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HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Kenneth Toru Hamayasu, P.E.
INTERIM EXECUTIVE DIRECTOR AND CEO

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December 29, 2011

The Honorable Ikaika Anderson
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Councilmember Anderson:

Per your request at our meeting on December 15, 2011, information on the latest general excise tax collection figures for the Honolulu rail project is provided as follows:

- Since January 2007 through October 31, 2011, the project has received approximately $761.5 million. The September 2011 Financial Plan (Plan) assumed $758.9 million would have been received to date. This Plan recognized actual receipts through July 2011, so only one payment has been received since the Plan was prepared, and it came in higher than anticipated.

- As of December 2011, $330 million in general excise tax (GET) surcharge revenue has been spent on the Honolulu rail project.

- As of December 22, 2011, the total GET surcharge cash balance is $446,794,944.30.

Also attached is the final Request for a Letter of No Prejudice to Commence Limited Construction Activities dated December 27, 2011, addressed to Leslie T. Rogers, FTA Regional Administrator.

Please feel free to call me at Local 88344 should you have any additional questions.

Sincerely,

Kenneth Toru Hamayasu,
Interim Executive Director and CEO

Attachment

cc: All Councilmembers
HART Boardmembers

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ATTACHMENT

HART

IN REPLY REFER TO:
CMS-AP00-00074

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Kenneth Toru Hamayasu, P.E.
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December 27, 2011

Mr. Leslie T. Rogers, Regional Administrator
Federal Transit Administration, Region IX
U. S. Department of Transportation
201 Mission Street, Suite 1650
San Francisco, California 94105

Attention: Ms. Catherine Luu, General Engineer

Dear Mr. Rogers:

Subject: Honolulu Rail Transit Project, Request for a Letter of No Prejudice
To Commence Limited Construction Activities

The City and County of Honolulu's Honolulu Authority for Rapid Transportation (HART) requests the Federal Transit Administration's (FTA's) issuance of a Letter of No Prejudice to allow HART to incur costs up to $206,500,000 for limited construction activities associated with the West Oahu/Farrington Highway Guideway Design-Build Contract, Kamehameha Highway Guideway Design-Build Contract, Maintenance and Storage Facility Design-Build Contract, and Farrington Highway Stations Group Design-Bid-Build Contract. The information supporting our request is attached.

HART understands that the costs incurred subsequent to the issuance of a Letter of No Prejudice may be reimbursable as eligible expenses or eligible as credit toward the local match only if FTA approves a Full Funding Grant Agreement for the Honolulu Rail Transit Project at a later date. Furthermore, HART fully understands that federal funding is not implied or guaranteed by receipt of a Letter of No Prejudice.

Your timely attention to this request is appreciated. If you have any questions, please contact me at (808) 768-8344 or thamayasu@honolulu.gov.

Sincerely,

Kenneth Toru Hamayasu
Interim Executive Director and CEO

Attachment

cc by email: Mr. Joel Washington, FTA TPE
Ms. Kim Nguyen, FTA TPM
Ms. Robin Sinquefield, FTA TPE
Mr. Ted Matley, FTA Region IX
Mr. Timothy Mantych, Jacobs Engineering Group, Inc.

HONOLULU RAIL TRANSIT PROJECT[1]
LETTER OF NO PREJUDICE REQUEST No. 2

The City and County of Honolulu's Honolulu Authority for Rapid Transportation (HART) is requesting the Federal Transit Administration (FTA) to issue a Letter of No Prejudice No. 2 (LONP 2) to allow HART to incur costs up to $206,500,000 for limited construction activities occurring between entry into Final Design (FD) and award of a Full Funding Grant Agreement (FFGA) for the Honolulu Rail Transit Project (Project).

HART understands that the costs incurred subsequent to the issuance of an LONP 2 may be reimbursable as eligible expenses or eligible as credit toward the local matching share only if FTA awards an FFGA for the Project at a later date. Furthermore, HART fully understands that federal funding is not implied or guaranteed by receipt of an LONP 2.

A. Background

The Project is an approximately 20-mile rail transit system extending from East Kapolei in the west to the Ala Moana Center in the east and is shown in **Figure 1**. The entire electrified (third rail) fixed guideway will be elevated except for a 0.6 mile at-grade section at the Leeward Community College Station. As presently configured, the Project also includes 21 passenger stations, four park-and-ride facilities with 4,100 total spaces, one maintenance and storage facility, and 80 "light metro" rail vehicles. Rail service would extend over 20 hours each day with automated trains running every three minutes in the weekday peak periods and six minutes during most off-peak hours. The Project is expected to serve 116,300 average weekday boardings in 2030. Additionally, the Project will provide an economic stimulus by creating an estimated 17,270 direct, indirect and induced jobs during the construction period.

