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HONOLULU AUTHORITY for RAPID TRANSPORTATION

2016 FEB -5 AM 8:17

Daniel A. Grabauskas
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February 3, 2016

The Honorable Trevor Ozawa
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Councilmember Ozawa:

As requested, the Honolulu Authority for Rapid Transportation provides the following responses to items outlined in a letter received from Ms. Natalie Iwasa on January 29, 2016 regarding the West Oahu/Farrington Highway (WOFH) escalation change order.

1. "The JUOA (Joint Use & Occupancy Agreement) credit of \$4,903 for September 2013-December 2014 was not carried to the summary page."

Response: The credit resulting from the JUOA is included in the overall cost. As reflected in the attached WOFH Escalation Forecast Monthly Breakout, the total amount of Invoice #1 is \$11,635,305, which is the sum total of the craft, staff, fuel, concrete, undefined, prep effort, and credit JUOA staff cost columns. See highlighted Attachment 1.

2. "The "Prep Effort," or Administrative Costs, of \$70,125.46 were reduced by \$2,996 (for rounding purposes, according to HART) before being carried to the summary schedule. The net difference of \$1,900 (\$4,903 - \$2,996) is in Kiewit's favor."

Response: It should be understood that Attachment 1, as noted above, is a mixture of known and estimated costs. The estimated amounts are predicated on a combination of historical costs combined with judgment factors used to predict future costs. Attachment 1 identified a predicted total cost of \$26,748,092, which was rounded to \$26,750,000 on the WOFH Escalation Summary Chart. See highlighted Attachment 2.

In order to maintain the integrity of the estimated costs, the Administrative Costs line item was used to round the costs for the total estimated escalation forecast final amount. The use of rounding estimated forecasted costs within a reasonable range is an accepted practice in the industry when looking at future costs.

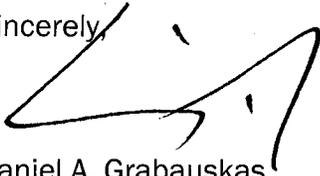
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The Honorable Trevor Ozawa
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The first provisional sum change order issued was for \$15,000,000. As the total overall escalation is forecasted to be \$26,750,000, this second provisional sum change order was issued for the remaining \$11,750,000 (\$26,750,000-\$15,000,000) forecasted cost. The final cost of this second change order will be based on approved actual expenditures. The \$11,750,000 represents a 'cap' which Kiewit cannot exceed.

Thank you for this opportunity to respond.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Grabauskas', written over a light blue horizontal line.

Daniel A. Grabauskas
Executive Director and CEO

Attachments

cc: Ms. Natalie Iwasa
HART Board of Directors
Members of the City Council
Mr. Roy Amemiya Jr., Managing Director
Office of the City Clerk

