



HONOLULU AUTHORITY for RAPID TRANSPORTATION

**Joint Meeting of
Finance Committee and Project Oversight Committee
Ali'i Place, Suite 150
1099 Alakea Street, Honolulu, Hawaii
Thursday, December 17, 2015 9:00**

MINUTES

PRESENT:

Colleen Hanabusa
Ivan Lui-Kwan
Damien Kim
George Atta
Terrence Lee

Michael Formby
William "Buzz" Hong
Donald G. Horner
Terri Fujii

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

Daniel Grabauskas
Charles "Sam"
Carnaggio
John Moore
Natalie Iwasa
Barbra Armentrout

April Coloretti
Paul Migliorato
Lisa Hirahara
Joyce Oliveira
Cindy Matsushita
Andrea Tantoco
Randall Ishikawa

EXCUSED:

Ford Fuchigami

I. Call to Order by Chair

Project Oversight Chair Colleen Hanabusa called the meeting of the joint Finance and Project Oversight Committee to order at 9:00 a.m.

II. Public Testimony on all Agenda Items

Ms. Hanabusa called for public testimony.

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Natalie Iwasa requested that draft minutes be posted on HART's website prior to the meeting, and pointed out a possible error in the minutes from a previous committee meeting.

Barbra Armentrout said that she would testify following the agenda items she wanted to comment on.

III. Approval of the November 12, 2015 Minutes of the Joint Meeting of the Finance Committee and Project Oversight Committee

Ms. Hanabusa called for the approval of the November 12, 2015 minutes of the joint meeting of the Finance and Project Oversight Committee. Committee member Donald G. Horner moved for approval, and committee member Terrence Lee seconded the motion.

Ms. Hanabusa noted that she had outstanding requests per the minutes that she has not received a response to, so the public was not missing anything.

All members being in favor, the minutes were approved.

IV. Change Order: West Oahu/Farrington Highway Escalation Due to Schedule Impacts

HART Project Director Charles "Sam" Carnaggio and HART Project Manager John Moore made a PowerPoint presentation on the West Oahu/Farrington Highway (WOFH) Escalation change order, a copy of which is attached hereto as Attachment A. Mr. Carnaggio said that the presentation would be on the contractor's cost escalation that occurred early in project when the City and County of Honolulu issued the WOFH contract, which experienced notice to proceed (NTP) and Archaeological Inventory Survey (AIS) delays. The previous year, Mr. Moore had presented \$15 million in provisional sum escalation costs, and offered to detail the history of the change order. Ms. Hanabusa agreed.

Committee member Ivan Lui-Kwan clarified that the joint committee would be discussing the contractor's legal claim for the increase in price for project delays. Mr. Carnaggio added that many of the events contributing to the change order escalation cost had occurred prior to HART's existence in 2011.

HART Executive Director and CEO Daniel Grabauskas said that the term "change order" was used to denote a form of payment, whether a deduction or credit. The proposed payment was due to the contract being awarded in 2009, but that work was delayed and costs increased during that delay.

Mr. Lui-Kwan clarified that he had requested that staff focus on the change being presented that day, instead of the history of the change.

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Ms. Hanabusa said that there was a legal claim that converted into a change order, as in the recent Ansaldo NTP change order. She said that many Board and staff members were not present when the events giving rise to the change order occurred, so she stressed the importance of understanding the change before Board approval.

Mr. Lui-Kwan suggested that the discussion focus on the change order being presented that day.

Committee member William "Buzz" Hong requested that staff make the presentation but that action be deferred. Mr. Horner agreed.

Mr. Grabauskas added that any change order exceeding \$1 million comes before the joint committee, which comprises full membership of Board. Change orders less than \$1 million are summarized in the monthly progress report.

Mr. Horner said that he had requested a list of change orders for each project to reflect allocated and unallocated amounts.

Ms. Hanabusa said that as the WOFH contract was executed prior to HART's existence, it would not hurt to err on the side of caution and hear the history.

Mr. Lui-Kwan said that two members, Damien Kim and Terri Fujii, had conflicts.

Ms. Fujii reported that her conflict involved her brother-in-law who works for Kiewit and worked on the project for which the change order applies to.

Mr. Kim said although he was unsure if there was an actual conflict, he wanted to disclose that Kiewit was signatory to the International Brotherhood of Electrical Workers, of which he is the Business Manager-Financial Secretary.

Deputy Corporation Counsel Lisa Hirahara advised that, if a conflict exists, she recommended that a member abstain from voting and participating in discussion on an issue.

Mr. Carnaggio confirmed that the WOFH contract did not involve electrical work, as a separate electrical contract was negotiated. He also clarified that Ms. Fujii's brother-in-law worked on the Kamehameha Highway Guideway project, not the WOFH project.

Ms. Hanabusa said that it was up to the members themselves to decide how to proceed. Ms. Hirahara said that if there is a direct or indirect financial interest to a member or his/her organization, a member should not be participating in the discussion.

Mr. Moore detailed the history of the change order before the joint committee regarding a total delay of 33 months. On November 13, 2014, the provisional sum change order was brought before the joint committee. He reported that HART and Kiewit could not come to

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an equitable agreement for escalation costs. Therefore, they agreed to resolve escalation in five areas based on actual cost escalation. The first provisional sum was predicated on this agreement.

Mr. Grabauskas said that staff had put a lot of effort into resolving escalation claims. Mr. Moore had taken the lead in ensuring that only the actual costs – not projections or estimates – were paid.

Ms. Hanabusa said that the underlying premise is that the contract was issued on November 11, 2009 – before the Record of Decision, Environmental Impact Statement, and Archaeological Inventory Survey (AIS). She said that both Kiewit and the City were aware of this, and the execution of the contract prior to those approvals resulted in the 33 months of escalation costs.

Mr. Lui-Kwan said that in addition to the premature issuance of the NTP for the WOFH contract, the other reason behind the delay costs was the Supreme Court decision that required the AIS be completed in entirety before construction commenced.

Committee member Michael Formby said that the background information on the claim raised questions about whether Kiewit mitigated cost impacts, and whether HART accounted for the risk built by the contractor into the contract.

Mr. Horner pointed out that Kiewit's contract bid had been almost \$200 million below HART's contract estimates, and Mr. Moore agreed that it had been a favorable bidding environment for HART.

Mr. Formby asked about "undefined consumables," which represent the largest increase. Mr. Moore said they are small tools such as saws and hammers that wear out, and other items such as lumber and formwork that are not defined in the contract but are necessary to perform the work. Mr. Formby asked whether it had been priced, since it was undefined. Mr. Moore replied that HART audited those costs. Mr. Formby commented that escalation was based on what HART considered reasonable after excluding some items. Mr. Carnaggio added that there would be an audit at the end of the process.

Ms. Hanabusa pointed out that the \$8 million design portion of the contract was still outstanding. Mr. Carnaggio said that although the contractor had claimed it as part of its \$63 million request, HART had denied it.

Mr. Lui-Kwan pointed out that HART would also need to address escalation for the Kamehameha Highway Guideway section.

Mr. Moore said that the WOFH contract had been delayed because the notice to proceed (NTP) had not been issued within the anticipated 120 days. Accordingly, subsequent NTPs were also delayed by a total of 20 months. Although some interim NTPs were

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issued, the court ruling requiring the completion of the AIS suspended construction for 13 months.

Mr. Moore said that the contractor had expected to begin work in December 2009 and finish in October 2013. However, the bulk of the work actually began in September 2013 and is anticipated to be complete in July 2016.

Mr. Moore addressed Mr. Formby's earlier question about any risk built into the contract. He said that escrow amounts were examined for any contingency that would indicate that the contractor was anticipating a shift in costs, and there was none.

Mr. Moore said that HART and Kiewit had decided on a protocol on how it would handle craft and staff labor, fuel, oil, and grease including repair parts, small tools and supplies including consumables, and ready-mix concrete. The initial provisional sum allowance was \$15 million.

