



HONOLULU AUTHORITY for RAPID TRANSPORTATION

Andrew S. Robbins
EXECUTIVE DIRECTOR AND CEO

David H. Uchiyama
DEPUTY EXECUTIVE DIRECTOR AND COO

December 18, 2020

BOARD OF DIRECTORS

Tobias Martyn
CHAIR

The Honorable Scott K. Saiki, Speaker
and Representatives
State House of Representatives
Hawaii State Capitol
415 South Beretania Street, Room 431
Honolulu, Hawaii 96813

Michele Chun Brunngraber
Kika G. Bukoski
Jade Butay
Dean Hazama
Wesley K. Machida
Lynn McCrory
Glenn M. Nohara
Jon Y. Nouchi
Kathy Sokugawa
Joseph P. Uno
Hoyt H. Zia

Dear Speaker Saiki and Representatives:

For your review and information, the Honolulu Authority for Rapid Transportation (HART) transmits a copy of its 2020 Annual Report to the Governor of the State of Hawaii and the 2021 State Legislature.

This annual report is prepared in response to Governor David Ige's request and following the Honolulu City Council's adoption of Resolution 15-79, CD1, directing HART to annually report to the State Legislature no later than twenty days prior to the start of the Legislative Session on the construction, financial, revenue, and budgetary updates of the Honolulu Rail Transit Project.

This report is also available on our project website at:

<http://hartdocs.honolulu.gov/docushare/dsweb/view/collection-1776>

Should members of the House prefer a printed copy, HART would be happy to provide a copy upon written request.

Thank you for this opportunity to provide this annual report to our State and City leaders, as well as members of the general public.

Very truly yours,

Andrew S. Robbins
Executive Director and CEO

Enclosure



HONOLULU AUTHORITY for RAPID TRANSPORTATION

2020 ANNUAL REPORT

**REPORT TO THE
GOVERNOR OF THE STATE OF HAWAI'I
AND THE 2021 LEGISLATURE**



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Introduction/Look Ahead

Introduction

The Honolulu Authority for Rapid Transportation (HART) transmits its 2020 Annual Report to the Governor of the State of Hawaii and the 2021 State Legislature in response to Governor David Y. Ige's request that he, the Legislature, and the public receive an annual progress report on revenue, costs and progress of the Honolulu Rail Transit Project (H RTP).

Additionally, following the Honolulu City Council's adoption of Resolution 15-79, CD1, HART was directed to annually report to the State Legislature no later than twenty days prior to the start of the Legislative Session on the construction, financial, revenue, and budgetary updates of the Honolulu Rail Transit Project.

In 2020, construction progress on the Project continued to be made, despite impacts from the COVID-19 pandemic. Contractors made strides to complete the nine rail stations on the west side of the rail transit alignment. The West O'ahu Station Group and the Farrington Highway Station Group contracts are both substantially complete. The Kamehameha Highway Station Group contract is more than 95% complete.

The Airport Guideway and Stations (AGS) contract also progressed, with the Project passing the 75% completion mark. All 2,708 segments have been cast, and there are now more than 195 columns completed, and more than 145 spans stressed for AGS. In addition, in June, AGS contractor Shimmick/Traylor/Granite, Joint Venture successfully constructed what is believed to be the world's deepest and largest column foundation. At a depth of 357 feet, 4 inches, and measuring 10 feet in diameter, the column foundation is located in Kalihi Stream on Kamehameha Highway between Middle Street and Pu'u hale Road.

In the City Center section of the alignment, HART is currently attempting to address clearance concerns identified by the City's utility departments. There is currently a delay in construction of the Dillingham portion of the work. Alternate locations to complete utility relocations within City Center are awaiting finalization of design.

In 2020, the HART Board of Directors unanimously approved the names of the remaining 12 stations on the east side of the alignment:

- Makalapa Station at Joint Base Pearl Harbor-Hickam
- Lelepaua Station at Daniel K. Inouye International Airport
- Āhua Station at Lagoon Drive
- Kahauiki Station at Middle Street-Kalihi Transit Center
- Mokauea Station at Kalihi
- Niuhelewai Station at Honolulu Community College-Kapālama
- Kūwili Station at Iwilei
- Hōlau Station at Chinatown
- Kuloloia Station at Downtown
- Ka'ākaukui Station at Civic Center
- Kūkuluāe'o Station at Kaka'ako
- Kālia Station at Ala Moana.

Thirteen trains are currently on island, including all seven trains that will be a part of the interim opening fleet. Segment 1 of the rail line is completely energized, and trains are actively being tested between Kualaka'i (East Kapolei) Station and Hālawā (Aloha Stadium) Station.

As of the end of October, Hitachi Rail Honolulu Joint Venture (Hitachi Rail) has hired approximately 160 personnel out of the required 168 personnel needed for interim opening of Segment 1. Also in preparation for interim opening, more than 25,000 hours of formal training was completed by Hitachi Rail and over 90% of the Operations and Maintenance documentation was submitted by Hitachi Rail, by the end of October.

Throughout 2020, HART was actively engaged with the bidders of the City Center Guideway and Stations/Pearl Highlands Design-Build-Finance-Operate-Maintain (DBFOM) Public-Private Partnership (P3) contract. In March, due to the COVID-19 situation, the Priority-Listed Offerors (PLO) for the P3 requested additional time to prepare their proposals. As such, the due date for the technical proposals was extended to July 2020. Proposals were received in July and were assessed by an evaluation committee consisting of members from HART and the City and County of Honolulu. In September, the City formally withdrew its participation from the active joint P3 procurement. In November, HART announced the P3 contract would be cancelled.

Look Ahead

HART will be dealing with challenges at the onset of calendar year 2021: a new City Administration, new members of the Honolulu City Council, budget increases, schedule delays, and working jointly with the City on a plan to deliver the remainder of the Honolulu Rail Transit Project.

Rick Blangiardi will be sworn in as the Mayor of the City and County of Honolulu (City) on January 2, 2021 along with five new Honolulu City Council members. The City will have a new Managing Director and more than likely new Department Directors, including a new Director of the Department of Transportation Services and Planning and Permitting, who sit on the HART Board of Directors. This would change the composition of the HART Board of Directors. In addition, the HART's Executive Director and CEO's contract will expire on December 31, 2020 pending no further action by the Board. The HART Team will need to form a close working relationship with the new City Administration, onboard new members of its Board of Directors and possibly a new Executive Director and CEO.

The challenges of executing work on the eastern end of the alignment (City Center Utilities Relocation [CCUR] and the City Center Guideway and Stations [CCGS]) will have a significant impact on the Recovery Plan Estimate at Completion (EAC) and Revenue Service Date (RSD). This delay will implicate the issuance of funding from the Federal Transit Administration (FTA) that is due to lapse on December 31, 2020. As of November 17, 2020, HART, the City and the members of the Hawaii Congressional Delegation are committed and have joined forces in developing a path forward to complete the full scope of the FFGA. See attached correspondence to FTA Acting Administrator K. Jane Williams: (A) from Honolulu Mayor Kirk Caldwell, Honolulu City Council Budget Chair Joey Manahan and HART Board Chair Tobias Martyn dated November 13, 2020; (B) from Honolulu Mayor Caldwell and HART Executive Director and CEO Andrew S. Robbins dated November 30, 2020; and (C)

from Hawaii Congressional Delegation (Senator Brian Schatz, Senator Mazie Hirono, Representative Tulsi Gabbard and Representative Ed Case) dated December 4, 2020.

The utilities relocation design for the congested Dillingham corridor between Middle and Ka'aahi Streets is being re-evaluated, with a target date for completing the design in mid-2021 with agency/third party stakeholder reviews to follow. The plan is to award a construction contract in the second quarter of 2021 to execute utilities relocation work in areas where the designs are completed and permits in place. This work is projected to continue into 2022. A possible third contract for Area 1 is anticipated to be awarded in the first quarter of 2022. This work is expected to be completed in mid-2024.

The P3 procurement for the CCGS and Pearl Highlands Parking Structure, Transit Center and Ramp H2R1 was cancelled by HART and the City in November 2020. The HART and City Teams are discussing plans to execute the remaining Project scope under a Design-Build (DB) phased approach as certifiable funds allow. As of this writing, the teams are evaluating multiple alternatives that will be presented to the FTA for approval. A majority of the pre-construction award effort will be conducted through 2021. The target for awarding a Design-Build construction contract is early 2022, pending the progress of CCUR work.

Throughout 2021, HART will support the City in our collective effort to explore options and seek sources of revenue to make up the funding shortfall. HART will be ready to work with the City and State elected officials to provide information regarding Project cost estimate, schedule, financial plan and budget, drawdown of federal funds, General Excise and Use Tax (GET) and Transient Accommodation Tax (TAT) collections and cash flow data needed to make funding decisions.

HART is working to have the tracks, station, trains and fare systems turned over to DTS in the summer timeframe of 2021. In 2021, HART will focus on the close out of the three major DB contracts. These include the West O'ahu/Farrington Highway (WOFH) Design-Build contract with Kiewit, the Kamehameha Highway Guideway (KHG) Design-Build contract with Kiewit, and the Maintenance and Storage Facility Design-Build contract with Kiewit/Kobayashi Joint Venture (KKJV). The close out of these three major DB contracts will also allow HART to return the highway maintenance back to Hawai'i Department of Transportation (HDOT) Roadways and close the current Joint Use and Occupancy Agreement.

The Project team is currently completing the nine stations, the installation and testing of the core systems, and the delivery of the vehicles for the system. Going east from Aloha Stadium, the Project team will be focused on the continuation of the progress on the Airport Guideway and Stations contract and the acquisition of right of way.

The Core Systems Project team is working with the Department of Transportation Services (DTS) and other stakeholders to deliver interim service of the first segment (East Kapolei to Aloha Stadium) of the Project in summer 2021. Following extensive functional system testing, comprehensive systems integration testing of the trains and system elements will be ongoing through the first quarter of 2021. After system integrated testing is complete, the Project will prove the competency of the 168 person Hitachi Operations & Maintenance team as well as the overall reliability of the system during simulated operating conditions during the Trial Run and System Demonstration periods at the start of the 2nd quarter of 2021, so that

the first segment can be safety certified and a decision can be made by DTS for revenue service. Also starting in 2021 is the installation of cable and equipment in the second segment of the system (Pearl Harbor to Middle Street).

There are many challenges going into 2021, but the passion and spirit of the HART Team will overcome them.