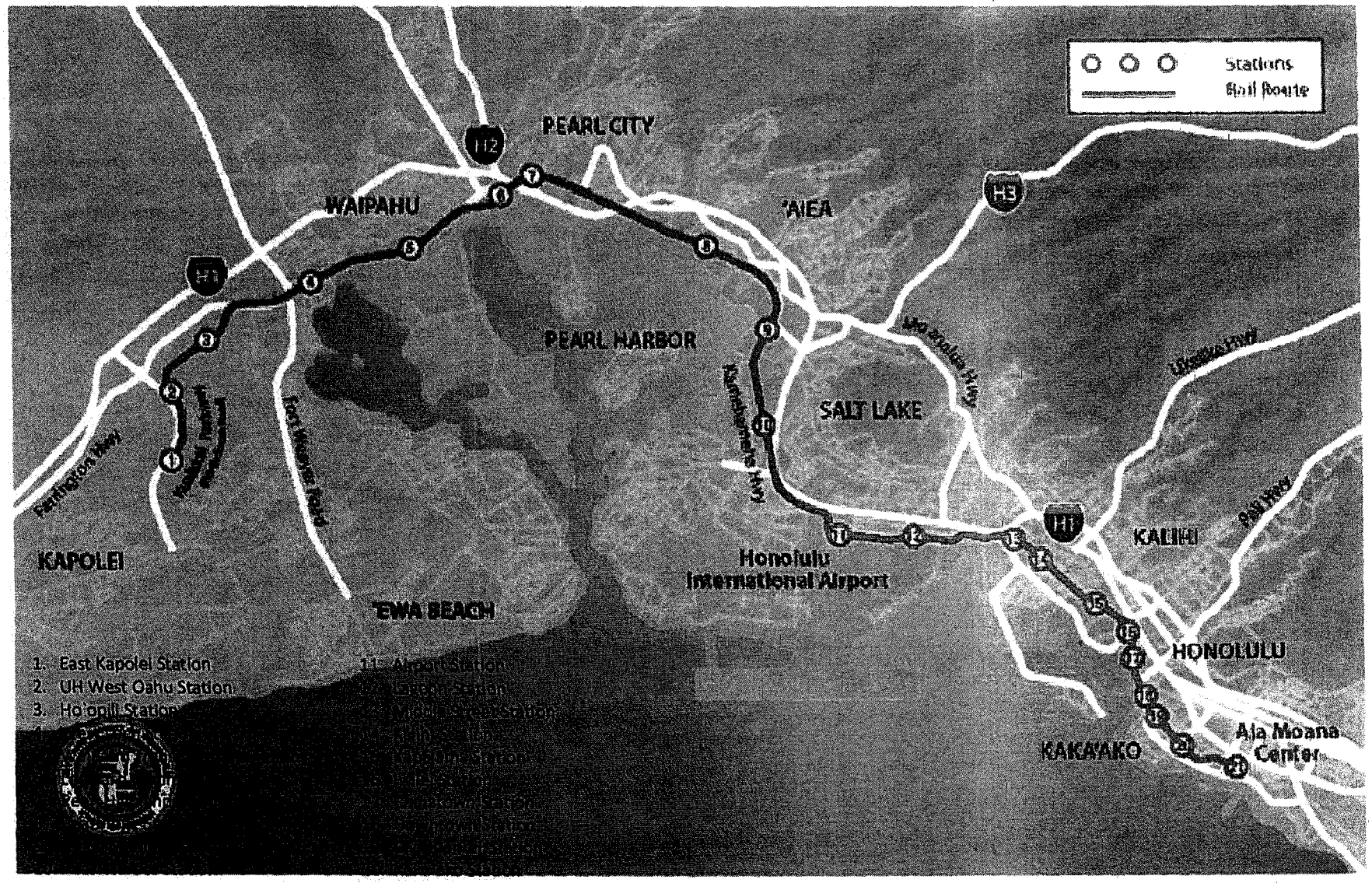
B. Resolution of any readiness issues that would affect the Project

FTA and its Project Management Oversight Contractor (PMOC) have completed the FD risk assessment and the technical capability and capacity assessment, which found no major issues to be resolved. The following requirements have also been met:

1. FTA issued a Record of Decision (ROD) on January 18, 2011.
2. The FTA and its PMOC conducted two risk workshops between April 6, 2011 and April 27, 2011, and a Risk and Contingency Management plan workshop was completed on August 2, 2011. The PMOC's report on its risk and contingency review of the Project was finalized in October 2011.
3. The Project received an overall "Medium" project rating in FTA's FY 2012 *Annual Report on Funding Recommendations*.
4. On May 24, 2011 FTA provided a Letter of No Prejudice No. 1 (LONP 1) for limited FD activities, including obtaining plan approvals and permits for the West O'ahu/Farrington Highway Guideway Design-Build Contract, and associated administrative activities by HART staff and consultants. HART is authorized by LONP 1 to incur costs associated with these activities up to $4,720,000.