Mr. Lui-Kwan defined "provisional sum" as a capped amount that the contractor draws down on, the end of which there is an audit. Mr. Moore agreed and added that Kiewit must adhere to established protocols, HART examines Kiewit's bills monthly, and writes an interim check against the provisional sum.

Mr. Moore went on to detail the settled escalation amounts. The total original request by Kiewit was \$15.783 million, and the settled amount was \$10.052 million. Mr. Lui-Kwan clarified that there were separate claims for subcontractors and the prime contractor, and that the slide referred to the subcontractors. Mr. Moore said that HART had come to an agreement with the subcontractors but not Kiewit.

Ms. Hanabusa asked about the source of funding to pay the subcontractors. Mr. Horner said that originally there was no allocated contingency, but that as risk was identified, contingency funds were allocated. Mr. Grabauskas said that the change order before the joint committee would come from unallocated contingency.

Ms. Hanabusa asked about a notice from Kiewit that it was approaching 75% of the \$15 million provisional sum. Mr. Moore said that Kiewit was required to notify HART that they were approaching 75% of the \$15 million cap.

Mr. Formby said that if the change order were approved, it would leave a contingency balance of \$41 million. He asked whether the \$41 million would be on top of \$299 million in the budget refresh.

Mr. Moore continued by reporting that escalation protocols were established for determining actual escalation costs that were mutually agreed upon. He clarified that escalation only applied to base scope, and not change orders.

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Mr. Moore detailed the methodology of staff, craft labor, and fuel escalation, the calculation of which was straightforward and involved the actual change between the cost prior to the delay and after the delay. HART actually received a credit on fuel, as prices had dropped during the delay period. For ready mix concrete HART and Kiewit had agreed to a 4% year-over-year escalation rate, and applied it to the actual yards of concrete poured. For undefined consumables, HART and Kiewit agreed to a 3% year-over-year escalation rate. This category required more scrutiny, as staff had to examine not only the cost, but the material.

Ms. Fujii asked how HART handled a situation in which more labor hours were utilized than was provided for in the contract. Mr. Moore said that while the agreement on escalation was based on actual costs, HART also kept in mind the estimated hours detailed in the escrow documents. Mr. Carnaggio added that HART examined invoices for reasonableness and efficiency. Mr. Moore said that through September 2015, there were in excess of 8,000 hours billed.

Mr. Kim asked about ensuring that Kiewit pays their staff, and Mr. Moore said that HART requests Kiewit's payroll records to confirm payment.

Mr. Moore summarized the provisional sum change orders. Kiewit had originally estimated the escalation costs to be \$35.4 million; HART's estimate was \$22.5 million. So far, Kiewit had expended \$18.3 million through June 2015, and HART estimated that it would spend an additional \$8.4 million from July 2015 to July 2016. Kiewit had estimated an additional \$14 million for the second provisional sum request.

Mr. Lui-Kwan clarified that Kiewit had originally claimed \$35.4 million in escalation, and HART's original estimate was \$22.5 million. The total settlement amount was \$26.75 million. Staff was requesting an additional \$11.75 million provisional sum. Mr. Moore confirmed.

Mr. Formby followed up on Ms. Fujii's question by asking whether the evaluation had been made on who bears the cost of additional labor hours. Mr. Moore said that staff had examined the escrow documents, and actual labor was not found to be excessive in comparison to original estimates. He reminded the committee that there would be a final audit at the end of the process.

Mr. Moore provided an overall summary of the delay escalation claim. The total original requested escalation amount was \$63.3 million, which included an \$8.2 million HNTB amount. The request without the HNTB escalation was \$55.1 million. He detailed the total escalation costs of \$36.806 million excluding HNTB, which was comprised of a lump sum escalation settlement of \$10 million, escalation costs paid under the provisional sum of \$15 million, and escalation costs paid under the second provisional sum of \$11.75 million.

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Mr. Lui-Kwan clarified that the \$10 million settlement related to Kiewit subcontractors, and Mr. Moore confirmed it did. Mr. Lui-Kwan said that the \$15 million provisional sum had also been settled, and that an additional \$11.75 million was being sought to cap the escalation amount based on Mr. Grabauskas' March 2014 letter to Kiewit stating that the change order would be based on actual costs.

Mr. Formby confirmed that there were no prior adjustments given to Kiewit that would affect any decision on the provisional sum change order that day, referring to the correspondence between Kiewit and the City. Mr. Carnaggio confirmed there were none. Mr. Lui-Kwan commended staff for their excellent work, and stressed the importance of being fair with Kiewit. He recalled how Lance Wilhelm had been instrumental in developing the protocols employed.

Ms. Hanabusa asked what would happen should the work be unfinished on July 1, 2016 – the end of the provisional sum II period. Mr. Moore said that escalation would not accumulate beyond that date for base scope. Ms. Hanabusa asked about further change orders. Mr. Moore said that any change orders would be the responsibility of the contractor. Ms. Hanabusa added that would be the case if HART does not take responsibility for any delays; if it does, HART could be faced with another change order.

Ms. Hanabusa said that provisional sum I was capped at \$15 million, but that \$18.3 million had been expended on it. She said Kiewit would therefore not be entitled to the \$3 million difference. Mr. Moore said that the \$11.75 million in provisional sum II would cover the \$3 million not covered by provisional sum I. Ms. Hanabusa asked whether provisional sum I was truly a cap. Mr. Moore said that HART had an obligation to pay Kiewit. Ms. Hanabusa said that the Joint Committee was being asked to authorize projected costs for the next 12 months, plus the outstanding \$3 million. Mr. Grabauskas clarified that the Joint Committee has capped staff authorization to pay, and that staff would come back to the Joint Committee for further authorization based on additional projections. Staff would return to the Joint Committee with a final report, followed by an audit. If money is then owed back to HART, it would be sought from Kiewit.

Ms. Hanabusa said that although the Joint Committee was being asked to authorize \$11.75 million, the actual request is for \$8.3 million. She said that the difference of \$3 million represents the Joint Committee giving staff more authority than the cap. Mr. Grabauskas said that it was a combination of what was incurred and what was anticipated for the remaining 12 months. Ms. Hanabusa conveyed her reluctance to authorize a \$11.75 million provisional sum that included \$3 million from provision sum I. She suggested that the Joint Committee authorize the estimated costs for the next 12 months. Mr. Grabauskas said that if the Joint Committee should give that direction, staff would pay actuals on the \$3 million and the estimate of the remainder of \$8.3 million from provisional sum II. If actual costs come in higher than that, staff would seek additional authority from the joint Committee.

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Ms. Hanabusa asked what the \$20 million in change order 44 was for. Mr. Moore said that change order 44 covered the actual costs of the 20 months for NTP delays and 13 months for AIS construction suspension between September 2012 and September 2013. He said it had nothing to do with escalation. The original Kiewit claim encompassed both delay costs and escalation; delay costs were settled separately from escalation. Ms. Hanabusa detailed the design and utility relocation NTPs throughout 2011 and 2012, during which the contractor was not authorized to do any construction work. She noted that the construction started up again following the AIS suspension in September 2013. She said her concern is that the contractor was not authorized to do any construction work during that 33 month time period anyway, and wanted to ensure that HART was not double paying. Mr. Moore said that change order 44 was based on the 13 months of AIS delay based on rates in the escrow documents. Escalation was to be settled separately. He acknowledged Ms. Hanabusa's concern, and said that staff had similar concerns.

Mr. Grabauskas said that staff had analyzed with Kiewit the possibility of completely demobilizing versus partially demobilizing. HART decided to partially demobilizing, and the delay costs were the actual costs. HART decided to resolve escalation costs separately. Ms. Hanabusa asked if the \$20 million in change order 44 was the actual AIS delay cost. Mr. Moore said it was.

Ms. Fujii asked what had occurred to account for the higher costs from the original escalation estimate of \$22.5 million as the work was shifted from 2014 to 2015. Mr. Moore said that the estimate was based on the estimated hours it would take for Kiewit to staff up. Some of the costs were due to lack of availability of labor, and to unavailability of work areas. However, he indicated that the estimated hours were conservative, and in line with actual hours expended.