Organization

HART Board

By City Charter, HART is governed by a 10-member Board. The voting membership comprises the Director of HDOT, the Director of DTS and six volunteers from the community: three appointed by the Mayor, three by the City Council. The voting members appoint the ninth voting member to the Board. The Director of the City Department of Planning and Permitting is a non-voting ex officio member.

Act 1 (First Special Session, 2017) additionally provided for four non-voting members: two members appointed by the Senate President, and two members appointed by the Speaker of the House. A proposed Charter amendment to add Act 1's four non-voting members to the HART Board, among other things, failed at the general election on November 6, 2018.

Tobias Martyn has served as Chair of the HART Board of Directors since September 2019. Until December 9, 2020, Terrence Lee had served as Vice Chair since November 2016.

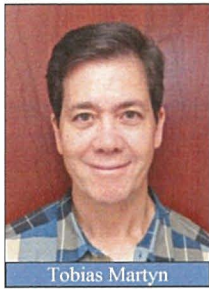
Joseph Uno was appointed by the Honolulu City Council in July 2020, following the expiration of John Henry Felix's term. The Board's last original member, Damien Kim, left the Board in September 2020 when the Honolulu City Council appointed Kika G. Bukoski as his replacement. Legislative appointee Lynn McCrory was appointed by Mayor Kirk Caldwell as a voting member of the Board on November 10, 2020, replacing Ford Fuchigami. Jon Nouchi, Acting Director of the Department of Transportation Services, assumed the ex-officio position upon Wes Frysztacki's departure on November 11, 2020. Mayor Caldwell also reappointed Hoyt Zia for another term to the HART Board on November 17, 2020. On December 9, 2020, the Honolulu City Council approved legislative appointee Dean Hazama to succeed Terrence M. Lee as a Council-appointed HART Board member.

HART Board of Directors

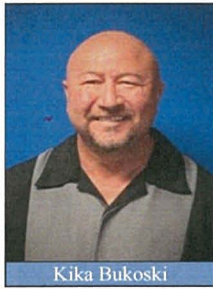
Tobias Martyn, Chair
 Terrence Lee, Vice-Chair (until December 9, 2020)
 Kika G. Bukoski (appointed September 9, 2020)
 John Henry Felix (until July 8, 2020)
 Ford Fuchigami (until November 10, 2020)
 Dean Hazama (appointed December 9, 2020)
 Damien Kim (until September 9, 2020)
 Lynn McCrory (appointed November 10, 2020)
 Glenn Nohara
 Joseph P. Uno (appointed July 8, 2020)
 Hoyt Zia
 Jade Butay, Ex-Officio, HDOT
 Wes Frysztacki, Ex-Officio, DTS (until November 11, 2020)
 Jon Nouchi, Ex-Officio, DTS (appointed November 12, 2020)
 Kathy Sokugawa, Ex-Officio, Department of Planning and Permitting (DPP)

Legislative Appointees

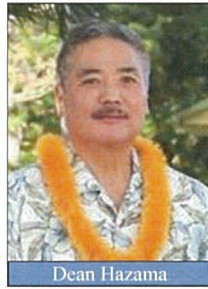
Michele Brunngraber
 Dean Hazama (until December 9, 2020)
 Wesley Machida
 Lynn McCrory (until November 10, 2020)



Tobias Martyn



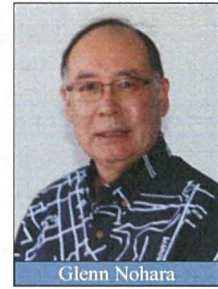
Kika Bukoski



Dean Hazama



Lynn McCrory



Glenn Nohara



Joseph Uno



Hoyt Zia



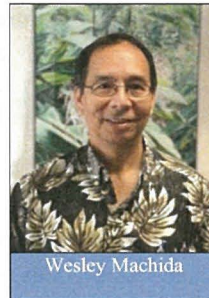
Jade Butay



Jon Nouchi



Kathy Sokugawa

Michele
Brunngraber

Wesley Machida

Executive Director and CEO

COVID-19

In calendar year 2020, HART's Executive Director and CEO Andrew S. Robbins, P.E., spent considerable time and took necessary action to ensure the safety of staff, consultants, and construction workers, while keeping the Honolulu Rail Transit Project (Project) moving forward during the COVID-19 pandemic outbreak.

During the early weeks of the pandemic starting in mid-March, HART, as with other government agencies and private businesses, had to obtain as much information as possible and react accordingly on an expedited basis. One advantage HART had was that, from the outset, both the Governor of the State of Hawaii and the Mayor of Honolulu declared the Project as "essential infrastructure." This meant that while much of the community was in "lockdown," HART personnel, contractors and construction workers were deemed essential and could keep working.

HART's Executive Management, Human Resources, Information Technology (IT), and Safety teams swung into action and over the course of several weeks, met for many hours to discuss, develop and implement multiple safety actions, following guidelines of the Center for Disease Control and Prevention, the State Department of Health as well as directives coming from both the Governor and the Mayor.

HART, as was true with other City departments, was not really set up from an IT perspective to implement remote working from home for staff. The HART IT team, working with City IT, very effectively and rapidly issued available laptops and also developed and implemented the ability for staff to use personal computers from home with remote desktop capability. As a result, HART was able to quickly permit close to 90% of staff to work from home, keeping the office presence thin to promote social distancing.

Other policies including mask wearing, handwashing and sanitizing, maximum number of persons permitted in conference rooms, etc. were also quickly implemented.

In regard to construction, HART Safety teams quickly researched safe construction working practices with respect to COVID-19 and worked with the contractors as well as the labor unions to quickly implement such safe working practices. But HART's efforts did not stop there, HART also put in place a safety assessment program to actually measure compliance with safe working practices. To date, more than 4,000 safety field observations have been made with a 96% compliance rate verified.

The results speak for themselves. To date, HART has had only one case of COVID positive in HART's office and it appears that was actually a false positive. HART followed its protocols in maintaining that person at home, advising staff of the situation, and temporarily closing the office at Alii Place and quickly sanitizing affected areas. While HART certainly has seen effects on Project progress in several areas due to the pandemic, HART has largely kept the Project moving through these challenging times.

Safety & Security

In addition to the COVID actions taken in 2020, HART emphasized building on our already excellent performance in the area of safety. To accomplish that, HART focused on process improvement, process development, safety plan compliance and improved interdepartmental communication. The Safety & Security team collaborated with HART Executive Management to improve the safety culture across all contracts and contractors. Toward that goal, the following was accomplished:

- Developed a HART Crisis Communication Plan.
- Developed and implemented a HART Safety Workplace Plan.
- Developed and implemented the Executive-level Significant Incident Review Panel (SIRP.)
- Implemented learning teams to explore process improvement as a result of SIRP's.
- Conducted regularly scheduled coordination meetings with Department Managers.
- Created a single depository for all safety certification working documents and reports. This improved coordination with other departments has helped organize the amount of work due to the size of the project.

- Streamlined committee and working group report format. The improved format helped to focus on current issues and applicable information that highlighted progress.
- Updated the Safety and Security Management Plan to Rev. 9.
- Updated the Safety and Security Certification Plan to Rev. 8.
- Updated the Construction Safety and Security Plan to Rev. 6.
- Updated the Threat and Vulnerability Assessment to Rev. 3.

In regard to safety performance, the HART Project has maintained a better than average annual Occupational Safety and Health Administration (OSHA) construction safety incident rate. In 2020, construction safety recordable incidents continued to track below both the local and national averages.

HART continued to perform safety audits and observations, adding COVID-19 compliance to the mix. With over 4,000 field observations now completed, HART is tracking at 96% compliance in the field and 99% compliance in the home office.

In regard to safety certification of the transit system necessary to allow passenger service, to date in 2020, more than 91% of the identified safety certifiable items have been verified and ready for interim revenue service.

The OCIP (Owner-Controlled Insurance Program) continues to trend in a positive direction despite having reduced visits and restrictions due to COVID-19. Weekly OCIP walks continued throughout most of 2020 with no major findings or issues. Favorable reports were provided with periodic recommendations being offered to help improve an already outstanding safety record.

HDOT and Project Management Oversight Contractor (PMOC) reviews and audits were performed throughout the year with minimal findings, concerns and recommendations noted.

Human Resources/Personnel Moves and Development

Under the direction of Mr. Robbins, HART has recruited or promoted several people into key positions within HART and furthered HART's goal of moving from a reliance on consultants to employing personnel as City employees over the last three years and throughout 2020. This was a key recommendation of the City Auditor and mentioned as well by the State Auditor. HART also continued toward our strategy of employing competent Deputy Directors to promote succession planning. Some of these key moves (all city positions) included:

- Stephen Cayetano to the position of Project Director. This is very significant in that Mr. Cayetano is the first person to hold this position as a City Employee, one of our key goals and a key recommendation of the City Auditor in moving positions from consultants into city employment.
- Joyce Oliveira, Deputy Executive Director Government Relations, to now include Planning and Public Involvement executive responsibilities
- Ruth Lohr to the position of Chief Financial Officer
- David Diamon to the position of Deputy Director for Construction Claims
- Leatrice Galicinao to the position of Budget Analyst IV
- Gina White to the position of Accountant I

- Eleni Davis to the position of Accountant I
- In-Tae Lee to the position of Chief Engineer
- Dylan Jones to the position of Director, Transit Property Acquisition & Relocation
- Kelsey Dorogi to the position of Deputy Director of Transit Property Acquisition and Relocation
- Ryan Tam to the position of Director Planning, Environmental Compliance and Sustainable Mobility
- Wai Yi Ng to the position of Planner VII
- Rick Manayan to the position of Project Manager II
- Neal Matsueda to the position of Manager Internal Controls and Grants Management
- Doug Cullison to the position of Deputy Director Project Controls
- Dean Matro to the position of Deputy Director of Contract Administration
- Vance Tsuda to the position of Project Manager I
- David Ha to the position of Deputy Director of Procurement
- Dexter Suzuki to the position of Director of Administrative Services
- Mai Tram Do to the position of Departmental Staff Executive Assistant
- Dember Domen to the position of Human Resource Specialist V
- Harry Cho to the position of Information Specialist II
- Dominique Say to the position of Procurement & Specifications Specialist III
- Andrea Tantoco to the position of Secretary III
- Martha King to the position of Project Manager I
- Lisa Yoshihara to the position of Project Manager II
- Darlene Benton to the position of Administrative Specialist I

CCUR Contract

As early as 2019, HART's Team spent considerable time and effort to develop a new execution strategy for CCUR, realizing that HART's original plan of working with the Indefinite Delivery/Indefinite Quantity (IDIQ) contract in a piecemeal fashion with permits for only one shift per day, 5 days per week, was not going to achieve the results in terms of schedule and budget that were needed for the project. Over the course of many weeks, HART re-tooled its CCUR execution strategy to go faster, with the following significant features:

- Create more road space available to the contractor by going to controlled access with only one travel lane in each direction available on Dillingham Boulevard
- Go to a planned 20 hour per day, 6 day per week work schedule with the possibility of 24/7 operation as needed
- Keep all intersections open and all access to businesses open
- Prioritize bus movements and pedestrian access
- Communicate with the public

In March 2020, HART obtained the necessary permits from the City and implemented the above strategy in Area 1A of Dillingham Boulevard. The results were good, with the contractor making very good progress in this area. HART was aided by virtue of reduced traffic in the area due to the pandemic.