[1] Also referred to as Honolulu High-Capacity Transit Corridor Project

FIGURE 1: HONOLULU RAIL TRANSIT PROJECT MAP



5. The FTA's Financial Management Oversight Contractor has completed the Financial Capacity Assessment (FCA) for FD. The FCA is expected to conclude that the City and County of Honolulu has the financial capacity to build, operate, and maintain the Project, as well as maintain the existing transit system.
6. HART submitted the request for authorization to enter into FD to FTA on November 2, 2011. HART anticipates receiving FD approval in December 2011. HART has completed all items required to advance to FD and the PMOC has recommended that FTA accept these items.

C. Adequacy of the Project Management Plan (PMP)

The final PMOC report (October 2011) on OP-20 (Project Management Plan Review), OP-21 (Technical Capacity and Capability Review), and OP-24 (QA/QC Review) recommended to the FTA that the Project's Project Management Plan Revision 4 dated April 2011 "be approved as a deliverable for entering Final Design." All HART procedures and sub-plans that support the PMP have also been accepted by the PMOC for entry into FD including:

- Quality Management Plan;
- Risk & Contingency Management Plan (RCMP);
- Real Estate Acquisition and Management Plan;
- Rail and Bus Fleet Management Plans;
- Safety & Security Management Plan;
- Operating and Maintenance Plan;
- Compendium of Design Criteria and Standards & Specifications; and
- Procedures.

HART has completed and submitted to FTA all of the required elements on the New Starts project planning and development checklist to enter FD, which includes the Financial Plan for the Project, and the required annual New Starts Standard Cost Category (SCC) Workbook and Templates (December 2011).

D. Status of Procurement Progress

In 2009, a local decision was made to procure and award the West O'ahu/Farrington Highway Guideway Design-Build Contract (WOHF DB Contract) for two important reasons. The first reason was to demonstrate to the public that tangible progress was being made with the revenues from the one-half percent (0.5 percent) surcharge on the State of Hawai'i's General Excise Tax (GET) levied since January 1, 2007. The second reason was to advance preliminary engineering to support the ongoing EIS process through multiple notices to proceed. At the time, it was anticipated that the ROD and subsequent FD approval were achievable in early 2010. In addition, after very favorable bid prices were received on the WOFH Guideway DB contract, a decision was made to revise the contract packaging method for the Kamehameha Highway Guideway (KHG) from design-bid-build to design-build in order to leverage the favorable construction bidding climate and realize significant project cost savings. Similarly, the Maintenance and Storage Facility (MSF) DB contract procurement was advanced and it was

expected that the contract award would occur in late spring/early summer of 2010, after the ROD and FD.

Table 1 describes the current status and progress of procurement of the contracts affected by this LONP 2 request.

TABLE 1: PROCUREMENT STATUS

DESIGN-BUILD (DB) CONTRACTS:		
West O'ahu/Farrington Highway (WOFH) Guideway	Contractor:	Kiewit Infrastructure West Company (KIWC)
	Status:	➢ Contract executed on November 11, 2009. ➢ NTP 1 issued on December 1, 2009 for preliminary engineering to support the Final EIS and ROD ➢ NTP 1A issued on March 11, 2010 for geotechnical investigations ➢ NTP 1B issued on March 23, 2010 for interim design activities ➢ NTP 1C issued on June 4, 2010 for method and load test shaft work ➢ NTP 2 issued on March 11, 2011 for utility relocation ➢ NTP 3 issued on May 24, 2011, subsequent to receipt of LONP 1, for preparation of final design documents and obtaining agency approvals and permits
	Total Contract Value[2]:	$501,969,230
	Current Authorization[3]:	$168,876,619
	Amount Incurred [4]:	$120,993,094
Kamehameha Highway Guideway (KHG)	Contractor:	KIWC
	Status:	➢ Contract executed on June 30, 2011 ➢ NTP 1 issued on July 12, 2011 authorizing work activities related to preliminary engineering, including geotechnical investigations and relocation of utilities
	Total Contract Value[2]:	$372,150,000
	Current Authorization[3]:	$101,917,243
	Amount Incurred[4]:	$45,770,288
Maintenance and Storage Facility (MSF)	Contractor:	Kiewit-Kobayashi Joint Venture (KKJV)
	Status:	➢ Contract executed on June 30, 2011 ➢ NTP 1 issued on July 25, 2011 for preliminary engineering, including associated site investigation
	Total Contract Value[2]:	$195,258,000
	Current Authorization[3]:	$16,886,751
	Amount Incurred[4]:	$7,077,339

[2] Base contract amount plus executed change order amounts as of November 1, 2011

[3] Includes all authorizations given via Notices to Proceed to date

[4] Reflects cumulative pay requests submitted to HART through period ending November 30, 2011.

