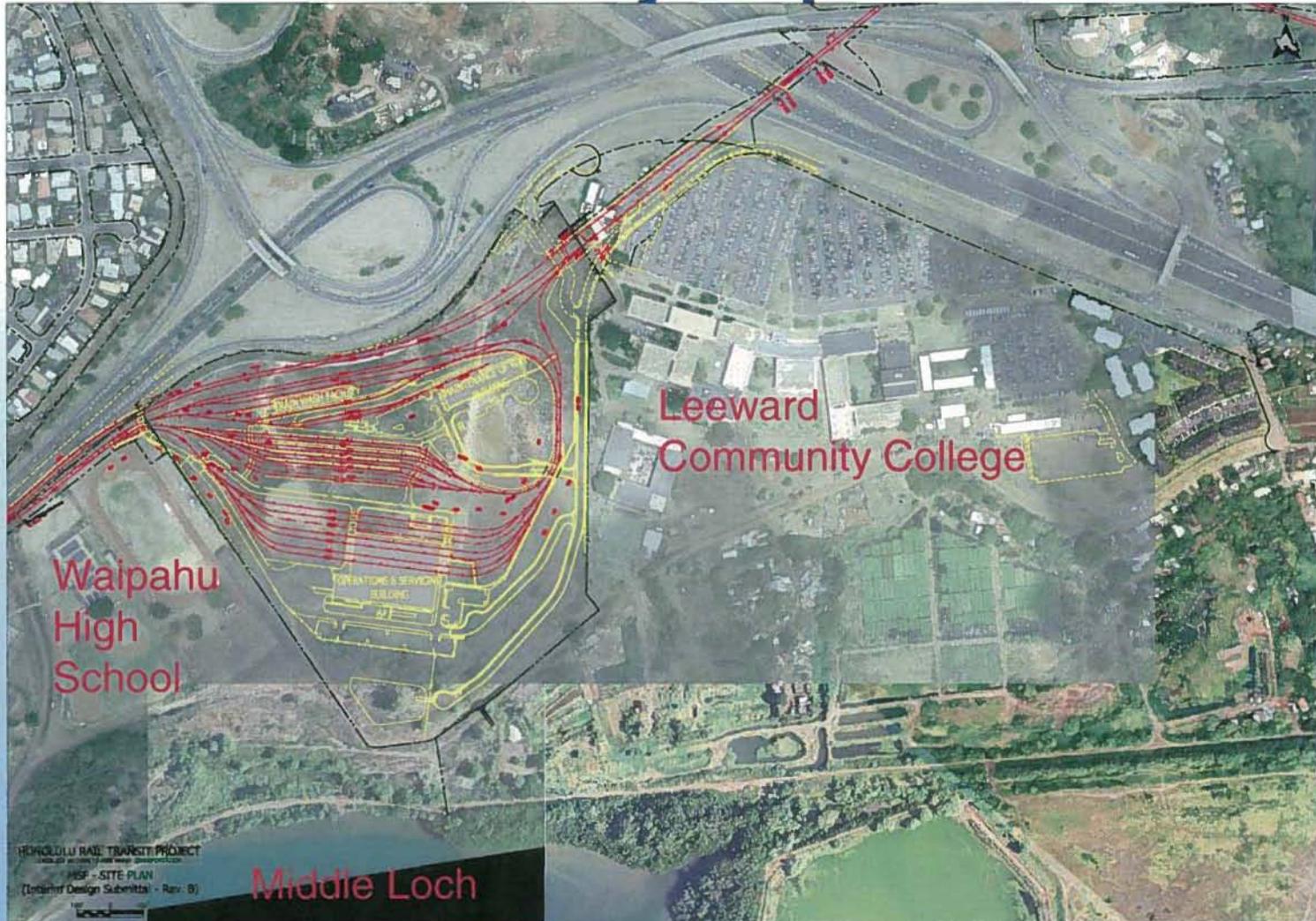
## HONOLULU RAIL TRANSIT PROJECT



# Maintenance & Storage Facility (MSF)

- **Contractor:** Kiewit Kobayashi Joint Venture (KKJV)
- **Conditional Award Date:** June 24, 2010
- **Notice to Proceed #1:** July 25, 2011  
(authorized preliminary engineering via receiving FTA Record of Decision)
- **Notice to Proceed #2:** January 10, 2012  
(authorized final design & procurement of long lead materials via receiving FTA Right to Enter Final Design)
- **Notice to Proceed #3:** February 7, 2012  
(authorized start of construction via receiving FTA Letter Of No Prejudice)