In April 2020, HART fully expected to roll out the same plan to relocate existing utilities in Area 1B followed by Area 1C. However, after several years of engineers from both the City and HART working together, it became apparent that there was not sufficient agreement on

the level of drawing completeness, or the issue of variance allowances that would allow us to move forward with controlled access and actual construction work in these critical areas.

For the remainder of 2020, a considerable amount of consultation between HART and the City, including the involvement of a Permitted Interaction Group of the HART Board, took place to try to resolve all issues. The result by November 2020 is that designs where possible are reaching 100% conclusion, but additional design work and right-of-way takes would be required to avoid any variances. This has significantly delayed City Center progress and resulted in a significant increase to the overall Project estimate at completion. As of this writing, the CCUR contract is 7% complete. Work continues on all aspects of CCUR including the re-thinking of the original IDIQ contract with the strategy of issuing a new procurement given that designs are at or near 100% completion.

With a new City Administration coming in, in January 2021, which will bring new Directors, considerable effort will have to be made by HART management to engage these new leaders with the goal of expediting work as much as possible and re-starting stalled construction work to help enable the guideway and station work coming in City Center.

CCGS

In 2020, work accelerated with the procurement for CCGS under the P3 procurement. A core team at HART worked extremely hard and long to make the procurement a success, aided by very able and dedicated outside legal and financial advisors. The HART Core team received, reviewed and answered some 2,000 “Requests for Information (RFI)” from the Priority-Listed Offerors, which is the only official means of communication with Offerors. Mr. Robbins and the HART Team participated in reviewing all of the RFI’s to ensure that meaningful answers were being provided that enabled the most effective and optimized risk allocation between the public and private sectors, in turn to ensure that optimized proposals would be received.

In addition to RFI’s, numerous one-on-one discussions permitted under the Hawaii Procurement Code, were conducted. These were first conducted in-person and then virtually due to the pandemic. These discussions were very important and effective in an exchange of information with Offerors which in turn led to 6 revisions of the RFP prior to submission of proposals.

While these discussions took additional time which resulted in extensions to the procurement process, much was gained through these actions to enable the most optimized proposals that HART could expect. A final extension due to COVID-19 was granted. The City concurred with all of these extensions.

On July 23, 2020, a major milestone was reached when proposals were received from two Offeror teams, each made up of multiple companies. These proposals then were submitted to an Evaluation Committee comprised of both HART and City representatives for their review and evaluation. A series of subject matter experts were also deployed from both HART and the City to inform the Evaluation Committee.

The culmination of all this work led to a split decision from the Evaluation Committee, where HART members all recommended that the procurement process continue toward a Best and

Final Offer (BAFO) round, while City representatives recommended immediate cancellation of the procurement, and subsequently notified HART of its withdrawal.

Mr. Robbins, as HART's Chief Procurement Officer, made the decision not to cancel the procurement immediately following the City's withdrawal and felt HART should at least conduct post-proposal meetings with Offerors to see what could be done to improve their proposals and whether it therefore made sense to continue with the procurement toward a BAFO, or whether HART too should withdraw and cancel the procurement.

The HART Board voted 7-2 for the cancellation of the P3 procurement when the City declined to continue, but this was not sufficient to pass the measure under the Board's quorum rules. HART was therefore able to complete a series of post-proposal meetings with Offerors in which HART gained extremely valuable information and were then able to make the determination that it was indeed in the best interests of the Project and taxpayers to proceed to a BAFO and thereby reach an award in the shortest period of time available to us.

Understanding that HART could not proceed alone, a comprehensive report was prepared and transmitted to the City asking them to return to the P3 procurement. The City decided against that course of action and HART had no further option but to move forward to cancel the P3 procurement and took steps to finalize documents for a re-procurement under a Design Build-only approach.

City Audit Update

The City Auditor first audited HART in April 2016 and made 18 recommendations to improve HART's planning, management and operations. A follow-up was performed in July 2018 noting that 16 of the 18 recommendations were in process of being implemented by HART with one resolved and one not started.

The City Auditor then followed up again and reported its results in September 2020 and found that 12 of the 18 recommendations were completed, 3 were resolved and 3 were in process. This was an outstanding achievement noted by the City Auditor and shows the great improvement in HART's planning, management and operations.

UH Regents

On November 5, 2020, a final presentation to the UH Board of Regents was made to update them on HART activities and to inform them on work done in the areas of their campuses that were being represented in the Master Agreement for long-term use of their campuses for rail stations and activities. This agreement is necessary to establish that long-term usage, which is considered for a period of 80 years at all campuses that interface with the rail line. The agreement also is needed before Interim Service can commence.

On November 19, 2020, the Master Agreement went before the UH Board of Regents for approval where it was adopted. This was a significant achievement made by HART and the City.

Conversion of HART's Central Database Management System

In 2020, HART was able to implement a new Central Database Management System called "Unifier" at under \$6 million, well under the original budget in excess of \$20 million to

replace, which not only allowed for a seamless progression of the Project but also will enable an easier transition to the Department of Transportation Services once the rail system goes into service.

This work was necessary because the prior management system had reached a point where it was no longer supported by its developer and could no longer handle any expansion as needed by HART to continue with the Project. As a result of the hard work by HART staff, HART was able to successfully convert to the new system in a sequential and logical order which included training of staff on the new system.

HART Staffing/Organization

DTS originated as the lead department of the City and County of Honolulu for the Honolulu High-Capacity Transit Corridor Project. The Rapid Transit Division (RTD) was established on July 1, 2007 upon enactment of the City's Fiscal Year 2008 Executive Operating Budget and Program, as a division of the DTS. The transition from the RTD to the Honolulu Authority for Rapid Transportation occurred on July 1, 2011 (FY 2012). The Project was subsequently renamed the Honolulu Rail Transit Project. HART is the semi-autonomous public transit authority responsible for the planning, construction, and expansion of the fixed guideway transit system.

All City staff acquisition is conducted in accordance with applicable policies and procedures, including the City & County of Honolulu Department of Human Resources Civil Service Rules, the City & County of Honolulu Department of Human Resources Personnel Manual, the City & County of Honolulu Administrative Directives Manual, the Revised Charter of the City and County of Honolulu, and Federal Employment Law.

Hiring and retaining experienced personnel for the Project is essential to Project success. HART is a design and build City Project and hires qualified and experienced staff as expediently as possible. Recruiting and hiring qualified personnel has been a challenge, given the fact that this is Honolulu's first rail transit construction project, Hawaii's remote location 2,400 miles from the U.S. mainland, and Honolulu's cost of living. The goal of staffing is to ensure the Project needs and core competencies are identified for the project. Hiring staff with the requisite knowledge, skills, abilities, and experience in the appropriate positions and providing the required training and supervision ensures the quality of the Project design and construction safety. These are critical factors for the implementation of Project management, risk management, and cost schedule controls, essential to HART's Project success.

HART is a matrix organization which consists of 135 full-time equivalent (FTE) City employees and 19 Program Management Support Consultant (PMSC) staff. The PMSC supplements staffing with experienced project experts and facilitates the support and training of local staff. Because HART is a project, and not a permanent city department, it has flexibility with respect to the organizational structure and staffing assignment adjustments as the Project proceeds through the various phases associated with a multi-year construction project of this magnitude and complexity.

The annual turnover rate for HART in calendar year (CY) 2020 was 11.1%. Sixteen employees departed in CY 2020, and 21 employees were hired in CY 2020.

In 2016, Honolulu City Charter Amendment 4 was passed, which placed operations and maintenance responsibilities for bus, paratransit, and rail solely with DTS, and provided for the transfer of positions and legal rights and obligations relating to rail operations and maintenance from HART to DTS. This change will be implemented when the Project enters revenue operations. As a result, HART has ceased hiring permanent civil service employees, since the organization and staffing of rail operations and maintenance will be determined by DTS. Therefore, HART can only hire temporary Personal Services Contract employees to meet staffing needs.

Coordination efforts between HART and DTS will ensure a smooth transition from the development of operation and maintenance processes, policies and procedures by HART pertinent to the system operations and maintenance, to the actual management and performance of operations and maintenance functions by DTS when the system is projected to begin revenue service in 2021.

In view of the upcoming transition, HART and DTS have agreed on a formal Rail Activation Plan. The HART Board of Directors as well as the PMOC and the FTA agreed to use the major milestones of the plan as the basis for the transition of operations and maintenance to DTS.

HART implements changes to its organizational structure and staffing based on the needs of the Project at any given time, based on the phase the Project is in, and the type of work that needs to be accomplished. HART also takes into consideration input from the FTA, PMOC, American Public Transportation Association (APTA) Peer Reviews, the HART Board of Directors, audits conducted by outside agencies, and input from other City agencies such as DTS and the Department of Human Resources. HART executive management implemented an administrative staffing change during the latter part of this year to realign the Project priorities and timeline. The Project Director position reports to the Executive Director/CEO and directs the overall planning, developing, organizing and facilitation of the activities of the rail project.

Early this year, the COVID-19 pandemic added a major staffing challenge to ensure the safety and security of HART's staff, office workplace and job site safety. A Safety and Security Workplace Plan was developed and implemented for all HART staff, consultants and contractors. HART also implemented a telecommuting and remote working plan requiring equipment upgrades and remote working Information Technology (IT) support. Throughout the pandemic, maintaining staff and supervisor communication has been a priority and instrumental to maintaining HART's productivity and efficiencies for the project.

Please see the latest Project organization chart on the following page.