Table 1: Continued

DESIGN CONTRACT		
Farrington Highway Station Group (FHSG)	Designer:	HDR Engineering
	Status:	➢ Contract executed on January 12, 2011 ➢ NTPs 1-a, 1-b, and 2 issued between January 12, 2011 and July 29, 2011 for PE work described in Section 3 of the Agreement.
	Total Contract Value[2]:	$5,500,696
	Current Authorization[3]:	$4,380,136
	Amount Incurred[4]:	$2,679,015
DESIGN-BID-BUILD (DBB) CONTRACT (CONSTRUCTION)		
Farrington Highway Station Group (FHSG)	Construction Contractor:	Construction contractor will be selected in August 2012 and construction NTP is scheduled for October 2012

E. Pre-Award Authority and LONP 1

The Project received FTA approval to enter Preliminary Engineering (PE) in October 2009 and the NEPA process was completed in January 2011 with the issuance of a ROD. In accordance with FTA guidance published in the *Federal Register* in September 2009, these milestones authorized automatic pre-award authority to incur costs for the following activities:

- PE;
- Acquisition of real property and real property rights;
- Utility relocations; and
- Procurement of vehicles (it should be noted that while FTA extended pre-award authority to procure vehicles, vehicle costs will be incurred during FD).

Activities are underway to support this LONP 2 request and include preliminary design; geotechnical and site investigations; method and load test shafts; utility relocations and associated maintenance of traffic; and public involvement and environmental compliance oversight for the WOFH Guideway, KHG and MSF DB Contracts. As noted in Section C, the PMP and all required elements for entry into FD have been completed.

As noted in Section B.4 above, FTA approved LONP 1 to commence FD under the WOFH Guideway DB Contract. FD activities for the KHG DB, MSF DB and FHSG DBB contracts will not be authorized until FTA approves the Project for entry into FD. Upon entry into FD, HART will have automatic pre-award authority to incur costs for the following activities, which are not part of this LONP 2 request:

- **FD, including obtaining all agency approvals and permits;**
- **Procurement of rails, ties, and other specialized equipment;**
- **Procurement of commodities; and**
- **Demolition.**

F. Description of the activities to be covered by LONP 2

HART is requesting this LONP 2 for costs associated with limited construction activities identified in the Master Project Schedule (MPS) for the WOFH Guideway; KHG and MSF DB contracts; and the FHSG construction contract occurring after entry into FD and prior to award of the FFGA. The duration for this LONP 2 request is for a 12-month period, which assumes 9 months from entry into FD plus a 3-month schedule contingency period. The construction activities will be monitored with the monthly contractor pay requests and will be reviewed against the accomplished schedule of milestones so that the authorized LONP 2 activities and funding limits are appropriately managed. Table 2 provides a summary of the activities that are included in this LONP 2 request.

TABLE 2: LONP 2 PLANNED ACTIVITIES

Contract	Activity Description
WOFH Guideway DB	➢ Work includes construction mobilization, drilled shaft foundations, columns, pier caps, segment fabrication and erection, installation of trackwork, third rail, roadway and drainage improvements, traffic signals and lighting, and maintenance of traffic. ➢ Estimated start of construction related activities (SCC 40) is January 2012
KHG DB	➢ Work includes construction mobilization, drilled shaft foundations, columns, roadway widening, retaining walls, drainage improvements, traffic signals and lighting, and maintenance of traffic. ➢ Estimated start of construction related activities (SCC 40) is March 2012
MSF DB	➢ Work activities include construction mobilization, site preparation, clearing and grubbing, grading, drainage, utilities, retaining walls, foundations for the Operations and Storage building and Maintenance of Way building. ➢ Estimated start of construction related activities (SCC 40) is March 2012
FHSG DBB - Construction	➢ Work activities include construction mobilization, foundations, columns and site work for the at-grade station at Leeward Community College and two elevated rail transit stations (West Loch and Waipahu) along Farrington Highway. ➢ Estimate start of construction (SCC 20) is October 2012

G. Justification for advancing LONP 2 Activities

HART has conducted an analysis of the Master Project Schedule (MPS) and Baseline Budget to assess the specific need for this LONP 2 request. HART believes that the approval of this LONP 2 for limited construction activities associated with the WOFH Guideway, KHG and MSF DB Contracts and FHSG DBB Construction Contract is necessary to:

1. **Avoid incurring additional delay costs from active DB contracts (e.g. inefficiency, extended overhead, direct costs and subcontractor costs);**
2. **Optimize Project construction sequencing and minimize public impacts;**
3. **Optimize production efficiency of segment fabrication;**
4. **Provide oversight staffing efficiency;**
5. **Avoid negative impacts to the cost and schedule contingency levels; and**

6. Continue assurance to the taxpayers that the approximately $761.5 million in GET Surcharge collected to date is being utilized to advance the Project and create urgently needed jobs.

Authorization of LONP 2 is critical to avoid impact to the project budget and contingency. Should the LONP 2 request not be approved, start of construction would be delayed until after award of the FFGA. This results in incurring additional delay costs to the active contracts, which would reduce project cost contingencies significantly. LONP 2 is necessary to continue forward progress on the active DB contracts, and minimize impact to the future FHSG construction contract in order to maintain the overall viability of the Project budget, and to provide maximum schedule efficiency.