# Maintenance & Storage Facility Vicinity Map



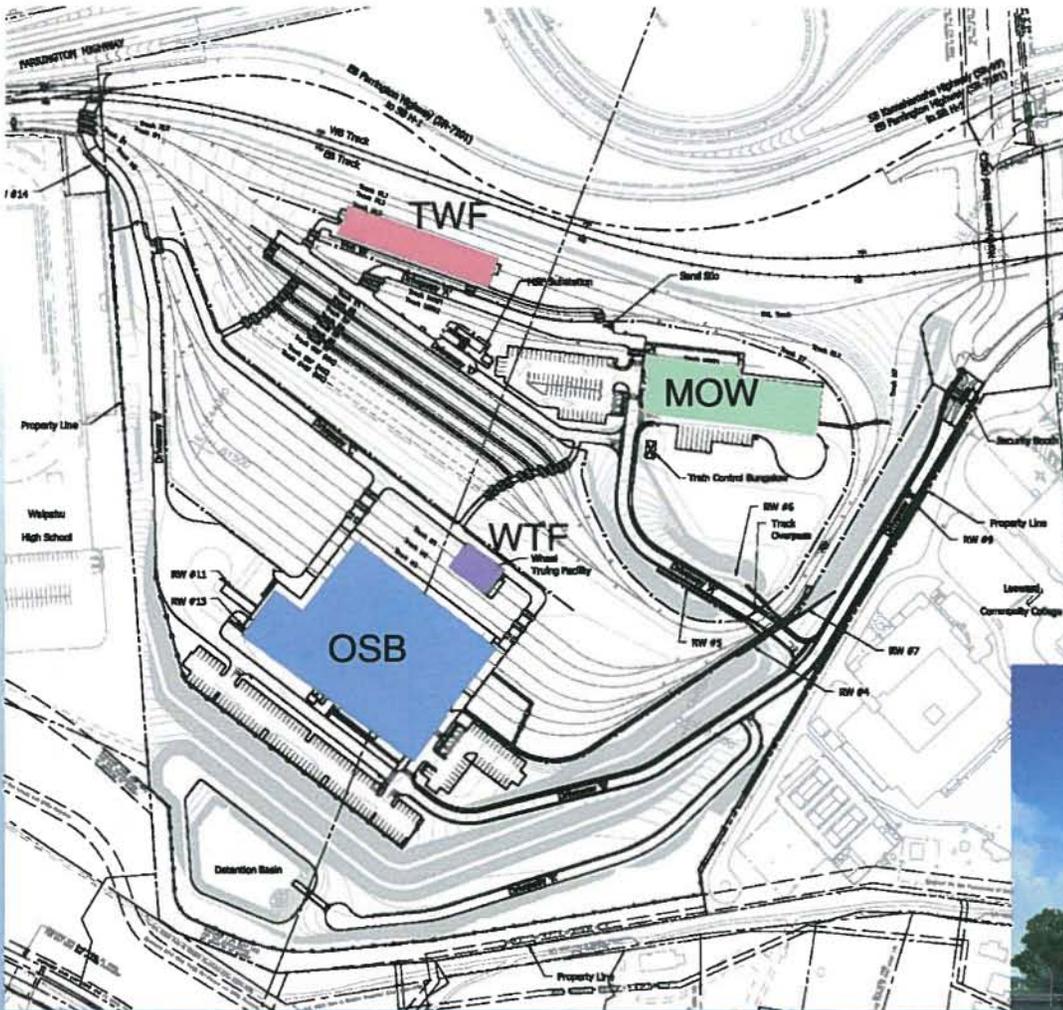
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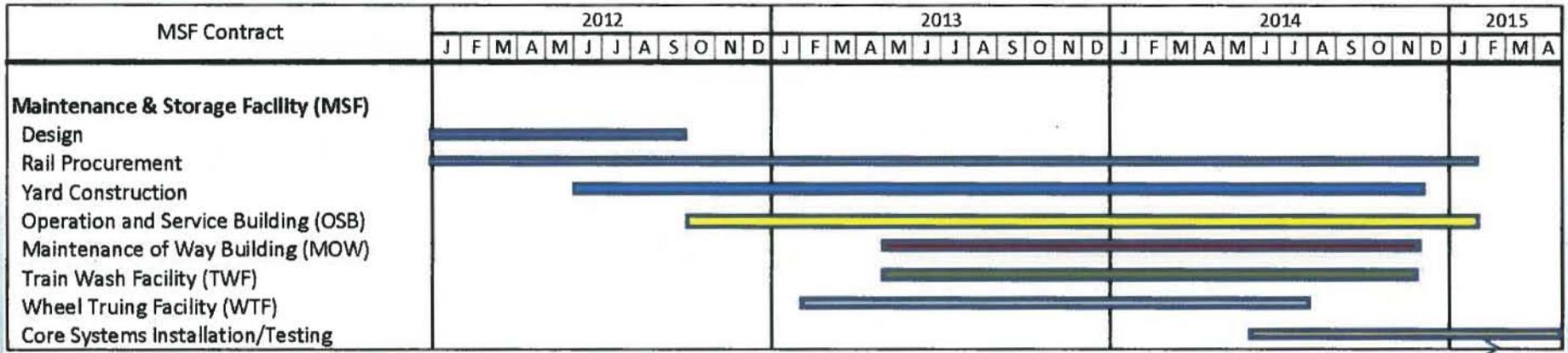
**HART**  
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# MSF Buildings Layout

- Operations and Service Building (OSB)
- Maintenance of Way Building (MOW)
- Train Wash Facility (TWF)
- Wheel Truing Facility (WTF)



# MSF Schedule



# MSF Contract Breakdown

## Cost Summary

**Buildings & Site Work** **\$140.6M**

Site, Engr., Track & Misc. Work 87.7M

OSB Building 37.8M

MOW Building 7.7M

Train Wash Facility 4.4M

Wheel Truing Facility 3.0M

**System Rail Supply** **54.4M**

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**Base Contract Value** **\$195.0M**

**Rail Procurement Change Order** **15.9M**

**Present Contract Value** **\$210.9M**

# MSF Site Rendering



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**HART**

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

MSF is the

***“Heart of HART”***

***Mahalo!***



**HONOLULU RAIL TRANSIT**

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