Mr. Lui-Kwan noted the complexity of the escalation evaluation process, and said that the goal is fairness and accuracy. He asked Mr. Grabauskas to explain the change order process, and its checks and balances.

Mr. Grabauskas said that the change order documents were presented by Kiewit, then reviewed by project managers and others in an internal process before the change order is presented to the joint Committee. The change order will also undergo an audit at the end of the process.

Mr. Lui-Kwan asked if HART's Project Management Oversight Consultant Jacobs Engineering was involved in the change order process. Mr. Carnaggio said that Jacobs reviews change orders, but the level of detail depends on the item. Mr. Grabauskas said that Jacobs reviews change orders because the costs being discussed that day were reimbursable by 30% by the FTA.

Mr. Lui-Kwan asked Mr. Formby if the DTS rail consultant reviews change orders, and Mr. Formby replied that he did not.

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Mr. Carnaggio added that his role was to review change orders, and that most of the work was done by Mr. Moore and others in the field. Mr. Moore said that he had been involved in the negotiation of prior change order #44 to ensure there was no double dipping on escalation.

Mr. Lui-Kwan suggested concluding the discussion and deferring action. Ms. Hanabusa concurred, and reiterated her desire to understand the background of the change order. Mr. Lui-Kwan moved to defer the item, and Mr. Horner seconded the motion.

Mr. Horner asked about the effect of deferral on the schedule. Mr. Grabauskas while he understood the joint Committee's comments, he believed Kiewit was owed money and he preferred to keep good faith with them. He urged the joint Committee vote. Mr. Horner noted that staff had held detailed briefings for members.

Ms. Hanabusa disagreed that provisional sum II was time sensitive as it ran from July 2015 to July 2016. Mr. Grabauskas said that Kiewit had been incurring costs since July 2015 as well as for the prior amount. Mr. Horner suggested that the joint Committee make its decision at the next meeting after getting up to speed.

Ms. Hanabusa asked when the audit would occur, and Mr. Grabauskas replied at the end of 2016.

Mr. Lui-Kwan agreed with Ms. Hanabusa, and requested that Mr. Grabauskas communicate to Kiewit that the joint Committee had a duty to perform its oversight function.

Ms. Hanabusa called for public testimony. Barbra Armentrout provided testimony that some materials were not provided in hard copy to the public. Mr. Grabauskas said that they would be put on HART's website.

Mr. Hong said that reports should be more condensed and concise.

Ms. Hanabusa called for a vote on the pending motion to defer. All being in favor, the matter was deferred, with Ms. Fujii and Mr. Kim recusing themselves.

Mr. Formby requested that briefing materials be sent out to all members. Mr. Grabauskas said that the documents referred to by Mr. Formby were produced as a result of a request generated by the briefings. Mr. Formby asked that all members receive information at the same time.

Mr. Lui-Kwan noted that he and Ms. Hanabusa had differing perspectives on the focus.

Mr. Horner added that he was requesting a summary of all change orders.

Ms. Hanabusa thanked staff for the additional information.

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V. Executive Session

There was no reason for executive session.

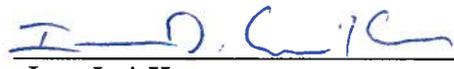
VI. Adjournment

With no further business before the joint Committee, Ms. Hanabusa adjourned the meeting at 11:00 a.m.

Respectfully Submitted,


Cindy Matsushita
Board Administrator

Approved:


Ivan Lui-Kwan
Chair, Finance Committee


Colleen Hanabusa
Chair, Project Oversight Committee

JAN 28 2016

Date

ATTACHMENT A



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

FINANCE
COMMITTEE MEMBERS

Ivan M. Lui-Kwan, Esq.
CHAIR

Terri Fujii
VICE CHAIR

George I. Atta
Michael D. Formby
Ford N. Fuchigami
Donald G. Horner
Terrence M. Lee

December 17, 2015

TO: HART Board of Directors

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

FROM: Charles S. Carnaggio *CSC*
Officer-In-Charge

John Moore
Deputy Director of project Management

SUBJECT: Escalation Due to Schedule Impacts Part 2
West Oahu Farrington Highway Guideway
Contract No. CT-HRT-10H0137

PROJECT OVERSIGHT
COMMITTEE MEMBERS

Colleen Hanabusa
CHAIR

Damien T.K. Kim
VICE CHAIR

Michael D. Formby
William "Buzz" Hong
Donald G. Horner
Ivan M. Lui-Kwan, Esq.

Overview

This Contract Change Order will establish a second provisional sum for actual costs incurred from May 2015 to July 1, 2016, due to price escalation for certain matters, including, but not limited to, wage rate increases for craft and staff labor; fuel, oil, and grease; and small tools and supplies, resulting from the Archaeological Inventory Survey (AIS) delay and the Notice to Proceed (NTP) delays which affected the project schedule. The initial provisional sum provided in change order 28 for \$15,000,000 has been exhausted resulting in the need for a second provisional sum change order. The provisional sum is an amount of money tentatively agreed upon between HART and the Contractor to be performed, in cases in which the full extent of the work and/or cost is not yet known. Providing this second provisional sum allows work to proceed, with the expectation that payment will be awarded for the actually incurred and reimbursable escalation costs.

Justification

The project schedule incurred a 13-month delay resulting from the court imposed requirement that HART complete the full AIS prior to resuming construction. Additionally, the project schedule incurred a 20-month extension due to the NTP delays. The Contractor, Kiewit Infrastructure West Co. (Kiewit) submitted a request seeking compensation for the cost escalation resulting from these delays. This Contract Change Order provides additional funds to compensate Kiewit for actual cost incurred as a result of price escalation, related to the AIS delay and the NTP delays to the Contract.



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Recommendation

HART Board of Directors to approve a second Provisional Sum Contract Change Order in the amount of \$11,750,000.00. This will bring the total amount for estimated actual escalation incurred to \$26,750,000.

Fiscal Impact

There is not sufficient contract allocated contingency budget remaining. The cost will be covered as a budget transfer from unallocated contingency to the Contract's contingency.

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

**FINANCE
COMMITTEE MEMBERS**

Ivan M. Lui-Kwan, Esq.
CHAIR

Terri Fujii
VICE CHAIR

George I. Atta
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Ivan M. Lui-Kwan, Esq.



**Evaluation of KIWC West Oahu
Farrington Highway Escalation Costs
December 17, 2015**

WOFH Provisional Sum

- Originally presented to HART Board on November 13, 2014
- Total delay 33 months
- HART and Kiewit could not come to an equitable agreement for escalation payment
- Original provisional sum estimated to cover first 21 months
- HART and Kiewit agreed escalation would be based on actual escalation realized on:
 - Craft labor
 - Staff labor
 - Fuel, oil, grease (FOG)
 - Small tools, supplies and other consumables
 - Ready-mix concrete
- Provisional sum changed order developed based on AIS Suspension Provisional Sum Protocol

WOFH Contract Delay

The following events delayed the WOFH DB Contract:

