

DEPARTMENT OF TRANSPORTATION SERVICES
CITY AND COUNTY OF HONOLULU RECEIVED

650 SOUTH KING STREET, 3RD FLOOR
 HONOLULU, HAWAII 96813

Phone: (808) 768-8305 • Fax: (808) 768-4730 • Internet: www.honolulu.gov

MUFI HANNEMANN
 Mayor

2009 MAY 11 A 8 25
 WAYNE Y. YOSHIOKA
 DIRECTOR

SHARON ANN THOM
 DEPUTY DIRECTOR



CITY COUNCIL
 HONOLULU, HAWAII

May 11, 2009

The Honorable Nestor Garcia, Chair
 and Members of the Budget Committee
 Honolulu City Council
 530 South King Street, Room 202
 Honolulu, Hawaii 96813

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CITY CLERK
 HONOLULU, HAWAII

Dear Chair Garcia and Councilmembers:

Subject: Budget Communication No. 16, Council Budget Hearing Questions

This is in response to the Budget Committee request of April 29, 2009, regarding the practice of using stipends for design-build mass transit projects. The below table provides examples of the use of stipends by other municipalities in the U.S. The list is arranged from the highest stipend to the lowest.

Design-Build Transit Project Stipends:				
City/Owner	Project	Year	Stipend	Project Cost
Dallas DART	Orange Line	2008	\$2,150,000	\$430,000,000
Denver RTD	Eagle Penta P	2009	\$1,750,000	\$2,100,000,000
Denver RTD	T-Rex	2001	\$1,000,000	\$1,186,000,000
Los Angeles MTA	I-405 HOV	2009	\$1,000,000	\$750,000,000
Dallas DART	Blue Line	2008	\$940,000	\$188,000,000
Seattle	Subway Extension	2000	\$900,000	\$800,000,000
San Francisco BART	Warm Springs Extension	2009	\$500,000	\$300,000,000
Los Angeles MTA	East Side Extension	2004	\$400,000	\$600,000,000
NJ Transit	Tonnelle Tunnel	2009	\$375,000	not published
Reno, Nevada	Re-Track	2001	\$300,000	\$218,000,000
Minneapolis LRT	Hiawatha Line	2000	\$250,000	\$258,000,000
Salt Lake City	Mid-Jordan LRT	2007	\$200,000	\$220,000,000
Orlando	Central Florida CR	2007	\$100,000	\$164,000,000
Washington	WMATA Rail Yards	2004	\$100,000	\$115,000,000
Honolulu (proposed)	West Oahu DB	2009	\$500,000	\$600,000,000

The use of stipends helps contractors cover a portion of their expenses preparing costly bid proposals for complex design-build projects and has been shown to result in increased quality of the proposals. Failure to provide stipends may result in proposals that are considerably less detailed and less complete than in the instances where stipends are provided. This approach enables firms to devote the staffing and financial resources necessary to bid, resulting in greater competition in the procurement process and is encouraged by the Federal Transit Administration.

Your request to provide information on the number of bids for each project is not readily available. Several of the projects listed above have not been put out for bid yet and others are in various phases of procurement. To determine the number of bids for the remaining projects, we will have to contact the various procurement agencies responsible for the projects listed. In the interest of time, we will provide these numbers to you via separate correspondence at a later date if it is still deemed necessary.

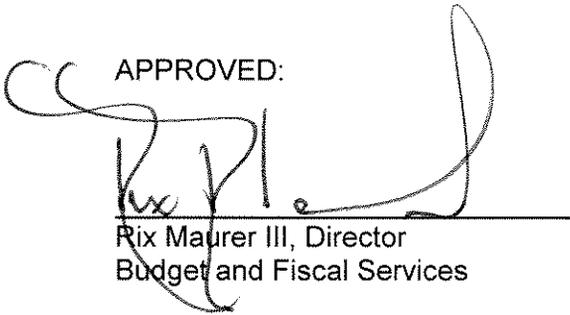
Please don't hesitate to contact me if you would like to discuss this further.

Very truly yours,



Wayne Y. Yoshioka
Director

APPROVED:



Rix Maurer III, Director
Budget and Fiscal Services

APPROVED:



Kirk W. Caldwell
Managing Director