Impact to Budget and Contingency if LONP 2 Is Not Approved

The consequences of LONP 2 not being approved will have serious impacts to the overall project budget, and in particular, poses the most significant impact on the project contingency. HART analysis indicates that the total delay impact could be at least $110.2 million if LONP 2 is not authorized in January 2012 for the four contracts. This estimated delay cost is comprised of approximately $30.2 million if the limited construction activities do not start within the LONP 2 period, and an additional $79.9 million for delay to the contracts' remaining activities outside the LONP 2 period. Each month, the cost of delaying the start of the LONP 2 activities is approximately $9.2 million. This essentially is the cost of the contractors remaining mobilized and not working, as well as the escalation in the cost of materials. The $110.2 million addresses only costs associated with the contracts affected by the LONP 2 request listed in Table 1 and Figure 2.

Figure 2 provides supporting calculation for the $206,500,000 authorization requested under LONP 2. Figure 2 presents the major construction activities by contract and (SCC) format.

- Column A is the contract and SCC activity description;
- Column B is the construction value of the activities;
- Column C is the total duration for the LONP 2-related activities;
- Column D is the schedule for those activities in the LONP 2 period;
- Column E is the total activity duration during LONP 2 period ;
- Column F is the estimated costs during the 12-month LONP 2 period;
- Column G is the estimated cost if the LONP 2 request is not approved
- Column H shows the increased costs for other activities outside the LONP 2 period for these four contracts that would be impacted by extending the start of construction 12 months; and
- Column I shows the total increased costs resulting from not receiving LONP 2 authorization in January 2012.

The projected LONP 2 costs are based on contractor schedules for activities planned from January 2012 through September 2012, and include a three month buffer from October 2012 to December 2012. The basis of LONP 2 costs is described below.

- Costs associated with each SCC major activity were derived by calculating the percentages of the activity duration and applying those percentages to the total contract activity value. For example, the total activity duration for SCC 10.04 under the WOFH Guideway DB Contract is 38 months. The LONP 2 duration for SCC 10.04 is 11 months or approximately 28.95% of the total activity duration (11 months divided by 38 months). The estimated cost for SCC 10.04 under the WOFH Guideway DB Contract during the LONP 2 period is approximately $77.27 million ($266.937 million construction value multiplied by 28.95%).
- The General Engineering Consultant's administrative cost is a percentage of the total value for LONP 2.
- The administrative costs for HART and its Project Management Consultant are based on a staffing plan (estimated labor hours and pay rates for specific employees) for LONP 2.
- The inspection costs for the Hawaii Department of Transportation (HDOT) and its support consultants are based on a staffing plan for specific classification of employees. HDOT staff and HDOT support consultants' levels of effort are only for activities during the LONP 2 period.
- LONP 2 estimate includes a contingency of 20% (of construction costs), which is a conservative percentage to accommodate the straight line estimating methodology used.

The Project's budget will be adversely affected further if the limited construction work contemplated by this LONP 2 request does not start until after the anticipated FFGA date of September 2012 because delaying the active DB contractors would result in demobilization and remobilization costs. The $110.2 million delay impact in Figure 2 does not include costs of demobilization and remobilization or potential delay costs as a result of the sequencing and interface with other contracts becoming compressed. Allowing limited construction activities to proceed under an LONP will result in a more efficient spread of interface management with the Core Systems Contractor (CSC), as well as HART oversight staffing.

Impact to Project Scope if LONP 2 Is Not Approved

Significant impacts to the project budget and contingency may result in the need to redefine the Project's scope at some future time.

Impact to the Schedule if LONP 2 Is Not Approved

There are no impacts to the scheduled March 2019 revenue operations date. The MPS reflects construction planned to commence in January 2012 and completing in June 2018. This is followed up with the CSC performing integrated testing and demonstration of operations of the complete system in order to achieve HART's scheduled March 2019 revenue operations date.

There is substantial value to the schedule in advancing the four contracts through LONP 2. Most clearly, advancing the limited construction work would reduce or avoid float depletion and ease the effects of undue schedule compression. Schedule compression would result in additional stress points on resource demand, and inefficiencies due to excessive work concurrency. This would also increases the costs of administrative management needed for compressed interface.

Maintaining optimal sequencing of major construction activities, particularly segment fabrication, is critical. The Summary MPS indicates approximately three years to construct the WOFH and Kamehameha Highway guideways. It is currently assumed a single casting yard will be used to fabricate the pre-cast structural segments. If the schedule is compressed to two years due to not receiving the LONP 2 and construction starting in 2013 following the FFGA, the casting yard may not be able to support the required production rates for WOFH Guideway and KHG DB contracts.

Optimal construction sequencing is also important to HART in order to minimize traffic impacts to the public. Should this LONP 2 request not be approved, the work would require overlapping construction along major highways and arterials creating additional major traffic disruptions and putting public safety at risk along the already congested corridor.

Jobs Creation for the Local Economy

The Project is the City and County of Honolulu's largest public works undertaking and will provide needed relief to the future transportation congestion on the island of O'ahu. It is important for HART to continue demonstrate to the taxpayers that the approximately $761.5 million in GET Surcharge collected to date is being utilized to advance the Project and create much needed jobs. HART continually receives feedback from the local business community about the urgent need for construction to begin in order to provide jobs to local workers, which stimulate the local economy. Testimony has been provided to the HART Board of Directors by the International Longshore & Warehouse Union (ILWU) Local 142, Hawai'i State American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), and the Pacific Resource Partnership. Receipt of LONP 2 allows continued progress, and ultimately, creates jobs within the local community. The written testimonies are included in Appendix A.