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

July 28, 2020

CITY	CONSULTANT
PMSC	OUTSIDE AGENCY

Prepared by:

Administrative Specialist

Date
7/31/2020

Concur:

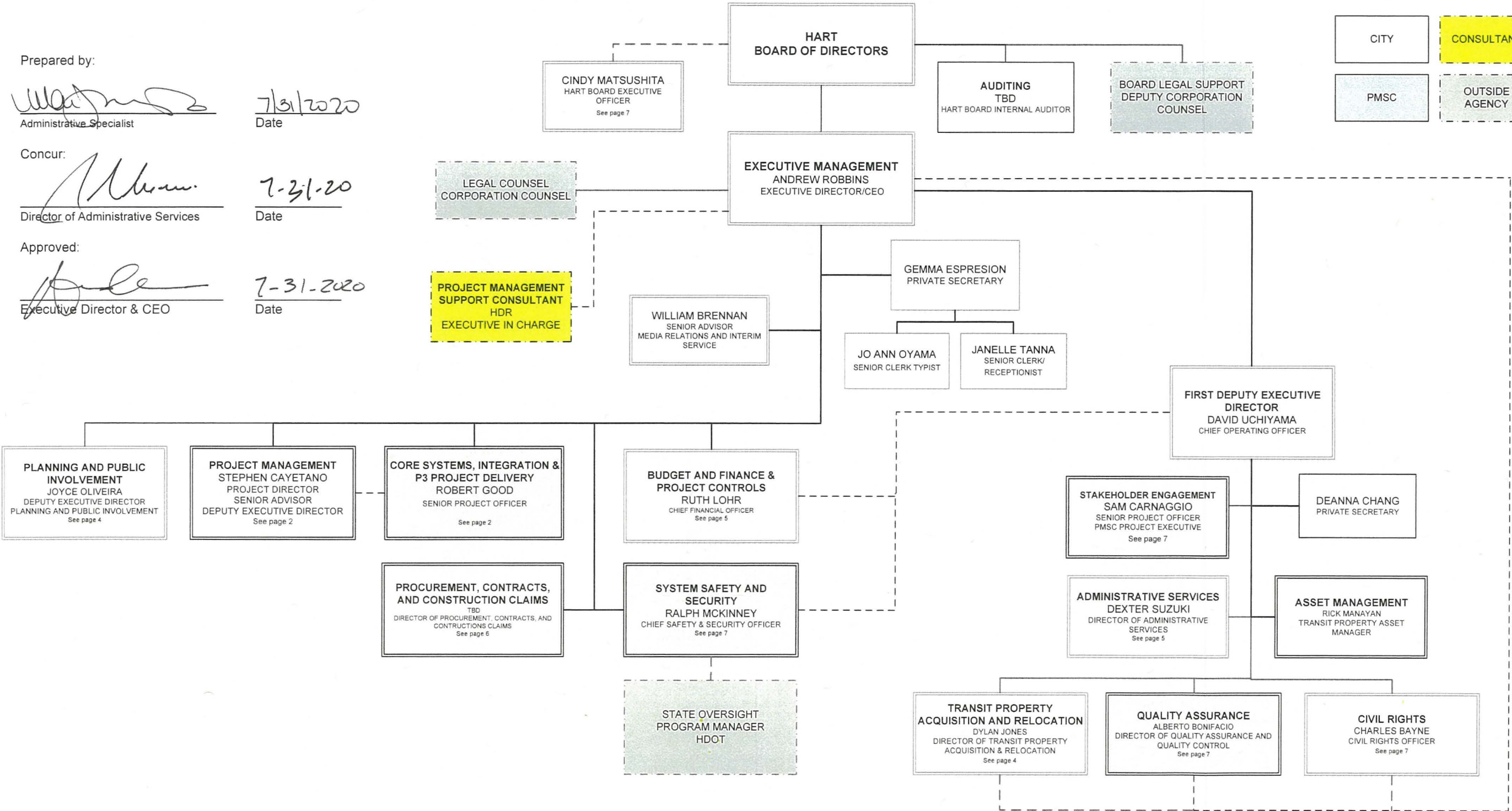
Director of Administrative Services

Date
7-31-20

Approved:

Executive Director & CEO

Date
7-31-2020



Overall Project Progress and Financials

Cost

In September 2019, HART received approval from the FTA of its Recovery Plan for the Honolulu Rail Transit Project. HART updated the Project cost estimate to \$8,299 million (excluding finance costs) in its approved Recovery Plan.

Over the course of 2020, and further outlined in this report, HART has faced challenges related to the City Center segment's execution specific to the utility relocations and procurement of the final segment of guideway and station construction. These challenges, along with current market conditions and funding implications related to COVID-19, has forced an interim analysis to determine a revised estimate at completion.

The revised draft estimate at completion was presented to the HART Board of Directors on October 15, 2020, and is continuing to be analyzed for further impacts from alternatives to be decided related to the City Center Utility Relocations and City Center Guideway and Stations projects. Once a viable path forward for both projects is determined, the impacts to the overall cost and schedule will be incorporated and the EAC finalized.

Interim analysis of the draft revised estimate at completion are ongoing. This includes detailed risk meetings with the City Center Utility Relocations and City Center Guideway and Stations Project teams that ultimately will derive a new risk refresh to supplement the final estimate at completion. This also includes peer reviews by stakeholders incorporating recommendations related to the delivery of the final Project segment.

The following table provides a comparison of the Full Funding Grant Agreement (FFGA) Budget, the 2019 Approved Recovery Plan Budget, and the current 2020 draft estimate at completion of \$9,131 million. Note, in November 2020, the HART Board increased the Total Project in the proposed FY2022 Capital Budget to \$10.2 billion, excluding finance charges.

Project Cost Summary (\$ in millions)			
Description	Original FFGA Budget	2019 Approved Recovery Plan Budget*	2020 Draft Estimate at Completion (EAC)*
Project Capital Costs			
Base Cost without Contingency	\$4,305	\$7,312	\$8,419
Allocated Contingency	\$542	\$765	\$624
Unallocated Contingency	\$102	\$222	\$88
Total Project Capital Costs	\$4,949	\$8,299	\$9,131
FFGA Finance Charges	\$173	\$609	\$547
Total FFGA Project Costs	\$5,122	\$8,908	\$9,678
Post-RSD Finance Charges	\$42	\$231	\$293
Total Project Costs	\$5,164	\$9,139	\$9,971

*Total Project Costs excludes Operations and Maintenance.

Source: Based on data in HART's most recently published monthly report (October 2020). These numbers are updated on a monthly basis.

Cost Containment

HART has continued its efforts over the past year to identify cost-reduction strategies using value engineering, application of lessons learned, and other cost containment techniques. HART's overall efforts in Risk Management, including cost reduction and cost containment, are specifically addressed in the Risk and Contingency Management Plan (RCMP). The RCMP was originally drafted in 2011. The RCMP was extensively redrafted in 2017 to reflect current processes. It was updated in 2018 to respond to Project Management Oversight Contractor (PMOC) comments and was approved and signed by HART managers in March 2018. The RCMP was updated again in 2019 to reflect the P3 approach for the CCGS and Pearl Highlands Parking Structure, Transit Center and Ramp H2R1 (PHPTR) and was approved by HART managers in March 2019. The RCMP was updated again in 2020 to reflect HART organizational changes and the planned P3 delivery for CCGS and PHPTR. This latest version of the RCMP was finalized and signed by HART managers in June 2020. The approved RCMP, and the associated Risk Management Procedure (also updated in 2019 and approved in March 2019) continues to serve as the basis of HART's ongoing Risk Management program. HART meets with the PMOC monthly to review progress on the strategies. These items are reviewed under the context of identifying cost containment opportunities through value engineering techniques, lessons learned, risk reduction, or other mitigations that can reduce cost without compromising functionality of the Project.

Numerous cost containment strategies were implemented in 2019, and can be referenced in HART's 2019 Annual Report. Cost containment strategies by HART continued in 2020. Several examples of implemented or ongoing cost containment strategies that benefited the Project most significantly over the past year are highlighted below.

1. Finalized the Consolidated Resolutions of all change order and claim issues with the two contractors for the nine west stations (except for any final changes required for the canopy arm supports). The consolidated resolutions were believed by HART to be fair to the contractors, and protected HART from further delay claims and added costs.
2. Ongoing cost avoidance from HART's coordination efforts with Hawaiian Electric Company (HECO), the Navy regarding electrical utility relocations along the western and airport sections of the guideway, and Board of Water Supply regarding leaving the existing 42-inch diameter water main in place along Dillingham Boulevard by using straddle bents to support the overhead guideway.
3. Lessons Learned from the west contracts being applied as appropriate to the east contracts, including within the now cancelled P3 procurement documents. The Lessons Learned will be incorporated in any follow-on procurements for CCGS, such as a phased approach using a Design-Build strategy. The Lessons Learned savings are not specifically estimated, but any "cost avoidance" and appropriate risk transfer opportunities have been under active consideration by HART so that issues of concern are not repeated on ongoing or future contracts. An example of this is the stipulation in the now cancelled P3 Request for Proposals (RFP) that HART will be responsible for paying for the cleanup of unclassified contamination, but the P3 will be responsible for accommodating the schedule for the cleanup within its overall Project schedule without charging HART for delay cost. This strategy of appropriate risk sharing for environmental cleanup will be carried forward in any new CCGS procurement or procurements.

4. Since the affordability limit was exceeded for the Design-Build-Finance (DBF) portion of the Project (for CCGS, PHPTR and associated Core Systems work within the DBF), and the P3 procurement was cancelled, HART will continue to evaluate Secondary Mitigations, Alternative Technical Concepts, and cost reductions to reduce cost wherever possible without compromising the requirements of the FFGA.

The P3 procurement was cancelled by HART on November 20, 2020. Therefore, a new procurement or procurements for CCGS and PHPTR will be necessary, and the overall HART budget will need to be evaluated and adjusted for appropriateness given the circumstances.

Schedule

Per HART's Recovery Plan, the FTA full revenue service date is September 2026. During 2020, HART has faced many schedule challenges impacting the revenue service date projection. Ongoing dry utility designs required for the CCUR work in the Dillingham corridor, along with the follow-on construction projects for guideway and stations work, and core systems installation and testing, all have had negative impacts on the Project schedule. Combined with COVID-19 impacts, the impact to the overall revenue service date is continuously being analyzed by HART, along with mitigation opportunities. A final path forward, along with a new projected revenue service date, will be codified as alternatives are selected to finish the City Center segment of the project.