**WOFH Escalation Forecast
Monthly Breakout**

Item	Month	Craft	Staff	Fuel	Concrete	Undefined	Prep Effort	Credit JUOA Staff	Total
Escalation Paid - Invoice #1 (9/2013 to 12/2014)									
	Sep-13	\$37,049.00	\$56,021.00	\$1,855.00	\$0.00	\$1,379.00	\$0.00	(\$18.00)	\$96,286
	Oct-13	\$74,097.00	\$135,102.00	\$3,710.00	\$1,500.00	\$37,696.00	\$0.00	(\$194.00)	\$251,911
	Nov-13	\$74,097.00	\$132,892.00	\$3,710.00	\$8,648.00	\$111,498.00	\$0.00	(\$486.00)	\$330,359
	Dec-13	\$74,097.00	\$131,173.00	\$3,710.00	\$21,389.00	\$96,759.00	\$0.00	(\$494.00)	\$326,634
	Jan-14	\$135,552.00	\$145,349.00	(\$4,114.00)	\$35,747.00	\$186,935.00	\$0.00	(\$529.00)	\$498,940
	Feb-14	\$135,552.00	\$155,255.00	(\$4,114.00)	\$73,271.00	\$196,386.00	\$0.00	(\$510.00)	\$555,840
	Mar-14	\$135,552.00	\$185,248.00	(\$4,114.00)	\$54,916.00	\$424,944.00	\$15,813.00	(\$451.00)	\$811,908
	Apr-14	\$211,731.00	\$166,037.00	(\$1,451.00)	\$111,954.00	\$295,214.00	\$16,015.00	(\$455.00)	\$799,045
	May-14	\$240,975.00	\$155,945.00	(\$1,451.00)	\$29,313.00	\$333,792.00	\$13,727.00	(\$383.00)	\$771,918
	Jun-14	\$264,316.00	\$165,988.00	(\$1,451.00)	\$60,091.00	\$272,301.00	\$16,015.00	(\$240.00)	\$777,020
	Jul-14	\$279,748.00	\$87,895.00	(\$1,114.00)	\$350,482.00	\$264,791.00	\$16,542.00	(\$194.00)	\$998,150
	Aug-14	\$232,275.00	\$79,893.00	(\$1,114.00)	\$144,896.00	\$311,396.00	\$8,252.00	(\$183.00)	\$775,415
	Sep-14	\$299,841.00	\$86,679.00	(\$1,114.00)	\$108,261.00	\$229,829.00	\$15,755.00	(\$24.00)	\$739,227
	Oct-14	\$295,889.00	\$94,276.00	(\$8,508.00)	\$221,183.00	\$356,156.00	\$17,255.00	(\$20.00)	\$976,231
	Nov-14	\$244,625.00	\$77,734.00	(\$8,508.00)	\$45,663.00	\$254,223.00	\$16,630.00	(\$6.00)	\$630,361
	Dec-14	\$245,468.00	\$79,619.00	(\$8,508.00)	\$2,167.00	\$275,733.00	\$21,560.00	(\$8.00)	\$616,031
Subtotal		\$2,980,864.00	\$1,935,106.00	(\$32,576.00)	\$1,269,481.00	\$3,649,032.00	\$157,564.00	(\$4,195.00)	\$9,955,276
Bond	1.03665%	\$30,901.13	\$20,060.28	(\$337.70)	\$13,160.07	\$37,827.69	\$1,633.39	(\$43.49)	
Subtotal		\$3,011,765.13	\$1,955,166.28	(\$32,913.70)	\$1,282,641.07	\$3,686,859.69	\$159,197.39	(\$4,238.49)	
GET	4.71200%	\$141,914.37	\$92,127.43	(\$1,550.89)	\$60,438.05	\$173,724.83	\$7,501.38	(\$199.72)	
Subtotal		\$3,153,679.50	\$2,047,293.71	(\$34,464.59)	\$1,343,079.12	\$3,860,584.52	\$166,698.77	(\$4,438.20)	
Markup	10.00000%	\$315,367.95	\$204,729.37	(\$3,446.46)	\$134,307.91	\$386,058.45	\$16,669.88	(\$443.82)	
Subtotal		\$3,469,047.45	\$2,252,023.08	(\$37,911.05)	\$1,477,387.03	\$4,246,642.97	\$183,368.64	(\$4,882.03)	
GET on Markup	4.71200%	\$14,860.14	\$9,646.85	(\$162.40)	\$6,328.59	\$18,191.07	\$785.48	(\$20.91)	