H. LONP 2 Costs

The costs of the work under LONP 2 are based on actual contract activity values from the WOFH Guideway DB, KHG DB and MSF DB contractors' schedule of prices, and estimated costs for the FHSG DBB construction contract. **Table 3** summarizes the LONP 2 activities by FTA's SCC. Planned expenditures by contract package and shown in SCC are detailed in Figure 2, which is discussed in the *Impact to Budget and Contingency* component of Section G.

TABLE 3: SUMMARY OF PLANNED LONP 2 EXPENDITURES BY SCC

Standard Cost Category	LONP 2 Planned Expenditures
10 GUIDEWAY AND TRACK ELEMENTS	$92,894,299
20 STATIONS, STOPS, TERMINALS	$2,461,823
30 SUPPORT FACILITIES: YARD, SHOPS, ADMIN BLDGS	$25,366,167
40 SITEWORK & SPECIAL CONDITIONS	$32,445,657
Sub-Total – Limited Construction Costs	$153,167,946
80 PROFESSIONAL SERVICES	$22,639,658
Contingency (20.0% of Construction Costs)	$30,633,589
Total LONP 2 Planned Expenditures	**$206,441,193**
TOTAL LONP 2 AUTHORIZATION REQUESTED	**$206,500,000**

Note: Totals may not add due to rounding.

I. Financial Capacity to Support LONP 2 Costs

HART has evaluated the overall programmatic affect of LONP 2 in order to characterize and to fully understand ripple affects through other contracts. While the focus and intent of this LONP2 request is to advance limited construction activities for the three DB contracts and FHSG DBB contract, HART has considered existing and planned commitments in order to assess overall financial capacity to support the LONP 2 work until receipt of the FFGA.

HART submitted the *Draft Financial Plan for Entry into Final Design (September 2011)* for the Project. FTA's Financial Management Oversight Contractor has completed the final Financial Capacity Assessment (FCA). HART anticipates that the FCA will conclude the City and County of Honolulu has the financial capacity to build, operate, and maintain the Project, as well as maintain the existing transit system. HART also anticipates a "Medium" overall project rating for Fiscal Year 2013.

HART has performed an analysis of the total project obligations and planned expenditures versus available cash balances and estimated revenues during the LONP 2 period in advance of the FFGA. This includes

a. Planned expenditures on the four LONP 2 contracts;
b. FD pre-award planned expenditures including rail procurement under the MSF contract, procurement of vehicles, and all final design activities;
c. Other awarded contracts for support services;
d. All administrative costs; and
e. Contingency.

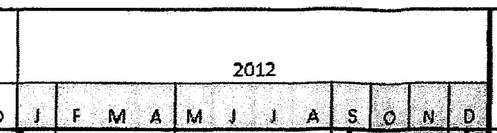
The revenue projection for the LONP 2 cash flow analysis is consistent with the historical 5.04% growth rate of GET Surcharge revenues and the schedule of federal grant monies assumed in the Financial Plan. The GET Surcharge projection was calculated by applying the 5.04% growth rate to the actual revenues received on October 31, 2011, which was approximately $2.6 million more than estimated in the Financial Plan.

HART recognizes that there are variables that could affect the cash flow projections including actual GET collections and actual expenditure rates. Given all the components of the cash flow analysis, HART has estimated that the Project can maintain a positive cash balance through the end of December 2012.

J. Conclusion

In conclusion, HART believes there is adequate financial capacity to support the LONP 2 activities and the Project obligations until receipt of the FFGA in September 2012. It is imperative for successful project management of the schedule and budget, as well as for risk and contingency management, to continue to move the WOFH Guideway, KHG, and MSF DB contracts and FHSG DBB contract forward into limited construction activities. The limited construction activities authorized under LONP 2 will: Maintain the Project's forward momentum and preserve community support; continue to provide assurance to the local community that the GET Surcharge is being used appropriately; and stimulate the economy by creating jobs in Hawai'i and the U.S. Mainland.