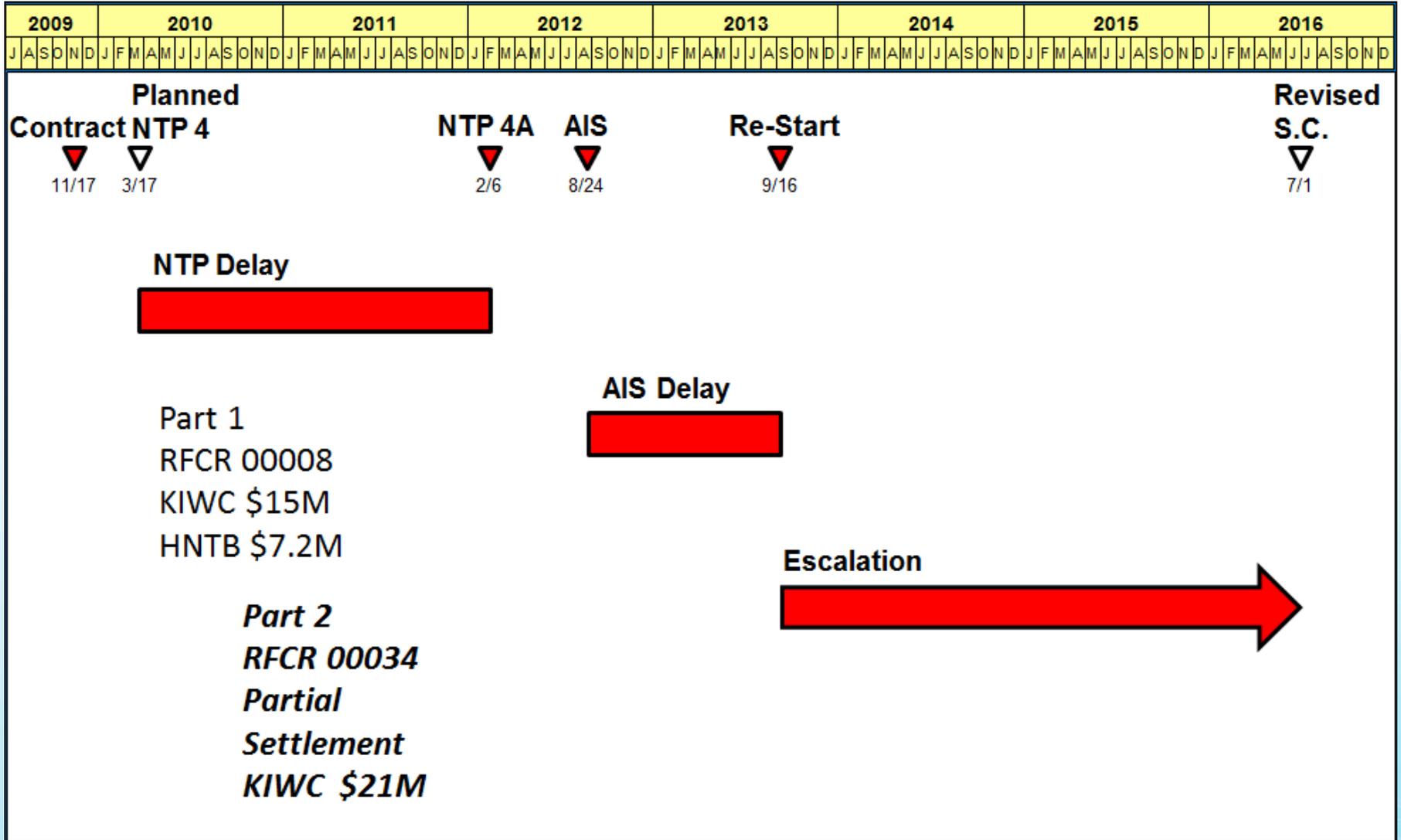
- The delayed issuance of NTP 2, 3, & 4
- Program's construction was halted due to court ruling requiring completion of the Archeological Investigative Survey (AIS)

Resolution of the cost with KIWC due to delay were stagnated. A path forward was developed to come to an equitable adjustment with KIWC. It consisted of:

- Complete the AIS Audit, Develop Provisional Sum Change Orders, and Individual Item Evaluation
- All other issues with WOFH contract are resolved within change orders issued
- This is the second provisional sum change order for actual escalation.

Initial Claim submitted on September, 2013 and settled July, 2015.

WOFH Contract Delay Overview



Cost Escalation

- Escalation is the increase in the cost of goods and services over a defined period of time. This includes the cost of labor and materials due to market forces.
- In the case of the WOFH contract the original time period in which the construction was anticipated to be accomplished was extended due to AIS and NTP delays. This has resulted in increased costs of construction in a later period of time than originally anticipated.

West Oahu/Farrington Highway Escalation Due to Schedule Impacts

- \$15,000,000
 - Provisional sum change order 48 executed for escalation costs due to delays
 - Based on 13 months of AIS delays and 20 months of NTP delays
 - Wage rate increases for craft and staff labor; fuel, oil, and grease including repair parts; small tools and supplies including consumables; and Ready-Mix Concrete
 - Provisional sum forecast for 21 of 33 months through June 30, 2015
 - Funded through unallocated contingency

WOFH Escalation Settled

Sub-Contractors and Suppliers	Original KIWC Estimate	Settled Amount	Cost Delta
Ameron for aggregate	\$476,370	\$464,413	(\$11,957)
Tensor Intl. for MESA blocks	\$72,474	\$71,663	(\$811)
T Bailey, Inc. for permanent shaft casing	\$188,356	\$102,675	(\$85,681)
Schwager Davis for post tensioning components	\$961,701	\$767,177	(\$194,524)
PAC Electric	\$1,154,070	\$777,883	(\$376,187)
Road Builders	\$746,176	\$716,665	(\$29,511)
HPD Spec. Duty	\$160,936	\$156,123	(\$4,813)
Honolulu Paint	\$22,137	\$21,476	(\$661)
Kiewit Equipment	\$2,586,642	\$746,176	(\$1,840,466)
CMC - Rebar	<u>\$9,414,474</u>	<u>\$6,228,445</u>	<u>(\$3,186,029)</u>
Total Settled	\$15,783,336	\$10,052,696	(\$5,730,640)

Provisional Sum Protocols to Determine Actual Escalation

Establish Escalation protocols to determine actual costs realized for the following:

- Staff Labor
- Craft Labor
- Fuel, Oil, and Grease (FOG)
- Concrete
- Small Tools and Supplies (ST&S) and Undefined Consumables

Protocols for determining actual escalation costs mutually agreed upon

HART reviews billing for conformance

Staff Escalation

Step 1: Build Staff Rate Table

Effective Start	Effective End	ID	Name	Weekly Base Wage	Year	COLA	COLA Amount	Type	Payroll Tax	Payroll Insurance	PTO	Med /Dis/ Dental/ Life	401k	Weekly Fringe	Total Weekly Rate	Total Hourly Rate
9/16/2011	4/1/2012	302846	STAFF NAME	\$1,105	2011	30%	\$332	Taxable	\$0.0825	\$0.0072	\$0.0772	\$175.38	\$76.38	\$491.51	\$1,928.01	\$48.20
4/2/2012	6/30/2012	302846		\$1,125	2012	30%	\$338	Taxable	\$0.0825	\$0.0072	\$0.0772	\$175.38	\$76.38	\$495.85	\$1,958.35	\$48.96
7/1/2012	8/12/2012	302846		\$1,125	2012	30%	\$338	Base	\$0.1111	\$0.0136	\$0.1354	\$0.1715	\$0.0625	\$555.86	\$2,018.36	\$50.46
8/13/2012	3/17/2013	302846		\$1,125	2012	30%	\$338	Base	\$0.1111	\$0.0136	\$0.1354	\$0.1715	\$0.0625	\$555.86	\$2,018.36	\$50.46
3/18/2013	7/7/2013	302846		\$1,160	2013	40%	\$464	Base	\$0.1111	\$0.0136	\$0.1354	\$0.1715	\$0.0625	\$573.16	\$2,197.16	\$54.93
7/8/2013	3/16/2014	302846		\$1,160	2013	40%	\$464	Base	\$0.1263	\$0.0089	\$0.1668	\$0.1127	\$0.0528	\$542.30	\$2,166.30	\$54.16
3/17/2014	7/6/2014	302846		\$1,205	2014	40%	\$482	Base	\$0.1263	\$0.0089	\$0.1668	\$0.1127	\$0.0528	\$583.34	\$2,250.34	\$56.26
7/7/2014	1/8/2015	302846		\$1,205	2014	40%	\$482	Base	\$0.1201	\$0.0089	\$0.1224	\$0.1253	\$0.058	\$523.81	\$2,210.81	\$55.27

Step 2: Build an Exclusion Table

Staff is verified for involvement with WOFH Project.