Total		\$3,483,907.59	\$2,261,669.93	(\$38,073.45)	\$1,483,715.62	\$4,264,834.04	\$184,154.13	(\$4,902.94)	\$11,635,305
Escalation Paid - Invoice #2 (1/2015 to 3/2015)									
	Jan-15	\$276,527.42	\$82,986.58	(\$30,522.61)	\$323,157.93	\$416,775.78 ^A	\$25,882.47	\$0.00	\$678,032
	Feb-15	\$220,818.94	\$85,203.54	(\$30,522.61)	\$69,955.10	\$296,783.49 ^A	\$13,218.10	\$0.00	\$358,673
	Mar-15	\$270,988.19	\$62,019.74	(\$30,522.61)	\$116,227.93	\$399,893.92 ^A	\$5,948.15	\$0.00	\$424,661
Subtotal		\$768,334.55	\$230,209.86	(\$91,567.82)	\$509,340.96	\$1,113,453.19	\$45,048.72	\$0.00	\$2,574,819
Bond	1.03665%	\$7,964.94	\$2,386.47	(\$949.24)	\$5,280.08	\$11,542.61	\$467.00	\$0.00	
Subtotal		\$776,299.49	\$232,596.33	(\$92,517.06)	\$514,621.04	\$1,124,995.80	\$45,515.72	\$0.00	
GET	4.71200%	\$36,579.23	\$10,959.94	(\$4,359.40)	\$24,248.94	\$53,009.80	\$2,144.70	\$0.00	
Subtotal		\$812,878.72	\$243,556.27	(\$96,876.46)	\$538,869.99	\$1,178,005.60	\$47,660.42	\$0.00	
Markup	10.00000%	\$81,287.87	\$24,355.63	(\$9,687.65)	\$53,887.00	\$117,800.56	\$4,766.04	\$0.00	
Subtotal		\$894,166.59	\$267,911.90	(\$106,564.11)	\$592,756.99	\$1,295,806.17	\$52,426.46	\$0.00	
GET on Markup	4.71200%	\$3,830.28	\$1,147.64	(\$456.48)	\$2,539.16	\$5,550.76	\$224.58	\$0.00	
Total		\$897,996.88	\$269,059.54	(\$107,020.59)	\$595,296.14	\$1,301,356.93	\$52,651.04	\$0.00	\$3,009,340
Remaining Escalation - Invoice #3 (4/2015 to 6/2015)									
	Apr-15	\$282,624.30	\$82,635.42	(\$30,073.36)	\$211,063.87	\$529,368.05	\$3,099.11	\$0.00	\$1,078,717
	May-15	\$290,191.35	\$78,953.73	(\$30,073.36)	\$158,468.81	\$519,454.53	\$5,337.35	\$0.00	\$1,020,332
	Jun-15	\$308,356.52	\$80,240.00	(\$30,073.36)	\$106,591.99	\$564,026.87	\$5,423.44	\$0.00	\$1,032,565
Subtotal		\$879,172.17	\$241,829.15	(\$90,220.08)	\$474,124.67	\$1,612,849.45	\$13,859.90	\$0.00	\$3,131,615
Bond	1.03665%	\$9,113.94	\$2,506.92	(\$935.27)	\$4,915.01	\$16,719.60	\$143.68	\$0.00	
Subtotal		\$888,286.11	\$244,336.07	(\$91,155.35)	\$479,039.68	\$1,629,569.06	\$14,003.58	\$0.00	
GET	4.71200%	\$41,856.04	\$11,513.12	(\$4,295.24)	\$22,572.35	\$76,785.29	\$659.85	\$0.00	
Subtotal		\$930,142.15	\$255,849.19	(\$95,450.59)	\$501,612.03	\$1,706,354.36	\$14,663.43	\$0.00	
Markup	10.00000%	\$93,014.21	\$25,584.92	(\$9,545.06)	\$50,161.20	\$170,635.44	\$1,466.34	\$0.00	
Subtotal		\$1,023,156.36	\$281,434.11	(\$104,995.65)	\$551,773.24	\$1,876,989.79	\$16,129.77	\$0.00	
GET on Markup	4.71200%	\$4,382.83	\$1,205.56	(\$449.76)	\$2,363.60	\$8,040.34	\$69.09	\$0.00	
Total		\$1,027,539.19	\$282,639.67	(\$105,445.41)	\$554,136.83	\$1,885,030.14	\$16,198.86	\$0.00	\$3,660,099