Installation work is approaching completion and testing has commenced at the nine stations from East Kapolei to Aloha Stadium. Six of the nine stations have achieved substantial completion, with the majority of remaining work at Kamehameha Highway Station Group for canopy fabric installation. HART continues to collaborate with the City DTS to implement an interim opening from Kualaka'i at East Kapolei Station to Hālawā at Aloha Stadium. Based on HART's most recently published monthly report (October 2020), trial running is forecasted to begin in December 2020, with Operations Readiness of Segment 1 Interim Opening slated for March 2021.

The AGS contract is 78% complete. The guideway is 69% stressed, grouted and ready for track installation. Track installation from Aloha Stadium Station started in May and is 18% complete. The four stations at Pearl Harbor, Airport, Lagoon and Middle Street are approximately 17% complete. AGS' mitigation schedule has been Accepted as Noted and is currently showing a December 2021 completion date. With this accepted mitigation schedule, both HART and the contractor will be able to better monitor and forecast remaining work on the AGS project.

The CCUR utility relocations work is 6.5% complete and currently forecasted to be complete by July 2024. Design work for City Center is over 95% complete. Majority of the remaining work are re-designs required for 13 areas in the Dillingham corridor with utility clearance conflicts. The re-designs and third-party stakeholder reviews are targeted for December 2021 completion date. The City Center Guideway and Stations contractor will be provided access along the alignment upon completion of the utility relocation work. The turnover dates within the 8 City Center Areas are currently forecasted between July 2021 to July 2024.

The bullets below highlight prior schedule delays and risk events that could potentially impact currently active and future contract packages:

Prior Schedule Delays:

- Federal court case delays
- Protests and Notice to Proceed (NTP) delays
- Third party approval delays
- Third party Right-of-Way acquisition
- Contractor productivity issues
- Traffic modifications
- Utility relocations and high-voltage clearance conflicts
- COVID-19 pandemic

Potential Schedule Risk Events:

- Re-procurement of City Center Guideway and Stations contract
 - Cooperation of utility companies
 - Issuance of City permits in a timely manner
 - Right-of-Way acquisitions
 - Contractor performance
 - Other concurrent public and private construction activities
 - Legal challenges
 - Traffic modifications to accommodate business/public concerns
- (While it is unlikely all potential schedule risk events may occur, historical trends indicate a few will.)

The Master Project Schedule (MPS) Summary on the following page provides the breakdown by contract. The full opening for revenue service date is currently shown as a schedule without contingency.



HAR
HONOLULU AUTHORITY for RAPID

Financial and Revenue Update

The total GET surcharge and the 1% state-wide TAT received in calendar year 2020 amounted to \$293.1 million, as compared to the adjusted forecast from COVID of \$255.3 million, an increase of \$37.7 million or 14.8%. The following breaks down the total GET and TAT received by quarter:

January 2020	\$79.7 million
April 2020	\$89.9 million
July 2020	\$63.8 million
October 2020	\$59.5 million

A total of \$2.79 billion in GET surcharge has been received since its inception in 2007. A total of \$134.7 million in TAT has been received since its inception in 2018.

HART completed its drawdown of the \$806 million FTA grant awarded in calendar year 2017. The remaining \$744 million of the \$1,550 million grant is awaiting FTA award. Consequently, there were no FTA grant reimbursements received in calendar year 2020.

Subsequent to the signing of Act 1, an FTA mandated rail Project recovery plan was submitted on September 15, 2017. The plan spells out HART's operating and financial strategies to complete the Project. In early 2018, the FTA, through its PMOC conducted a Risk Refresh of the Project. A final report was issued in June 2018 with a number of recommendations, including an additional \$134 million of Project costs identified in the Risk Refresh bringing total Project costs from \$8.165 billion to \$8.299 billion and a delay of full revenue service by nine (9) months from December 2025 to September 2026.

On September 21, 2018, the FTA sent a letter to HART requiring a recovery plan be submitted no later than 60 days from the date of the letter incorporating the revised Project costs and schedule. On November 15, 2018, a letter was sent to the FTA spelling out the three (3) conditions outlined in the September 21, 2018 letter have been met. The letter was signed by the Mayor, Chairperson of the City Council, and HART's CEO.

HART anticipated an approval of the November 2018 Recovery Plan; instead, FTA sent another letter March 29, 2019 adding conditional changes to the submitted Recovery Plan. The proposed changes included FTA accelerating the release of federal funding and a change to the City's portion of funding in the Financial Plan. HART completed the modification to the Recovery Plan and submitted the Updated 2019 Recovery Plan for approval to the FTA on June 7, 2019. On September 5, 2019, the FTA provided written approval of the Updated 2019 Recovery Plan.

City and County of Honolulu / HART
Consolidated Financial Plan, P3 and Non-P3
November 20, 2018, REVISION Date May 10, 2019

(\$ in millions)

	Fiscal Years																
	Total	Actual to 2017	Actual 2018	Est. 2019	Est. 2020	Est. 2021	Est. 2022	Est. 2023	Est. 2024	Est. 2025	Est. 2026	Est. 2027	Est. 2028	Est. 2029	Est. 2030	Est. 2031	Est. 2032
Beginning Cash Balance	\$298	\$298	\$23	\$161	\$25	\$25	\$27	\$22	\$69	\$13	\$10	\$26	\$49	\$133	\$125	\$113	\$195
Project Funding Sources:																	
G.E.T. Surcharge	\$5,990	\$1,546	\$261	\$272	\$277	\$288	\$298	\$308	\$318	\$328	\$338	\$349	\$360	\$371	\$382	\$295	\$0
TAT Revenues	1,182	-	9	63	71	75	80	84	88	93	98	101	106	111	116	89	-
Federal Grant	1,550	785	21	-	100	150	150	150	100	50	44	-	-	-	-	-	-
City Subsidy	214	-	-	44	25	26	21	17	12	10	10	10	10	10	10	10	-
All Other	13	7	6	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	\$8,951	\$2,339	\$297	\$379	\$473	\$539	\$548	\$559	\$518	\$481	\$489	\$460	\$475	\$492	\$508	\$393	\$0
Debt Proceeds																	
TECP (net) Max \$350 m	\$1,860	\$130	\$120	\$227	\$321	\$301	\$246	\$240	\$275	\$0	-	-	-	-	-	-	-
Variable Bonds	350	-	350	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Rate Bonds Net of Issuance Costs	2,501	-	-	250	617	544	330	100	100	560	-	-	-	-	-	-	-
Total Debt Proceeds	\$4,709	\$130	\$467	\$477	\$938	\$845	\$576	\$340	\$375	\$560	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Additional Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Project Sources	\$13,659	\$2,469	\$764	\$856	\$1,411	\$1,384	\$1,124	\$899	\$893	\$1,041	\$489	\$460	\$475	\$492	\$508	\$393	\$0
Project Uses:																	
Construction	\$6,360	\$1,847	\$419	\$708	\$802	\$825	\$575	\$393	\$425	\$361	\$4	-	-	-	-	-	-
Design	\$249	\$168	13	13	34	10	7	3	1	0	-	-	-	-	-	-	-
ROW / Utilities	\$626	\$195	13	130	117	74	45	40	12	0	0	0	-	-	-	-	-
Program-Wide	\$437	\$264	23	24	25	25	25	22	17	(1)	13	-	-	-	-	-	-
HART, COR & Other Uses	\$283	\$116	23	24	28	29	22	18	11	7	5	-	-	-	-	-	-
Planning	\$123	\$101	1	2	9	5	3	2	0	-	-	0	-	-	-	-	-
Project Costs	\$8,077	\$2,691	\$492	\$899	\$1,015	\$968	\$677	\$477	\$467	\$367	\$23	\$0	\$0	\$0	\$0	\$0	\$0
Unallocated Contingency	222	-	-	-	-	-	-	11	22	21	102	67	-	-	-	-	-
Total Project Costs	\$8,299	\$2,691	\$492	\$899	\$1,015	\$968	\$677	\$488	\$489	\$388	\$125	\$67	\$0	\$0	\$0	\$0	\$0
Debt Service:																	
Principal:																	
Variable Principal	\$350	\$0	\$0	\$0	\$0	\$0	\$42	\$50	\$50	\$50	\$50	\$50	\$50	\$8	\$0	\$0	\$0
Fixed Principal	2,511	-	-	-	-	-	-	21	82	154	213	244	276	441	488	507	85
TECP Retirement	1,860	50	100	50	300	300	300	248	237	275	-	-	-	-	-	-	-
Subtotal Principal	\$4,721	\$50	\$100	\$50	\$300	\$300	\$342	\$319	\$369	\$479	\$263	\$294	\$326	\$449	\$488	\$507	\$85
Interest:																	
Variable Interest	\$73	\$0	\$4	\$10	\$11	\$11	\$10	\$9	\$7	\$6	\$4	\$3	\$1	\$0	\$0	\$0	\$0
Fixed Interest	723	-	-	15	37	55	65	69	79	87	82	74	64	50	32	13	2
TECP Interest	33	2	0	2	4	5	5	6	6	2	-	-	-	-	-	-	-
Subtotal Interest	\$829	\$2	\$4	\$27	\$51	\$70	\$80	\$84	\$92	\$94	\$86	\$76	\$65	\$50	\$32	\$13	\$2
Total Debt Service	\$5,550	\$52	\$104	\$77	\$351	\$370	\$422	\$403	\$461	\$573	\$349	\$370	\$391	\$500	\$520	\$520	\$87
City Debt Reserve:																	
Deposit to City Debt Reserve	\$259	\$0	\$30	\$16	\$44	\$45	\$31	\$11	\$0	\$82	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Release City Debt Reserve	(259)	-	-	-	-	-	-	(50)	-	-	-	-	-	-	-	(209)	-
City Debt Reserve	(\$0)	\$0	\$30	\$16	\$44	\$45	\$31	(\$39)	\$0	\$82	\$0	\$0	\$0	\$0	\$0	(\$209)	\$0
Total Project Uses	\$13,848	\$2,743	\$626	\$992	\$1,411	\$1,383	\$1,130	\$851	\$950	\$1,043	\$473	\$437	\$391	\$500	\$520	\$311	\$87
Net Current Change	(\$189)	(\$275)	\$138	(\$136)	\$0	\$1	(\$5)	\$48	(\$57)	(\$2)	\$16	\$23	\$84	(\$8)	(\$12)	\$82	(\$87)
Ending Cash Balance	\$109	\$23	\$161	\$25	\$25	\$27	\$22	\$69	\$13	\$10	\$26	\$49	\$133	\$125	\$113	\$195	\$108