FARRINGTON GUIDEWAY	WBS	UserD7	Exclude for Staff	Exclude for Craft	Exclude for Undefined	Exclude for Concrete	Exclude for Equipment	Code match
Financial Results Analysis								100146.1000
CCO 42 BWS IMPACT - KUALAKAI [WATER]	1298	Change Orders	Yes	Yes	Yes	Yes	Yes	100146.1233
CCO 42 CONCRETE JACKET - KUALAKAI [WATER]	1299	Change Orders	Yes	Yes	Yes	Yes	Yes	100146.1234
BUILDERS RISK EVENTS	3402	Indirects	Yes	Yes	Yes	Yes	Yes	100146.2481
OCIP GENERAL LIAB DEDUCTIBLE	3403	Indirects	Yes	Yes	Yes	Yes	Yes	100146.2482
OCIP SUBCONTRACTOR HIGHER LIM	3404	Indirects	Yes	Yes	Yes	Yes	Yes	100146.2483

Step 3: Download payroll data from Kiewit's accounting program

NAME & ADDRESS	EMPLOYEES#		SOC. SEC. NO					TOT HOUR	TY HR	BASE RATE
	NO. OF	HOURS	WORKED	THIS	JOB					
	NOI	0908	0909	0910	0911	0912	0913	0914		
PRNG07 Default Level		8.00	8.00	8.00	8.00	8.00	0.00	0.00	40.00	ST 30.1250

Contractor provides Staff Payroll as backup and hours are backchecked against Staff Escalation spreadsheet.

Rates are compared to the rates 24 months prior

Step 4: Calculate rate difference & Step 5: Summarize

Last name First name	Date	Base Pay Rate	Att./Absence type	Hours	Pay Type	Years of Escalation	Prior Date (Date - Years of Escalation)	Current Rate ST	Current Rate OT	Prior Rate ST	Prior Rate OT	Escalation Per HR ST	Escalation Per HR OT	Escalation Amount	Billable	Billing Month
STAFF NAME	3/13/2014	\$29,000	1000	8,000	ST	2	3/13/2012	\$54.16	\$ -	\$48.20	\$ -	\$5.96	\$ -	\$47.66	Yes	07 Mar - 2014
	3/14/2014	\$29,000	1000	8,000	ST	2	3/14/2012	\$54.16	\$ -	\$48.20	\$ -	\$5.96	\$ -	\$47.66	Yes	07 Mar - 2014
	3/17/2014	\$30,125	1000	8,000	ST	2	3/17/2012	\$56.26	\$ -	\$48.20	\$ -	\$8.06	\$ -	\$64.47	Yes	07 Mar - 2014
	3/18/2014	\$30,125	1000	8,000	ST	2	3/18/2012	\$56.26	\$ -	\$48.20	\$ -	\$8.06	\$ -	\$64.47	Yes	07 Mar - 2014
	7/7/2014	\$30,125	1000	8,000	ST	2	7/7/2012	\$55.27	\$ -	\$50.46	\$ -	\$4.81	\$ -	\$38.49	Yes	11 July - 2014
	7/8/2014	\$30,125	1000	8,000	ST	2	7/8/2012	\$55.27	\$ -	\$50.46	\$ -	\$4.81	\$ -	\$38.49	Yes	11 July - 2014

Craft Labor Escalation

Step 1: Build Rate Comparison Tables

Step 3: Pull in wage differences

CRAFT CODE	DESCRIPTION	EFFECTIVE SEPTEMBER 1, 2013 THROUGH PRESENT													EFFECTIVE OCTOBER 4, 2010 THROUGH FEBRUARY 16, 2011													DELTA
		RATE OF PAY	TAXABLE	FRINGE VAC/DUES	Stab/Ind	H&W	PENS.	Annulity	TRNG	ADM FEE	TOTAL NON-TAX FRINGE	TAX % 19.62%	INS COST	RATE OF PAY	FRINGE VAC/DUES	TAXABLE	Stab/Ind	H&W	PENS.	annulity	TRNG	ADM FEE	TOTAL NON-TAX FRINGE	TAX % 8.22%	INS COST			
201	LABORER	ST	\$32.30	\$32.30	\$2.78	\$0.250	\$5.60	\$3.12	\$4.01	\$0.45	\$0.145	\$16.36	\$4.37	\$63.05	\$29.30	\$2.73	\$32.03	\$0.150	\$5.60	\$3.12	\$4.01	\$0.45	\$0.145	\$13.48	\$2.95	\$48.46	\$4.67	
201	LABORER GRP 1	OT	\$48.45	\$48.45	\$2.78	\$0.250	\$5.60	\$3.12	\$4.01	\$0.45	\$0.145	\$16.36	\$6.55	\$71.38	\$43.95	\$2.73	\$46.68	\$0.150	\$5.60	\$3.12	\$4.01	\$0.45	\$0.145	\$13.48	\$4.30	\$84.46	\$8.80	
201		DT	\$64.60	\$64.60	\$2.78	\$0.250	\$5.60	\$3.12	\$4.01	\$0.45	\$0.145	\$16.36	\$9.73	\$89.89	\$59.60	\$2.73	\$61.33	\$0.150	\$5.60	\$3.12	\$4.01	\$0.45	\$0.145	\$13.48	\$6.65	\$90.46	\$9.29	
101	OPERATOR	ST	\$36.44	\$36.44	\$5.93	\$0.535	\$8.89	\$11.39	\$0.00	\$1.35	\$1.00	\$29.10	\$4.83	\$70.47	\$33.69	\$4.88	\$38.57	\$0.54	\$8.44	\$9.14	\$0.00	\$1.35	\$1.00	\$20.47	\$3.56	\$62.80	\$7.67	
101	OPERATOR GRP A-1	OT	\$54.66	\$54.66	\$5.93	\$0.535	\$8.89	\$11.39	\$0.00	\$1.35	\$1.00	\$29.10	\$7.39	\$91.16	\$50.54	\$4.88	\$58.42	\$0.54	\$8.44	\$9.14	\$0.00	\$1.35	\$1.00	\$20.47	\$5.11	\$80.86	\$10.18	
101		DT	\$72.88	\$72.88	\$5.93	\$0.535	\$8.89	\$11.39	\$0.00	\$1.35	\$1.00	\$29.10	\$9.85	\$111.88	\$67.38	\$4.88	\$72.26	\$0.54	\$8.44	\$9.14	\$0.00	\$1.35	\$1.00	\$20.47	\$6.66	\$98.38	\$12.44	
601	CARPENTER	ST	\$40.75	\$40.75	\$5.25	\$0.07	\$7.85	\$6.45	\$0.71	\$0.87	\$0.095	\$21.30	\$5.51	\$67.66	\$36.20	\$5.25	\$41.45	\$0.05	\$7.20	\$6.20	\$0.78	\$0.77	\$0.095	\$15.10	\$3.82	\$80.37	\$7.19	
601		OT	\$61.13	\$61.13	\$5.25	\$0.07	\$7.85	\$6.45	\$0.71	\$0.87	\$0.095	\$21.30	\$8.26	\$90.88	\$54.30	\$5.25	\$59.55	\$0.05	\$7.20	\$6.20	\$0.78	\$0.77	\$0.095	\$15.10	\$5.49	\$80.14	\$10.66	
601		DT	\$81.50	\$81.50	\$5.25	\$0.07	\$7.85	\$6.45	\$0.71	\$0.87	\$0.095	\$21.30	\$11.02	\$118.82	\$72.40	\$5.25	\$77.65	\$0.05	\$7.20	\$6.20	\$0.78	\$0.77	\$0.095	\$15.10	\$7.16	\$88.81	\$13.81	
810	ELECTRICIAN	ST	\$41.55	\$41.55	\$4.82	\$1.25	\$6.25	\$6.15	\$6.65	\$0.50	\$0.30	\$25.92	\$5.62	\$78.08	\$39.75	\$4.61	\$44.36	\$1.193	\$6.15	\$6.00	\$6.36	\$0.25	\$0.25	\$20.20	\$4.09	\$88.86	\$4.44	
810	ELECTRICIAN JOURNEYMAN	OT	\$62.33	\$62.33	\$4.82	\$1.87	\$6.25	\$6.15	\$6.65	\$0.50	\$0.30	\$26.54	\$8.43	\$97.30	\$59.63	\$4.61	\$64.24	\$1.789	\$6.15	\$6.00	\$6.36	\$0.25	\$0.25	\$20.80	\$5.52	\$90.86	\$8.34	
810		DT	\$83.10	\$83.10	\$4.82	\$2.49	\$6.25	\$6.15	\$6.65	\$0.50	\$0.30	\$27.16	\$11.24	\$121.60	\$79.50	\$4.61	\$84.11	\$2.385	\$6.15	\$6.00	\$6.36	\$0.25	\$0.25	\$21.40	\$7.76	\$113.27	\$8.23	