Figure 2: LONP 2 Cost Estimate



A	B	C	E	F	G	H	I
SCC Description / Contract / Major Activity	Construction Value[1]	Total Dur. (in Mos)	LONP 2 Dur. (in Mos)	LONP 2 Request 12 Month Total (includes 3 month schedule contingency) [E/C x B]	Estimate w/o LONP 2 12 Month Total (includes 3 month schedule contingency) - LONP 2 activities only[3]	Impact of 12 month delay on LONP 2 contracts' downstream construction activities	Increased Cost without LONP2 [G-F+H]
FTA Milestones							
WOFH Guideway							
10.04 - Guideway: Aerial Structure	$ 266,937,000	38	11	$ 77,271,237	$ 87,316,498	$ 24,656,549	$ 34,701,810
40.01 - Demolition, clearing, earthwork	$ 3,155,000	6	6	$ 3,155,000	$ 3,565,150	$ 0	$ 410,150
40.05 - Site structures	$ 5,453,000	10	7	$ 3,817,100	$ 4,313,323	$ 212,667	$ 708,890
40.07 - Roads, parking lots	$ 1,254,600	16	0	$ -	$ -	$ 163,098	$ 163,098
40.08 - Temp facilities & other indirects	$ 2,286,720	38	12	$ 721,122	$ 815,998	$ 203,398	$ 297,274
Total WOFH Guideway	$ 279,086,320			$ 84,965,459	$ 96,010,969	$ 25,235,712	$ 36,281,222
KHG							
10.04 - Guideway: Aerial Structure	$ 166,646,000	32	3	$ 15,623,063	$ 19,372,598	$ 36,245,505	$ 39,895,040
40.01 - Demolition, clearing, earthwork	$ 6,737,000	7	7	$ 6,737,000	$ 8,353,880	$ -	$ 1,616,880
40.05 - Site structures	$ 1,547,000	9	7	$ 1,203,222	$ 1,491,996	$ 82,507	$ 371,280
40.07 - Roads, parking lots	$ 33,114,000	22	5	$ 7,525,909	$ 9,332,127	$ 6,141,142	$ 7,947,360
40.08 - Temp facilities & other indirects	$ 7,231,000	32	10	$ 2,259,688	$ 2,802,013	$ 1,193,115	$ 1,735,440
Total KHG	$ 215,275,000			$ 33,348,881	$ 41,352,613	$ 43,662,268	$ 51,666,000
MSF							
30.02 - Light maintenance facility	$ 7,532,000	30	8	$ 2,008,533	$ 2,229,472	$ 607,581	$ 828,520
30.03 - Heavy maintenance facility	$ 37,857,000	30	7	$ 8,833,300	$ 9,804,963	$ 3,192,607	$ 4,164,270
30.04 - Storage or maint. of way facility	$ 7,736,000	24	5	$ 1,611,667	$ 1,788,950	$ 673,677	$ 850,960
30.05 - Yard and yard track	$ 38,738,000	18	6	$ 12,912,667	$ 14,333,060	$ 2,840,787	$ 4,261,180
40.07 - Roads, parking lots	$ 643,000	9	0	$ -	$ -	$ 70,730	$ 70,730
40.08 - Temp facilities & other indirects	$ 23,887,094	34	10	$ 7,025,616	$ 7,798,434	$ 1,854,763	$ 2,627,580
Total MSF	$ 116,393,094			$ 32,391,783	$ 35,954,879	$ 9,240,144	$ 12,803,240
FHSG - Construction							
20.01 - At-grade station	$ 6,927,000	20	3	$ 1,039,050	$ 1,085,807	$ 264,958	$ 311,715
20.02 - Aerial station	$ 31,301,000	22	1	$ 1,422,773	$ 1,486,798	$ 1,344,520	$ 1,408,545
40.06 - Ped/bike access, landscaping	$ 2,135,000	9	0	$ -	$ -	$ 96,075	$ 96,075
40.07 - Roads, parking lots	$ 2,598,000	12	0	$ -	$ -	$ 116,910	$ 116,910
Total FHSG Construction[2]	$ 42,961,000			$ 2,461,823	$ 2,572,605	$ 1,822,463	$ 1,933,245
	$ 653,715,414			$ 153,167,946	$ 175,891,065	$ 79,960,588	$ 102,683,707
HART Labor-related Costs				$ 468,051	$ 491,454		
PMC Labor-related Costs				$ 608,967	$ 633,326		
GEC @ 12.60%				$ 19,299,161	$ 22,162,274		
HDOT Support/HDOT Support Consultant				$ 765,479	$ 803,753		
CE&I (FHSG - Construction)[4]				$ 1,498,000	$ 1,565,410		
Contingency @ 20%[5]				$ 30,633,589	$ 35,178,213		
Total LONP 2 Estimated Costs				$ 206,441,193	$ 236,725,494	$ 79,960,588	$ 110,244,889
				$ 206,500,000			
12-Month Delay Cost					$ 30,284,301	G-F	
TOTAL IMPACT W/O LONP 2 - PER MONTH							$ 9,200,000

Assumptions/Notes:

1 "Construction Values" in column B are construction-related amounts from the WOFH Guideway DB, KHG DB, and MSF DB contractors' schedule of prices. FHSG is an estimated contract value based on the project Contract Package Plan (CPP).

2. FHSG Construction value is based on the CPP, but excludes non-LONP eligible items such as utility relocations

3. Escalation/OH extension for increased cost is based on current estimated delay cost for WOFH contract
   (60,000,000 / 482,924,000 * 1.045) = 13% (rounded) used for WOFH contract
   Estimated at 15% less for MSF contract = 11% (rounded).
   Estimated at 85% more for KHG contract = 24% (rounded).