The financial plan above, which was submitted as part of HART's Updated 2019 Recovery Plan to the FTA, was prepared using the following assumptions:

1. Actual GET collections from July 1, 2016 to June 30, 2018 (two years running average), and the Revenue Council's forecast from their May 2018 meeting.
2. TAT revenue projections from January 1, 2018.
3. Annual non-capital support expenditures of HART are funded by the City. Allocations of capitalized expenditures (allowable reimbursement from GET and TAT revenues under Act 1) and non-capitalized expenditures follow generally acceptable accounting principles (GAAP).
4. The remaining federal grant balance of \$744 million is projected to be released in Fiscal Year 2020 through 2026.
5. A combination of General Obligation (GO) bonds and short-term borrowing in the form of Tax-Exempt Commercial Paper (TECP) will be used to partially finance the Project. Projected interest rate used for GO bonds are 4% for fixed rate and 3% for variable rate bonds as well as TECP.
6. Additional \$134 million in Project capital cost identified in the FTA 2018 Risk Refresh. Total Project costs at \$8.299 billion, exclusive of finance charges, with full RSD on September 2026. Although the Updated 2019 Recovery Plan utilizes the cost estimate recommended by FTA, HART intends to meet its commitment to the citizens of Honolulu to complete the Project within the \$8.165 billion cost estimate.
7. Capital expenditures projections are based on contract schedules and milestones.
8. P3 and non-Public-Private Partnership funding sources and expenditures had been combined, pending completion of the P3 procurement process. The P3 delivery method, structured as a DBFOM, includes DBF of the CCGS and the PHPTR. This includes the transfer of the Core System's DB portion of work beyond Middle Street under the P3. On Thursday, September 27, 2018, the HART Board of Directors approved a P3 delivery method to procure the CCGS and PHPTR.

The assumptions used in the financial plan were based on the circumstances at the time the plan was created. Since that time, events, including the global pandemic, have rendered these assumptions inadequate.

There are approximately \$5.722 billion (63% of the total draft Project cost, excluding finance costs) of executed contracts with approximately \$4.483 billion paid to date. Two major construction contracts remain to be procured; they are the CCGS and the PHPTR. The City Center Utility Relocation contract has contributed to the projected increase in total costs as a result of delays in construction partially related to the COVID pandemic. Other drivers have also contributed to the cost inflation and adds to the revenue challenges. These drivers include the extended cost in overhead and oversight caused by delays in the schedule as well as the new total costs projected for the City Center Guideway and Stations as noted in the Cost Section on page 16 of this report.

Calendar year 2020 started strong as the economy experienced robust revenue collections. However, the global pandemic at the end of the 1st quarter of the calendar forced HART to reassess the positive growth rates experienced for decades prior to the pandemic. HART's immediate projection for the GET and TAT were consistent with the Council on Revenues and the University of Hawai'i Economic Research Organization's (UHEROs) downward predictions. HART continues to monitor the downward economic conditions as a result of the

pandemic. In actuality, due to the construction industry and the military along with the supplemental federal relief, the GET has not dropped to the levels in the projections.

As the duration of the pandemic and economic instability continue, HART continues an acute monitoring of the GET to get a sense of the full magnitude of the depressed revenues.

Audits

During the year, the following audits were completed or are currently on-going:

1. The City Auditor completed its updates to the 2016 Performance review of whether
1) contractors fulfill their obligations in an economical, efficient, and effective manner, 2) contractors invoices are valid and accurate, 3) controls are in place to prevent cost overruns and, 4) recommendations in the City Auditor's April 2016 audit were addressed.
2. N&K CPAs are new auditors for the fiscal year 2020 HART financial statement audit. A report is expected to be issued in December.

Scheduled audits and certifications coming up in calendar year 2021 are:

1. The State of Hawai'i Department of Accounting and General Services (DAGS) continues to review HART invoices to provide the Comptroller assurance with Act 1 compliance for certification and disbursement of GET/TAT reimbursement.
2. A fiscal year 2021 financial statement audit in the last calendar quarter of 2021.

Rail Construction Update

Overall Progress:

Major construction progress was made in 2020. As of the end of October, construction highlights include:

- Six of the nine western stations are substantially complete, progressing in various stages of completion from 93% to 99%.
- University of Hawai‘i West O‘ahu (UHWO) Temporary Park & Ride, Road B Project is in the final acceptance stage.
- The Traction Power Substations (TPSS) at all Segment 1 sites have been delivered and commissioned. All TPSS are being used to support train testing.
- Seven (4-car) trains required for Interim Opening #1 are in Systems Integration Testing from East Kapolei to Aloha Stadium. Trains are being tested under power from Ho‘opili to LCC.
- Communication testing of the Maintenance and Storage Facility (MSF) yard is ongoing.
- Automatic Train Control testing on the main line between East Kapolei and Aloha Stadium is ongoing. Simultaneous operation of up to four trains on the main line has occurred. Trains have been running up to 55 mph in automatic.
- Platform Screen Gates at all nine stations are operational.
- Ticket Vending Machine and faregate arrays are installed at all nine stations and Field Integration Testing continues.
- Progress on the Airport Guideway and Stations Project is at 78% and behind schedule, most noticeably in the Stations. HART is working with the contractor to mitigate delays, enable follow-on core systems work to begin, and increase production. Highlights include:
 - 93% of the drill shafts of the Airport Guideway and Stations alignment is complete.
 - 85% of the columns of the Airport Guideway and Stations alignment is complete.
 - 69% of the spans are complete.
 - 100% of the segments of the Airport Guideway and Stations alignment have been cast.
 - All four stations are in various stages of construction, ranging from 10% – 20% complete.

With this construction progress, the overall Project status can be quantified approximately as follows:

Project Progress* Through Oct. 30, 2020	
	Actual
Overall Project Progress	59.8%
Construction Progress	55.7%
Design Progress	80.7%
*Reported percentages complete are based on the Estimate at Completion for the MOS and December 2025 RSD.	

Other developments in 2020 include:

- In March of 2020, CCUR implemented Controlled Access on Dillingham. This provided the CCUR contractor the opportunity to move effectively within this area and extensive progress was made. The intent was to extend Controlled Access in two additional stages on Dillingham over the following three months. Designs were at a 95% plus level and final comment closeout was underway when City departments escalated the requirement for specified clearances and stated that variances would not be provided for the CCUR design. With no ability to attain the necessary clearances with the limited amount of ROW secured, it was determined that a redesign would be required to incorporate a revised Basis of Design that would allow the CCUR Engineer of Record the ability to add ROW and/or leave utilities aerial in order to provide enough space to meet the required clearances. This redesign is on-going and expected to require 12 to 15 months. In the meantime, Controlled Access has been removed from Dillingham and the CCUR contractor is no longer completing work in this area as of November 6, 2020.
- Outside of the Dillingham corridor, CCUR is finalizing two dry design packages and all the Traffic Signal and Street Light design from Kaaahi Street through to Ala Moana. The City has stated they will require all designs be finalized before they will issue additional permits for utility relocation work. Under this mandate, CCUR work is limited to Kaaahi Street, Nimitz Highway and wet portions of the remainder of the alignment where active permits pre-date the new mandate. Until the designs are complete and the CCUR contractor is able to acquire full permitting, there will be limited work available to be completed in these areas. Full construction efficiencies will not be possible until the permits are in place. Finalized design is expected to be available in Q1 of 2021.

Right-of-Way:

The main objective of Right of Way is to complete all ROW acquisitions and relocations required for the 20.1-mile Rail Project pursuant to all applicable local, state and federal laws and regulations.

Land Acquisitions: HART has obtained construction access for approximately 86% of the parcels currently required for the Project. Out of 229 property acquisitions identified as needed for the H RTP, to date, HART has obtained site access for 196 parcels.

ROW is stepping up efforts to stay abreast of changes and to obtain access and acquire rights to the remaining properties in the City Center Guideway Section. ROW is using negotiations with property owners and filing eminent domain actions when necessary. ROW is also working closely with the CCUR team to identify and acquire any new properties that may be required.

Property Access Report by Parcels (as of October 31, 2020):

	Properties Required (TMK)	Access Obtained (TMK)	Access Needed (TMK)	Percent Complete
WOFH	35	35	0	100%
Kamehameha	12	12	0	100%
Airport	49	49	0	100%
City Center	133	100	33	75%
TOTAL	229	196	33	86%

Relocations: Out of 137 identified relocations, HART has completed 108, and twenty-nine (29) relocations are in progress. As reported by HART and confirmed by a FTA review of HART's relocation files, the completed relocated parties may not have received all of the services and benefits to which they were entitled. HART is on schedule to complete a FTA approved plan by the end of the year to create individual corrective action plans for each prior relocated party that identify and address relocation deficiencies.

Utility Relocation:

In 2020, relocation work continued along the eastern length of the alignment and progressed in the section between Hālawā at Aloha Stadium Station and the proposed Ala Moana Station location.

In the City Center portion, HART's ability to efficiently complete utility relocation is dependent on the finalization of all the design drawings and the subsequent permitting of the entire alignment. Substantial progress has been made in the Middle Street to Mokauea Street section of Dillingham and along Ka'aahi Street. Work continues from Ka'aahi through to Ala Moana where it is deemed beneficial to the progress of the project.

For WOFH and KHG, HART is responsible for infrastructure (trenching, duct bank installation, etc.) construction and the Hawaiian Electric Company (HECO) is responsible for electrical (cable installation and termination) construction for electric utility relocations. The 46kV overhead relocation near Kahi Mohala was completed. For the Latter-day Saints area, HART's design work for the 46kV overhead relocation is complete with construction to commence in early 2021, once the necessary land rights are obtained. HART completed construction of the new vehicle storage yard near the MSF. The initial shipment of the specialized vehicles has been delivered to HECO, and HECO has begun storing vehicles at the yard.