Step 2: Gather man hour data and distribute

Date Range:	10/1/2013 - 10/31/2013	Plan Status:	Final - Complete
Project Name:	Farrington Guideway	Supt's Name:	Timothy Knott
Plan Description:	RICCA - 10/29/2013 - E/L/B 30" WATER	Engineer:	Michael Neal
Plan ID Number:	C8E00037745B4FF1B5E16016E1D450B8	Foreman:	Joshua Riosa
		Location:	FH STA 77+8 - 75+60
		Shift:	Third Shift

Employee Hours - Final - Complete Emp. Hours Export

WBS #	WBS Description	Employee #	First Name	Last Name	Craft Description	ST Hours	OT Hours	DT Hours	Other Hours	Total Hours
100146.4267	B/F STREET [WATER]	00151016	Ronald	Colburn	Operator Group 7	5.0	2.0	0.0	0.0	7.0
		00197811	Renee	Hoomanawanui	Laborer Foreman	7.0	0.5	0.0	0.0	7.5

Labor rates are backchecked against Master Agreement labor rates and fringe benefits for each Craft

Labor rates are compared to the same month 36 months prior

Contactor submits Plan History Craft Hours and spot checks are done to verify hours translate correctly onto Man Hour Data Table

Personnel Number	Craft Code	Last name First name	WBS Element	ACTIVITY	Cost Element	Document Date	Excluded from Direct Calc	Reg Lab MH	OT Lab MH	DT Lab MH
159729	201	KANAE JR, STANLEY JAMES	100146.1026	FH CLOSURES [MOT] - DELETE	810110	9/17/2013	N	3.000		
329737	201	ELI, COTY	100146.1040	MAINTAIN KRAIL - FH (24 Mo) [STRUCT ACCE	810110	12/11/2013	N		1.000	
197811	201	HOOMANAWANUI, RENEE	100146.4267	B/F STREET [WATER]	810110	10/29/2013	N	7.000		
329737	201	ELI, COTY	100146.4267	B/F STREET [WATER]	810110	10/9/2013	N		1.500	
182919	601	LIUA, PA'U	100146.1822	ASSEMBLE/DEMOBE FORMS [PRECAST YARD SETU	810110	9/25/2013	N	8.000		
182919	601	LIUA, PA'U	100146.1822	ASSEMBLE/DEMOBE FORMS [PRECAST YARD SETU	810110	9/25/2013	N		1.000	
304021	601	VANDIKE, KENNETH	100146.1822	ASSEMBLE/DEMOBE FORMS [PRECAST YARD SETU	810110	12/13/2013	N	8.000		
304021	601	VANDIKE, KENNETH	100146.1822	ASSEMBLE/DEMOBE FORMS [PRECAST YARD SETU	810110	12/14/2013	N		7.000	
330784	810	DURAN, CARLOS	100146.1580	INSTALL LICENSE PLATE READER	810110	10/18/2013	N	8.000		
330784	810	DURAN, CARLOS	100146.1580	INSTALL LICENSE PLATE READER	810110	10/18/2013	N		0.500	

Activities are reviewed to verify that only activities aligned with the Craft Labor Escalation Agreement are being billed

Step 4: Calculate escalation

Craft Code	Craft Description	WOFH Labor		STRAIGHT TIME		OVERTIME		DOUBLE TIME			
		WOFH 4th Qtr 2013 Total MH	2013 ST Lab MH	Labor Difference to 4th Qtr 2010	Escalation from 2010 to 2013	2013 OT Lab MH	Labor Difference to 4th Qtr 2010	Escalation from 2010 to 2013	2013 DT Lab MH	Labor Difference to 4th Qtr 2010	Escalation from 2010 to 2013
Craft Labor Costs 9/16/13 to 12/31/13 - Excluding CCO Work and B/C											
201	Laborer Group 1	9,411.50	8,134.00	\$4.57	\$37,172.38	1,276.00	\$6.90	\$8,804.40	1.50	\$9.23	\$13.85
601	Carpenter	3,373.00	3,168.00	\$7.19	\$22,777.92	205.00	\$10.55	\$2,182.75	0	\$13.91	\$0
810	Elect Journeymen	558.00	533.50	\$4.44	\$2,368.74	18.00	\$6.34	\$114.12	6.50	\$8.23	\$53.50

Fuel Escalation

Step 1: Gather price history for fuel purchased (differentiate by Unleaded, Clear Diesel, Dyed Diesel and by quarter for comparison)

2011Q4		
	Sum of Total quantity (Gallons)	Average of Ave Unit Price (\$/GAL)
2011Q4	6,963.16	\$4.01
CLEAR DIESEL	1,009.82	\$4.59
Bulk	772.00	\$4.24
Pump	237.82	\$4.70
DYED DIESEL	4,852.00	\$3.69
Bulk	4,852.00	\$3.69
UNLEADED	1,101.34	\$3.87
Pump	1,101.34	\$3.87

Average Unit Price for 2011Q4 Clear Diesel Bulk Fuel							
Fuel Type	Additional Detail	Purchase Type	Description	Period	Invoice Amount (\$)	Total quantity (Gallons)	Ave Unit Price (\$/GAL)
CLEAR DIESEL	Garlow Petroleum	Bulk	133363	2011Q4	\$839.53	199	\$4.22
CLEAR DIESEL	Garlow Petroleum	Bulk	132707	2011Q4	\$1,301.42	298	\$4.40
CLEAR DIESEL	Garlow Petroleum	Bulk	132127	2011Q4	\$1,139.58	277	\$4.11
AVERAGE PRICE							\$4.24

Step 2: Gather current fuel purchase data

2013Q4		
	Sum of Total quantity (Gallons)	Average of Ave Unit Price (\$/GAL)
2013Q4	98,994.86	\$4.07
CLEAR DIESEL	5,627.75	\$4.74
Bulk	3,778.00	\$4.78
Pump	1,849.75	\$4.73
DYED DIESEL	80,696.00	\$3.81
Bulk	80,696.00	\$3.81
UNLEADED	12,671.11	\$3.99
Pump	12,671.11	\$3.99

Average Unit Price for 2013Q4 Clear Diesel Bulk Fuel							
Fuel Type	Additional Detail	Purchase Type	INVOICE #	Period	Invoice Amount (\$)	Total quantity (Gallons)	Ave Unit Price (\$/GAL)
CLEAR DIESEL	Oahu Petroleum Inc	Bulk	INV005045	2013Q4	\$4,709.51	974	\$4.84
CLEAR DIESEL	Oahu Petroleum Inc	Bulk	INV003860	2013Q4	\$3,796.32	792	\$4.79
CLEAR DIESEL	Oahu Petroleum Inc	Bulk	INV003434	2013Q4	\$981.55	203	\$4.84
CLEAR DIESEL	Garlow Petroleum Inc	Bulk	INV150472	2013Q4	\$3,093.67	720	\$4.14
CLEAR DIESEL	OAHU PETROLEUM INC	Bulk	INV004611	2013Q4	\$4,214.88	891	\$4.73
CLEAR DIESEL	OAHU PETROLEUM INC	Bulk	INV003137A	2013Q4	\$1,061.04	198	\$5.36
AVERAGE PRICE							\$4.78