\$5,409,443.66 \$2,813,369.13 (\$250,539.45) \$2,633,148.60 \$7,451,221.11 \$253,004.03 (\$4,902.94) \$18,304,744.14

\$18,056,643.05

\$18,309,647.08

NOTES:

^A Includes \$32,827.67 of Undefined Escalation from Invoice Period #1.

^B Monthly amounts are proportional to the expected monthly billings/contractor workload to the end of the project.

**WOFH Escalation Forecast
Monthly Breakout**

Item	Month	Craft	Staff	Fuel	Concrete	Undefined	Prep Effort	Credit JUOA Staff	Total
Remaining Escalation - Remaining Invoices (7/2015 to 6/2016)									
	Jul-15 ^a	\$327,034.62	\$108,926.05	(\$20,073.36)	\$114,658.38	\$321,388.48	\$5,000.00	\$0.00	\$856,934
	Aug-15 ^b	\$196,220.77	\$65,355.63	(\$20,073.36)	\$68,795.03	\$192,833.09	\$5,000.00	\$0.00	\$508,131
	Sep-15 ^b	\$92,877.83	\$30,935.00	(\$20,073.36)	\$32,562.98	\$91,274.33	\$5,000.00	\$0.00	\$232,577
	Oct-15 ^b	\$315,842.77	\$105,198.36	(\$20,073.36)	\$110,734.52	\$310,389.86	\$5,000.00	\$0.00	\$827,092
	Nov-15 ^b	\$270,057.92	\$89,948.71	(\$20,073.36)	\$94,682.35	\$265,395.47	\$5,000.00	\$0.00	\$705,011
	Dec-15 ^b	\$327,616.02	\$109,119.69	(\$20,073.36)	\$114,862.22	\$321,959.84	\$5,000.00	\$0.00	\$858,484
	Jan-16 ^b	\$249,127.71	\$82,977.44	(\$20,073.36)	\$87,344.21	\$244,826.60	\$5,000.00	\$0.00	\$649,203
	Feb-16 ^b	\$255,668.40	\$85,155.96	(\$20,073.36)	\$89,637.38	\$251,254.37	\$5,000.00	\$0.00	\$666,643
	Mar-16 ^b	\$254,360.26	\$84,720.26	(\$20,073.36)	\$89,178.74	\$249,968.82	\$5,000.00	\$0.00	\$663,155
	Apr-16 ^b	\$153,633.60	\$51,171.04	(\$20,073.36)	\$53,863.96	\$150,981.17	\$5,000.00	\$0.00	\$394,576
	May-16 ^b	\$203,342.86	\$67,727.80	(\$20,073.36)	\$71,292.04	\$199,832.22	\$5,000.00	\$0.00	\$527,122
	Jun-16 ^b	\$131,395.24	\$43,764.07	(\$20,073.36)	\$46,067.19	\$129,126.75	\$5,000.00	\$0.00	\$335,280
Subtotal		\$2,777,178.00	\$925,000.00	(\$240,880.32)	\$973,679.00	\$2,729,231.00	\$60,000.00	\$0.00	\$7,224,208
		\$2,777,178	\$925,000	(\$240,880)	\$973,679	\$2,729,231	\$60,000	\$0.00	\$7,224,208
Bond	1.03665%	\$28,789.62	\$9,589.01	(\$2,497.09)	\$10,093.64	\$28,292.57	\$621.99	\$0.00	\$7,224,207.68
Subtotal		\$2,805,967.62	\$934,589.01	(\$243,377.41)	\$983,772.64	\$2,757,523.57	\$60,621.99	\$0.00	
GET	4.71200%	\$132,217.19	\$44,037.83	(\$11,467.94)	\$46,355.37	\$129,934.51	\$2,856.51	\$0.00	
Subtotal		\$2,938,184.81	\$978,626.85	(\$254,845.35)	\$1,030,128.01	\$2,887,458.08	\$63,478.50	\$0.00	
Markup	10.00000%	\$293,818.48	\$97,862.68	(\$25,484.53)	\$103,012.80	\$288,745.81	\$6,347.85	\$0.00	
Subtotal		\$3,232,003.29	\$1,076,489.53	(\$280,329.88)	\$1,133,140.81	\$3,176,203.89	\$69,826.35	\$0.00	
GET on Markup	4.71200%	\$13,844.73	\$4,611.29	(\$1,200.83)	\$4,853.96	\$13,605.70	\$299.11	\$0.00	
Total		\$3,245,848.02	\$1,081,100.82	(\$281,530.72)	\$1,137,994.77	\$3,189,809.59	\$70,125.46	\$0.00	\$8,443,348
		\$3,245,848.02	\$1,081,100.82	(\$281,530.72)	\$1,137,994.77	\$3,189,809.59	\$70,125.46	\$0.00	\$8,443,347.95
Summary									
Escalation Paid - Invoice #1 (9/2013 to 12/2014)									\$11,635,305
Escalation Paid - Invoice #2 (1/2015 to 3/2015)									\$3,009,340
Remaining Escalation - Invoice #3 (4/2015 to 6/2015)									\$3,660,099
Remaining Escalation - Remaining Invoices (7/2015 to 6/2016)									\$8,443,348
Total									\$26,748,092

NOTES:

^a Includes \$32,827.67 of Undefined Escalation from Invoice Period #1.

^b Monthly amounts are proportional to the expected monthly billings/contractor workload to the end of the project.

WOFH Escalation Summary for Provisional Sum Change Orders

Attachment 2

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