Procurement:

During 2020, the following contracts were awarded:

- Laptop Replacement Contract to Dell Marketing L.P. c/o Dell USA L.P.
- Outside Claims Counsel Contract #1 to Kobayashi Sugita & Goda, LLP

- Outside Claims Counsel Contract #2 to Starn O'Toole Marcus & Fisher
- Outside Claims Counsel Contract #3 to Procopio, Cory, Hargreaves & Savitch LLP
- Real Estate Contractor "III" Contract to W.D. Schock Company, Inc.
- HART Publication of Public and Legal Notices Contract to Oahu Publications, Inc.
- Archaeological & Cultural Monitoring "II" Contract to Cultural Surveys Hawaii, Inc.
- HDOT/DTS Traffic Management Coordination Contract to ICX Transportation Group, Inc.
- Web Conferencing Services Contract to World Wide Technology, LLC
- Independent Financial Auditor "III" to N&K CPAs, Inc.
- Marketing Research Services - Data Collection Tools to SMS Research and Marketing Services, Inc.
- HOLO Fare System Fiber to Hawaiian Telcom, Inc.
- Passenger WIFI System to Icomera US, Inc.
- Hawaiian Electric Power Quality Monitoring to Hawaiian Electric Company, Inc.
- HDOT Design & Construction Review Services (WOFH) to AECOM Technical Services, Inc.
- HI Now Television Airtimes to KHNL/KGMB LLC

Remaining contracts yet to be awarded include:

Active Procurements					
Contract Code	Contract Name	Advertise Date	Bids or Proposals Due	Issue NTP	Projected Contract Substantial Completion Date
AP-00	Art-in-Transit	May 09 '13	12 contracts awarded; active procurement for remaining stations	Staggered	Staggered
DBB-511	City Center Utilities Relocation "II"	Aug 3 '20	May 19 '21	TBD	TBD

The following future procurements are being considered:

- HART Canvasser and Counselor Database Maintenance
- Leeward Community College (LCC) Switchgear
- Web System Development

* P3, DBFOM Delivery Method for City Center Guideway and Stations and Pearl Highlands Parking Structure, Transit Center and Ramp H2R1.

On September 28, 2018, HART and the City jointly issued a public RFP Part 1 to solicit qualifications proposals and identify qualified teams for the CCGS/PHPTR DBFOM contract.

On April 12, 2019, HART and the City received qualifications proposals in response to RFP Part 1. HART and the City then reviewed all proposals and identified the teams that would become Priority-Listed Offerors, (i.e. "shortlisted" offerors).

On May 3, 2019, HART and the City jointly issued a confidential RFP Part 2 to the Priority-Listed Offerors to solicit technical and price proposals. Under the RFP Part 2 process, HART and the City led facilitated discussions with each Priority-Listed Offeror to review and optimize the draft P3 contract prior to receiving final technical and price proposals in 2020. Due to recent COVID-19 events, the offerors requested additional time to prepare their proposals; the due date for the technical proposals was extended to July 23, 2020.

On July 23, 2020, HART and the City received RFP Part 2 Proposals consisting of technical and price proposals from the Priority-Listed Offerors. Evaluations of the RFP Part 2 proposals began immediately by the Evaluation Committee.

On August 25, 2020, the City withdrew its participation in the P3 procurement. As a result, HART had been the sole participant in the procurement and had been conducting post-proposal meetings with the Priority-Listed Offerors to seek clarification and understanding of the Priority-Listed Offerors' proposals.

On November 20, 2020, the City had notified HART that they would not be re-joining the procurement upon reviewing HART's Path Forward Report. As a result, HART and the City began the cancellation process of the City Center Guideway and Stations and Pearl Highlands Parking Structure, Transit Center and Ramp H2R1 Solicitation. On November 25, 2020, the procurement was cancelled and the design and construction of the City Center Section Guideway, Stations and the Pearl Highlands Parking Garage will be re-procured accordingly.

Planning, Environmental Compliance, and Sustainability:

HART continued to advance the Project by upholding environmental commitments and obtaining or maintaining over 100 environmental permits to support construction activities. In 2020, HART obtained 2 National Pollutant Discharge Elimination System (NPDES) permits related to stormwater runoff, a Community Noise Permit for the West O'ahu/Farrington Highway Section, and Community Noise Variances for the Kamehameha Highway section. HART received an extension to the Section 401 Water Quality Certification for work in the Waiawa Stream. HART also obtained approval to extend the duration of the Stream Channel Alteration Permit (SCAP) for two navigable streams, adjustments to the Kalihi Stream, and permit close-out for two streams.

In preparation for right-of-way-acquisitions, HART completed over 80 Phase I Environmental Site Assessments and conducted Phase II site investigations at the Kūwili (Iwilei), Kuloloia (Downtown), and Ka'ākaukui (Civic Center) stations. HART also completed remediation of the Kūwili (Iwilei) station site using a United States Environmental Protection Agency (EPA) Brownfields Cleanup Grant (award amount of \$600,000).

HART worked with the FTA to process reviews of the Ka'aahi Substation Antenna, the Ho'opili and University of Hawai'i West O'ahu Park-and-Ride Lots, the Middle Loch Connector, and mitigation for the removal of additional trees along Dillingham Boulevard.

HART continues to work closely with HDOT, the City and County of Honolulu Department of Parks and Recreation Urban Forestry Branch, and The Outdoor Circle to mitigate the impacts on street trees associated with guideway construction. HART planted a total of 274 trees along Farrington Highway in Waipahu to replace landscaping that was removed in 2011, prior to guideway construction. The replacement landscaping included 191 Koai'a trees, 4 Queen's Hospital White Shower trees, 50 Loulu Palms, and 29 Lonomea trees.

HART also continues to comply with the Programmatic Agreement (PA) that Federal and State agencies developed in accordance with Section 106 of the National Historic Preservation Act of 1966. The PA stipulates a range of procedures and programs to mitigate Project impacts to historic and cultural resources along the alignment, including the following activities. In 2020, HART worked with the FTA, the State Historic Preservation Division, the U.S. Navy, and the Advisory Council for Historic Preservation to administratively extend the PA for another 10 year period, until January 2031.

- *Hawaiian Station Naming Program* – In 2020, the HART Board approved the names for the remaining 12 stations. The names were recommended by a working group comprised of Hawaiian language experts, elders, community leaders, educators, and cultural practitioners to recall forgotten place names, historic events, and significant sites in Hawaiian culture. From west to east, the station names are: Makalapa, Lelepaua, Āhua, Kahauiki, Mokauea, Niuhelewai, Kūwili, Hōlau, Kuloloia, Ka'ākaukui, Kūkuluāe'o, and Kālia.
- *Historic Preservation* – HART continues to develop implementation plans for work financed by the Historic Preservation Fund, which supports exterior improvements to eligible and/or listed historic properties. Approximately \$1.6 million remains in the fund, and solicitations for the next round of projects are expected in 2021. Staff also supported preservation efforts in the Chinatown Historic District by preparing a Historic Preservation Certification Application to capture \$1.45 million in tax credits. Staff also worked with PA Signatory and Consulting Parties to develop an action plan for reviewing City projects for potential unanticipated cumulative adverse effects in the Chinatown and Merchant Street Historic Districts.
- *Historical Documentation* – As agreed-upon mitigation, HART completed nominations for 14 historic resources in 2020, including the Oahu Railway and Land Terminal, the HDOT Harbors Division Offices, and several bridges along Kamehameha Highway. These are now all listed on the Hawai'i Register of Historic Places. To date, HART has now completed 19 of the 31 required nominations. HART also finalized the Cultural Landscape Reports (CLR) for Mother Waldron Park and Playground, Walker Park, and Irwin Memorial Park in 2020.
- *Educational and Interpretive Materials* – HART conducted a series of targeted virtual stakeholder engagement meetings to get feedback on the prototype interpretive and educational materials that are required by the Programmatic Agreement.

Sustainability/Resiliency:

In 2020, the Sustainable Mobility Lab (SuMoLab) staff worked with community partners to initiate placemaking projects around the Pearl Harbor Historic Trail, support community educational and youth development initiatives, and partnered with the Department of Health to develop concepts for providing fresh produce at rail stations. Staff also continued to support the ACT2 livable communities initiative in Kalihi and Hālawā.

With support from the Oahu Metropolitan Planning Organization, staff also initiated projects with the University of Hawai‘i to estimate the rail ridership impacts associated with first and last mile connections to rail stations, and new and emerging mobility services.

Public Involvement Program:

HART’s Public Involvement Department set out in 2020 to accomplish a high number of public outreach and milestone events leading up to a Fall Interim Service Launch. Unfortunately, the effects of COVID-19, a world pandemic, halted all public events, community gatherings and celebrations throughout the entire nation.

Not only did the effects of COVID-19 change the department’s public outreach and milestone events goals, but it also affected the way we conducted our overall construction, business and community outreach efforts for the overall project. Many of the outreach tactics turned from in-person touches into virtual outreach tactics for all construction canvassing, residential and business outreach pulse checks, and community meetings.

Construction Outreach

In early 2020, HART and its contractors presented the following construction outreach programs and activities to keep the community informed about construction and its impact on residents, businesses and motorists who traversed through affected communities.

- **Monthly Business & Community Meetings** – Monthly business and community meetings were continually presented up through March 2020 throughout the entire 20-mile Project to provide community members an update on construction progress and to highlight roadwork and traffic implications.

After April 2020, most of these in-person public outreach meetings came to a halt as there were restrictions put into place by City and State government to stop the spread of COVID-19. HART then determined it would be beneficial to combine separate contractor meetings into a virtual meeting format with each of our contractors along the full alignment who could participate on an as-needed basis. HART Virtual Community Meetings were held online via WebEx and utilizing Facebook LIVE and YouTube as viewing platforms.

- **Traffic Advisories** – HART continued to provide weekly traffic and lane closure information to commuters as well as area residents, business owners, elected officials and other community stakeholders.
- **Stakeholder Engagement** HART and its contractors engaged with a number of key stakeholders in the Westside areas including the KROC Center, University of Hawai‘i (UH) West O‘ahu, D.R. Horton, Robinson Trust, Cutter Auto Group, Ka Makana Ali‘i Shopping Center, Pearl Highlands Center, Pearlridge Center, Leeward Community College, Waipahu High School, and many others. On the Eastside,

coordination with major stakeholders included Joint-Base Pearl Harbor Hickam, State of Hawai'i Department of Transportation, Daniel K. Inouye International Airport and its tenants, businesses in the airport industrial area, Moanalua Shopping Center, nearby military housing complexes, and State of Hawai'i affordable housing complexes

- “HART Rail Construction Traffic Update in Sixty Seconds” Weekly Video Reports – In 2020, HART launched its “HART Rail Construction Traffic Update in Sixty Seconds” weekly video reports to highlight construction work taking place throughout the entire 20-mile alignment.