Fuel Type	Additional Detail	Type	Invoice	Period	Total QTY (Gal)	Billable
CLEAR DIESEL	OAHU PETROLEUM	Bulk	003137A	2013Q4	198	Yes
CLEAR DIESEL	OAHU PETROLEUM	Bulk	004611	2013Q4	891	Yes
CLEAR DIESEL	Garlow Petroleum	Bulk	150472	2013Q4	720	Yes
CLEAR DIESEL	Oahu Petroleum	Bulk	003434	2013Q4	203	Yes
CLEAR DIESEL	Oahu Petroleum	Bulk	003860	2013Q4	792	Yes
CLEAR DIESEL	Oahu Petroleum	Bulk	005045	2013Q4	974	Yes
					3,778	

Step 3: Calculate differences

Baseline Fuel Data			Fuel Data 2-Years Prior			Escalation Calculation		
Period/Type of Fuel		Original Total Quantity (Gallons)	Average Unit Price (\$/GAL)	Period/Type of Fuel	Total Quantity (Gallons)	Average Unit Price (\$/GAL)	2-Year Delta	Original Escalation Amount
2013Q4	Quarter	Total	\$4.07	2011Q4	6,963.16	\$4.01	2013Q4 vs. 2011Q4	
CLEAR DIESEL			\$4.74	CLEAR DIESEL	1,009.82	\$4.59		
Bulk	2013Q4	3,778.00	\$4.78	Bulk	772.00	\$4.24	\$0.54	\$2,035.09
Pump	2013Q4	1,849.75	\$4.73	Pump	237.82	\$4.70	\$0.03	\$61.11
DYED DIESEL			\$3.81	DYED DIESEL	4,852.00	\$3.69		
Bulk	2013Q4	80,696.00	\$3.81	Bulk	4,852.00	\$3.69	\$0.12	\$9,446.70
UNLEADED			\$3.99	UNLEADED	1,101.34	\$3.87		
Pump	2013Q4	12,671.11	\$3.99	Pump	1,101.34	\$3.87	\$0.11	\$1,440.73

All invoices are reviewed for correct dollar value, number of gallons, and that individuals included for "PUMP CLEAR DIESEL" and "PUMP UNLEADED" are involved with the WOFH Project Only.

Fuel averages are compared to the average of rates 24 months prior

Ready Mix Concrete Escalation

Step 1: Building Exclusion Table

WBS	UserID7	Exclude for Staff	Exclude for Craft	Exclude for Undefined	Exclude for Concrete	Exclude for Equipment
AGGREGATE	Civil			Yes	Yes	
ESCALATION - STAFF LABOR 2012	Indirects	Yes	Yes	Yes	Yes	Yes
CCO 4 - NON-OCIP & BR 12/31/11	Change Orders	Yes	Yes	Yes	Yes	Yes
CCO 6 ADDITIONAL SURVEY	Change Orders	Yes	Yes	Yes	Yes	Yes
Miscellaneous Revenue Internal	Misc Rev	Yes	Yes	Yes	Yes	Yes
PIER 253 ATTENUATOR - 6.6.14	Misc Rev	Yes	Yes	Yes	Yes	Yes
CONCRETE 5000 PSI - SUBSTRUCTURE GENERAL	Deleted	Yes	Yes	Yes	Yes	Yes
CONCRETE 6500 PSI - PRECAST SOUNDWALLS	Deleted	Yes	Yes	Yes	Yes	Yes
SUSPENSION RELATED COST - POTENTIAL PCO	Deleted	Yes	Yes	Yes	Yes	Yes
Financial Results Analysis						
MAINTENANCE DEPT.	Maintenance					
MAINTENANCE	Maintenance					
CIVIL [ALL]	Civil					
CIVIL DIRECT	Civil					
ELECTRICAL [ALL]	Electrical					
ELECTRICAL/COMMITTS - DIRECT	Electrical					

Step 2: Build Escalation Rate Table

Date	Escalation	Yearly	Escalation	Cum. Escalation
2011	1.0000		4%	0.04
2012	1.0400		4%	0.0416
2013	1.0816		4%	0.043264
2014	1.124864	only entitled to 3 years of escalation		
2015	1.124864	only entitled to 3 years of escalation		
2016	1.124864	only entitled to 3 years of escalation		

Agreement:

Concrete Purchased/Delivered 2012 = 4%
 Concrete Purchased/Delivered 2013 = 8.16%
 Concrete Purchased/Delivered 2014-2016 = 12.49%

Excluded items are verified

Escalation rates are verified and checked for proper incorporation by Document Date

All backup invoices are reviewed to ensure billable items are related to WOFH (Shaft, Column, and Superstructure Ready Mix Concrete) and that invoices match what's included in Concrete Escalation Spreadsheet.

Step 3: Download ZSMM Payment Report and Analyze Concrete Purchasing Data

Document Number	Document Date	Name	Ref No.	HART Review	Fiscal Year	Amount In Invoice	Document Year	Escalation Factor	Unescalated Amount	Escalation Amount	Excluded Date	Excluded Code	Excluded Other (Manual)	Billable	Clearing Month
4000263016	11/12/2013	Ameron International Corporation	389591	4000 PSI Mix	2014	\$9,567.20	2013	1.0816	\$8,845.41	\$721.79		0		Yes	07 Mar - 2014
4000263014	11/13/2013	Ameron International Corporation	389638	4000 PSI Mix	2014	\$15,945.33	2013	1.0816	\$14,742.35	\$1,202.98		0		Yes	07 Mar - 2014
4000263011	11/14/2013	Ameron International Corporation	389691	4000 PSI Mix	2014	\$7,972.67	2013	1.0816	\$7,371.18	\$601.49		0		Yes	07 Mar - 2014
4000274127	11/15/2013	Ameron International Corporation	389731	4000 PSI Mix	2014	\$7,281.94	2013	1.0816	\$6,732.56	\$549.38		0		Yes	08 Apr - 2014
4000274129	12/9/2013	Ameron International Corporation	390453	4000 PSI Mix	2014	\$7,675.56	2013	1.0816	\$7,096.49	\$579.07		0		Yes	08 Apr - 2014
4000274132	12/31/2013	Ameron International Corporation	391088	4000 PSI Mix	2014	\$7,872.37	2013	1.0816	\$7,278.45	\$593.92		0		Yes	08 Apr - 2014
4000254166	12/5/2013	Ameron International Corporation	390333	6500 PSI Mix	2014	\$4,375.97	2013	1.0816	\$4,045.83	\$330.14		0		Yes	07 Mar - 2014
4000274131	12/30/2013	Ameron International Corporation	391066	6500 PSI Mix	2014	\$6,563.96	2013	1.0816	\$6,068.75	\$495.21		0		Yes	08 Apr - 2014
4000263023	10/15/2013	Ameron International Corporation	388498	Flowable Fill CLSM	2014	\$6,285.77	2013	1.0816	\$5,811.55	\$474.22		0		Yes	07 Mar - 2014
4000276520	3/5/2014	Ameron International Corporation	393161	2500 PSI Mix	2014	\$684.32	2014	1.124864	\$608.36	\$75.96		0		Yes	08 Apr - 2014
4000334608	4/23/2014	Ameron International Corporation	394901	2500 PSI Mix	2014	\$855.41	2014	1.124864	\$760.46	\$94.95		0		Yes	10 June - 2014
4000334539	4/29/2014	Ameron International Corporation	395102	2500 PSI Mix	2014	\$855.41	2014	1.124864	\$760.46	\$94.95		0		Yes	10 June - 2014
4000334606	5/2/2014	Ameron International Corporation	395245	2500 PSI Mix	2014	\$513.24	2014	1.124864	\$456.27	\$56.97		0		Yes	10 June - 2014
4000346809	6/2/2014	Ameron International Corporation	396367	2500 PSI Mix	2014	\$8,697.22	2014	1.124864	\$7,715.79	\$983.43		0		Yes	11 July - 2014
4000263928	2/28/2014	Ameron International Corporation	393012	3000 PSI Mix	2014	\$417.81	2014	1.124864	\$371.43	\$46.38		0		Yes	08 Apr - 2014
4000263926	3/4/2014	Ameron International Corporation	393112	3000 PSI Mix	2014	\$1,671.21	2014	1.124864	\$1,485.70	\$185.51		0		Yes	08 Apr - 2014
4000263925	3/5/2014	Ameron International Corporation	393162	3000 PSI Mix	2014	\$1,671.21	2014	1.124864	\$1,485.70	\$185.51		0		Yes	08 Apr - 2014
4000263882	3/6/2014	Ameron International Corporation	393218	3000 PSI Mix	2014	\$1,504.09	2014	1.124864	\$1,337.13	\$166.96		0		Yes	08 Apr - 2014
4000263881	3/8/2014	Ameron International Corporation	393277	3000 PSI Mix	2014	\$2,506.82	2014	1.124864	\$2,228.55	\$278.27		0		Yes	08 Apr - 2014