4. CE&I for the FHSG - Escalation is estimated at 4.5%

5. Utilizing 20% contingency for LONP 2 activities.
   20% contingency is based on 7.5% Change order contingency plus 12.5% acceleration of work by contractors.

APPENDIX A

Written Testimony Submitted to
HART Board of Directors

INTERNATIONAL LONGSHORE & WAREHOUSE UNION
LOCAL OFFICE • 451 ATKINSON DRIVE • HONOLULU, HAWAII 96814 • PHONE 949-41
HAWAII DIVISION: 100 West Lanikaula Street, Hilo, Hawaii 96720 • OAHU DIVISION: 451 Atkinson Drive, Honolulu, Hawaii 96814
MAUI COUNTY DIVISION: 896 Lower Main Street, Wailuku, Hawaii 96793 • KAUAI DIVISION: 4154 Hardy Street, Lihue, Hawaii 96766
LOCAL 142

June 30, 2011

Board of Directors
Honolulu Authority for Rapid Transportation
Mission Memorial Annex Conference Room
550 South King Street
Honolulu, HI

RE: Rail Transit

Dear Board of Directors:

The ILWU Local 142 strongly supports the rail transit project that the Honolulu Authority for Rapid Transportation is charged with implementing.

The ILWU is a labor union with 20,000 members statewide. Our members work in many industries--from agriculture to tourism to longshore to a host of general trades. Many of our members live on the west side of Oahu and are forced to tackle traffic gridlock on a daily basis. The rail transit project will help them get to work with less stress and cost and in a clean, environmentally friendly mode of transportation.

Furthermore, rail transit will spawn the development of new business and residential opportunities along the rail route. This is good for our economy as a whole. Most of our membership live on the neighbor islands, but we realize that the economic activity generated by rail transit will bring increased revenue to the State, which will, in turn, benefit everyone.

The sooner we can build a rail system, the sooner we can begin to ride it and stimulate our economy. Further delays will only increase the cost. The people have decided that mass transit by rail is what we want and need. We urge the Authority to push ahead and build the rail system as soon as possible.

Thank you for considering our views on this matter.

Sincerely,

Guy K. Fujimura

Guy K. Fujimura
Secretary-Treasurer

HAWAII STATE AFL-CIO

320 Ward Avenue, Suite 209 • Honolulu, Hawaii 96814

Randy Perreira
President

Telephone: (808) 597-1441
Fax: (808) 593-2149

Honolulu Authority for Rapid Transportation

Testimony by
Hawaii State AFL-CIO
July 1, 2011

The Hawaii State AFL-CIO strongly supports the development of the Honolulu rail transit project.

The Honolulu rail transit project will provide thousands of jobs desperately needed in today's fragile economy. While the economy has shown signs of improving, rail will add an additional spark, ensuring Hawaii's unemployment rate does not reach an unhealthy level. Hawaii is fortunate to be at a six percent unemployment rate, but as we all know, that number could easily change for the worse. Rail will stimulate our local economy and provide an abundance of jobs for years to come. Furthermore, with transit-oriented development (TOD), the possibilities for job growth, as well as improvements to our community infrastructure are endless.

Thank you for the opportunity to testify.

Respectfully submitted,

Randy Perreira
President

The Pacific Resource
PARTNERSHIP

Testimony of:
C. Mike Kido, External Affairs
The Pacific Resource Partnership

City & County of Honolulu
Members of the Honolulu Authority for Rapid Transportation
Finance Committee

Thursday, November 17, 2011
Mission Memorial Annex Conference Room
9:30 AM

Aloha Chair Horner and Members of the HART Finance Committee:

My name is C. Mike Kido, External Affairs of the Pacific Resource Partnership (PRP). PRP is a joint partnership of the Hawaii Carpenters Union and their 240 signatory contractors. Our goal is to provide economic growth and jobs for our contractors and members of the Hawai'i Carpenters Union.

The HART budget keeps the rail transit project moving forward with many positive impacts and economic benefits to the county and its residents.

Rail transit is not a stand- alone project as it has many benefits from transportation efficiency to job creation.

Rail will be the states' single largest job creator which will bring increased income and with that. will bring increased spending and increased tax revenue.

Construction of the rail transit line will employ about 10,000 people per year on average and 4,000 of that will come from the construction industry. With approximately 50% of our union members statewide on the bench, this project will help put the construction industry and our members back to work.

Rail would reduce traffic delays and commute times and improve our quality of life. These benefits are not easily quantified in dollars and cents.

ASB Tower, Suite 1501 • 1001 Bishop Street • Honolulu, Hawaii 96813
Tel (808) 528-5557 • Fax (808) 528-0421 • www.prp-hawaii.com

Ultimately, Honolulu's rail system and resulting transit oriented development, new commercial and residential development around transit stations, would provide the keys to reducing the price of paradise for all local residents. In effect, we're building new and desired transportation infrastructure for the city and county of Honolulu as an investment for our future generations.

PRP appreciates this opportunity to express our views regarding the Honolulu Rail Transit Project.