Undefined Consumables Escalation

Step 1: Build an Exclusion Table

Name	Excluded Vendor	Notes
Ameron International Corporation	Yes	based on CCO 50 (Ameron Agg) and CCO 48 (Ameron Concrete - separate bucket)
CMC Steel Fabricators Inc	Yes	based on CCO XX
Garlow Petroleum Inc	Yes	based on CCO 48 (fuel escalation is separate bucket)
HNTB Corp	Yes	based on CCO XX
Honolulu Police Department	Yes	based on CCO 52
Laborers Local 368	Yes	
Local #830 OPCMIA	Yes	
Oahu Petroleum Inc	Yes	based on CCO 48 (fuel escalation is separate bucket)
Pao Electric Co Inc	Yes	based on CCO 57
Pohaku Paa Holdings LLC	Yes	Ameron (bought out by Pohaku)
Road Builders Corp	Yes	based on CCO 54
Schwager Davis Inc	Yes	based on CCO 55
T Bailey Inc	Yes	based on CCO 56
Tensar International Corp	Yes	based on CCO 53

Escalation Percentages are reviewed to verify that the correct percentages are applied per the Undefined Consumable Escalation Agreement:

- **24 Month Escalation (6.09%)** – Equipment Related Consumables, Equipment Overhaul, and Indirect Equipment Costs
- **36 Month Escalation (9.27%)** – Services Tools & Supplies, Permanent Materials, and Subcontractor Costs Excluding Change Orders 50 to 57

Step 2: Gather purchasing data for the current analysis period, Step 3: Filter data and extract escalation amount, & Step 4: Summarize

Name	Reference	HART Review	Amount in Invoice	Non-Escalated Amount (Amount in LC/Escalation Percent)	Escalation Amount (Amount in LC - Non-Escalated Amount)	Years of Escalation	Escalation Percent	Excluded Vendor	Excluded Code	Billable	Clearing Month
Emedco Co Inc	9322231493	2 in 1 Lookout	\$124.36	\$117.22	\$7.14	2	1.060900	0	0	Yes	05 Jan - 2014
Ace Auto Glass Inc	1418157	Labor to Replace Windshields	\$492.46	\$464.19	\$28.27	2	1.060900	0	0	Yes	06 Feb - 2014
The Lighthouse	0068625	LED Beacon	\$1,582.76	\$1,481.90	\$90.86	2	1.060900	0	0	Yes	14 Oct - 2014
Genie Industries Inc	4485279	Radiator and Belt for Ford	\$200.85	\$189.32	\$11.53	2	1.060900	0	0	Yes	15 Nov - 2014
Worthington Military Construction	5120	10' x 10' Hole Covers	\$4,670.16	\$4,273.86	\$396.30	3	1.092727	0	0	Yes	12 Aug - 2014
Energy Solution LLC	5010	12" Power Cooling Fan	\$314.13	\$287.47	\$26.66	3	1.092727	0	0	Yes	07 Mar - 2014
Allmand Bros Inc	1V00096181	18 Portable Light Towers	\$80,072.72	\$73,277.88	\$6,794.84	3	1.092727	0	0	Yes	14 Oct - 2014
Pacific Building Materials Inc	0004432	3/4" x 4 x 8 Plywood	\$5,076.46	\$4,645.68	\$430.78	3	1.092727	0	0	Yes	16 Dec - 2014



HONOLULU: 2291 Kalia Highway (335) 647-3277
 WAIPAO: 919 Waipaoa Street (808) 599-2356
 PEARLE CITY: 96-020 Moanalua Road (808) 489-2361
 KAHULUI: 188 Victoria Avenue (808) 671-7921
 LAHAI: 3018 Pepee Street, Suite 2 & 3 (808) 249-0994
 HALEI: 8711 Koolina Avenue (808) 836-4932
 KONA: 754045 Kona Steves Bay E-145 (808) 329-0020
 GILBERT: 122 P. Hamann Pk. Park Rd. (877) 649-4330

INVOICE
 NO. 1418157
 DATE: 1/23/2014

ACCOUNT NO. 01-701850
 ORDER NO. 1418157
 ORDER DATE 01/23/14
 ORDER TIME 09:58:14
 ORDER BY SA
 ORDER FROM SA
 ORDER FROM SA
 ORDER FROM SA

KIEWIT INFRASTRUCTURE WEST CO.
 JOB #13186
 KAPOLEI, HI 96787

KIEWIT INFRASTRUCTURE WEST CO.
 CONFIRMED BY: KYLE 321-5112
 JOB #13186
 KAPOLEI, HI 96787

Contactors provides electronic invoices for each billed item. Invoices are reviewed for correct amounts in the Undefined Spreadsheet, potential doubling billings, and for non-conformances to the Undefined Consumable Escalation Agreement

QTY	DESCRIPTION	UNIT PRICE	AMOUNT	TAX	TOTAL	ACCOUNT
1	LAM (RF)	\$157.60	\$157.60	\$157.60	\$157.60	Sub Total
1	LABOR	\$150.00	\$150.00	\$150.00	\$150.00	Tax
1	LABOR	\$20.00	\$20.00	\$20.00	\$20.00	
1	LABOR	\$150.00	\$150.00	\$150.00	\$150.00	
1	LABOR	\$24.00	\$24.00	\$24.00	\$24.00	Account

WOFH Escalation Summary for Provisional Sum Change Orders

NUMBER	CATEGORIES	Original KIWC Estimate	Original HART Estimate	KIWC Expended Costs Through June, 2015	HART Forecast From July 1, 2015 to July 1, 2016	Total Escalation Forecast
1	Staff Labor	\$2,769,856	\$2,000,000	\$2,813,369	\$1,081,101	\$3,894,470
2	Craft Labor	\$9,186,621	\$5,000,000	\$5,409,444	\$3,245,848	\$8,655,292
3	Fuel, Oil, & Grease (FOG)	\$2,670,530	\$2,000,000	(\$250,540)	(281,531)	(\$532,071)
4	Concrete	\$6,092,167	\$3,000,000	\$2,633,150	\$1,137,995	\$3,771,145
5	Small Tools and Supplies - Consumables	\$14,713,544	\$10,500,000	\$7,451,221	\$3,189,810	\$10,641,031
6	Sub Total – Provisional Sum Costs	\$35,432,718	\$22,500,000	\$18,056,644	\$8,373,223	\$26,429,867
7	Administrative Costs	Included	Included	\$253,004	\$67,129	320,133
8	Total – Provisional Sum Costs	\$35,432,718	\$22,500,000	\$18,309,648	\$8,440,352	\$26,750,000

Total cost for Provisional Sum including Staff Preparation of billing is \$26,750,000. A cost difference of \$8,682,718 or 75.5% of the Kiewit requested amount of \$35,432,718

Delay Escalation Summary

Original Requested Escalation Amount:	\$ 63,357,195
Removed escalation for HNTB:	<u>(8,247,966)</u>
Revised escalation request:	<u>\$ 55,109,229</u>
Total Escalation Settled:	
Escalation settled by change order (lump sum)	\$ 10,052,696
Escalation cost paid under provisional sum change order 48	15,000,000
Escalation cost to be paid under second provisional sum change order	<u>11,750,000</u>
Total estimated escalation excluding HNTB	<u>\$ 36,806,696</u>

A cost difference of \$18,306,533 or 66.8% of the revised requested amount

Questions

Mahalo!



HONOLULU RAIL TRANSIT

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