Media:

In 2020, HART continued to maintain good working relationships with members of the local mainstream and online media outlets, both print and broadcast. HART proactively provided information and documents at news conferences and media availabilities it arranged. HART was actively engaged in social media platforms, with editorial board members, as well as with national and international media outlets.

HART's Senior Advisor for Media Relations arranged media interviews with HART Executive Director and CEO Andrew Robbins throughout the year to discuss issues such as the P3 procurement for the City Center section of the Project, the Utility Relocation contract, the impact of the COVID-19 pandemic, and other challenges the Project faced during the year.

Twice monthly, the HART Executive Director and CEO appeared on “The HART Beat” Radio program with host Mike Buck on KHNR Radio to provide the latest news and information about the rail project.

HART also produced several television commercial spots during 2020, many of which featured new and exciting video of rail cars riding on the elevated guideway. Some commercials focused on the economic benefits of rail, including the number of jobs and the financial impact of Project employment. Other spots highlighted the plans for Transit-Oriented Development along the rail alignment. HART worked closely and collaboratively with the business group Move Oahu Forward on commercial production for several of the spots.

HART worked with Hawaiian Electric Company to produce a spot on the electrification of vehicles. The spot featured electric bikes, electric buses, electric cars, and the Honolulu rail transit system.

Community Outreach

In 2020, HART continued to build upon its community relations and community building efforts to help build confidence in the agency and to disseminate construction and Project information to residents along the alignment and island-wide. Many of the planned community outreach programs were affected by the COVID-19 pandemic along with City and State restrictions on small- and large-scale public events.

- Neighborhood Board Meetings – HART representatives attended and provided written information to more than 100 Neighborhood Board meetings throughout the year, focusing on boards in communities along the rail alignment.

- Public Educational Tours – The Community Outreach team continued to provide public educational tours of the Rail Operations Center and HART’s train cars for visits by the public, school groups, civic groups, and elected officials. Due to the COVID-19 pandemic, all public educational tours were placed on-hold after April 2020 with no tours currently being conducted due to safety issues.
- Educational Outreach – HART continued upon its working relationship with educational outreach presentations and internship opportunities to students ranging from elementary, middle and high school levels to two-year colleges and four-year universities.
- Annual Art Poster Contest – HART presented its successful annual Student Art Poster Contest with more than 85 entries with nearly a dozen high schools participating island-wide.
- Community Events – HART attended one community event named Eat the Street @ Kahala Mall and was able to engage with more than 400 East Honolulu community members at the event and distributed more than 150 HOLO Cards. Due to the COVID-19 pandemic, a halt was placed on small- and large-scale community events due to City and State health regulations for the rest of 2020.
- Train Community Day & Station Preview Events – HART Public Involvement had presented its annual Train Community Day event on February 8, 2020 at Hālaulani/Leeward Community College Station. This six-hour community event provided more than 4,000 community members with a first glimpse tour of Hālaulani Station. Due to the COVID-19 pandemic, additional community station preview events and train community day events were cancelled due to City and State regulations on small- and large-scale events.
- Youth Train Community Day Event – HART presented a Youth Community Day on Friday, February 7, 2020 with more than 300 students and faculty members from seven Westside and Leeward community high schools in attendance.
- Rail Facts LIVE on Facebook LIVE Social Media Show – HART launched its new Rail Facts LIVE on Facebook LIVE Social Media Show initiative during COVID-19 to keep the community engaged as public meetings and events were halted due to the pandemic.
- HART Virtual Station Tour Videos – In 2020, HART launched this brand-new initiative to connect with the community to learn about each of the nine Westside rail stations in the first ten miles of the project.
- HART Community Surveys – In late 2020, HART launched a series of community surveys with SMS Research to measure the effectiveness of its Public Involvement Program and to measure the public sentiment of the agency in the community.
- HART Speaker’s Bureau Program – HART’s Speakers Bureau program was revamped in 2020 with new outreach goals to reconnect with businesses, organizations and community groups throughout the island. Due to the COVID-19 pandemic, many of the presentations have transitioned from in-person events to online virtual presentations utilizing WebEx and Zoom.

Business Outreach

HART’s Public Involvement Department revamped many of its business outreach programs in 2020 and introduced fresh, new initiatives that will benefit the Project in the years to come. With the perspective of taking lessons-learned from the Westside of the Project and implementing new programs to enhance outreach on the Eastside of the Project, HART’s

business outreach program has developed into an initiative that really assists businesses who are impacted along the project's active construction zones.

- Canvassing Outreach and Pulse Checks – In 2020, due the COVID-19 pandemic, many of HART's construction contractors had reduced their in-person canvassing outreach programs. This then caused HART Public Involvement to embark upon a huge virtual canvassing effort which incorporated the use of HART's Canvasser Outreach Database and Google Maps to virtually canvass the community, door-to-door, to outreach to businesses during the pandemic.
- Business Briefings – HART and its contractors hold tailored briefings regularly for various business groups along the route. Due to COVID-19, many of these outreach tasks had turned into virtual presentations and/or virtual outreach tasks.
- Shop & Dine on the Line Program – In 2020, HART's lead outreach program, Shop & Dine on the Line, was completely relaunched into the community with a refreshed website, new program collateral and merchant participation kits, a new direct mail sign-up program for businesses, and a brand new promotional initiative that includes a monthly advertising program in the Honolulu Star-Advertiser and MidWeek to formally promote the program to consumers island-wide. In addition, a brand-new social media initiative was created to promote participating merchants and their offers on Facebook, Instagram, Twitter and YouTube with weekly promotional posts and partnerships established with merchants and their respective social media programs at the business level. HART has successfully been able to add more than 100 new merchants to its program through its relaunch initiative.
- Shop & Dine on the Line Promotional Video Program – HART Public Involvement was able to relaunch its 60-second custom promotional video initiative by offering participating businesses in the Shop & Dine on the Line program free social media video opportunities.
- Shop The Community Website Program – HART Public Involvement was able to formally launch its Shop the Community Website initiative at www.ShopTheCommunity.com. This program offers small businesses who do not have a website a free web page to promote their business.
- "Take Out Tuesday" Social Media Promotion – As restaurants reopened in a take-out only format, as dine-in options were prohibited, this program highlighted businesses in the City Center section of the Project for customers looking for businesses serving the community.
- COVID-19 Business Outreach Posters and Collateral – HART Public Involvement launched a COVID-19 Safety informational outreach poster and collateral campaign to educate area businesses and their customers on staying safe during the pandemic.
- "Open for Business" and Access Signage Program – HART offers businesses with special outdoor signage to assist them when construction impacts access or operations.
- HART Business & Community Outreach Center – The center was launched in a vacant storefront at City Square Shopping Center to assist Dillingham Boulevard/Kalihi area businesses with outreach initiatives during utility relocation and heavy construction.
- Digital Outreach – A series of digital media buys were secured via the Honolulu Star-Advertiser's and MidWeek's social media platforms and/or websites to reach island residents in a different way than the department's traditional approach. HART also

secured a series of media buys on Facebook to further push this enriched content into the community and to build upon its audience of followers and subscribers.

- HART Community Stakeholder Alliance Group – A Stakeholder community group was established to develop relationships with businesses, community organizations, educational institutions, community business associations, residential associations, and major land and property owners to meet regularly and provide feedback to HART and its construction contractor on how work is progressing and highlight community impact issues.

Glossary of Acronyms

AGS	Airport Guideway and Stations
APTA	American Public Transportation Association
ATC	Alternate Technical Concept
BAFO	Best and Final Offer
CCGS	City Center Guideway and Stations
CCUR	City Center Utilities Relocation
CEO	Chief Executive Officer
CLR	Cultural Landscape Reports
CY	Calendar Year
DAGS	State of Hawai‘i Department of Accounting and General Services
DB	Design-Build
DBF	Design-Build-Finance
DBFOM	Design-Build-Finance-Operate-Maintain
DPP	Department of Planning and Permitting
DTS	Department of Transportation Services
EAC	Estimate at Completion
ED	Executive Director
EPA	United States Environmental Protection Agency
FFGA	Full Funding Grant Agreement
FTA	Federal Transit Administration
FTE	Full-Time Equivalent
GAAP	Generally Acceptable Accounting Principles
GET	General Excise and Use Tax
GO	General Obligation
HART	Honolulu Authority for Rapid Transportation
HDCC	Hawaiian Dredging Construction Company, Inc.
HDOT	Hawai‘i Department of Transportation
HECO	Hawaiian Electric Company
HRTPT	Honolulu Rail Transit Project
IDIQ	Indefinite Delivery/Indefinite Quantity
IT	Information Technology
KHG	Kamehameha Highway Guideway
KKJV	Kiewit/Kobayashi Joint Venture
LCC	Leeward Community College
MPS	Master Project Schedule
MSF	Maintenance and Storage Facility
NPDES	National Pollutant Discharge Elimination System
NTP	Notice to Proceed
O&M	Operations and Maintenance
OCIP	Owner-Controlled Insurance Program
OSHA	Occupational Safety and Health Administration
P3	Public-Private Partnership
PA	Programmatic Agreement
PHPTR	Pearl Highlands Parking Structure, Transit Center and Ramp H2R1
PLO	Priority-Listed Offerors
PMOC	Project Management Oversight Contractor

PMSC	Program Management Support Consultant
RCMP	Risk and Contingency Management Plan
RFI	Requests for Information
RFP	Request for Proposals
ROW	Right Of Way
RSD	Revenue Service Date
RTD	Rapid Transit Division
SCAP	Stream Channel Alteration Permit
SIRP	Significant Incident Review Panel
STGJV	Shimmick/Traylor/Granite, Joint Venture
SuMoLab	Sustainable Mobility Lab
TAT	Transient Accommodation Tax
TECP	Tax-Exempt Commercial Paper
TPSS	Traction Power Substations
UH	University of Hawai'i
UHERO	University of Hawai'i Economic Research Organization
UHWO	University of Hawai'i West O'ahu
WOFH	West O'ahu/Farrington Highway

Appendices



Appendix A
Correspondence to FTA Acting Administrator K. Jane Williams
from Honolulu Mayor Kirk Caldwell, Honolulu City Council
Budget Chair Joey Manahan and HART Board Chair Tobias Martyn
dated November 13, 2020

**OFFICE OF THE MAYOR
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KIRK CALDWELL
MAYOR



ROY K. AMEMIYA, JR.
MANAGING DIRECTOR

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

November 13, 2020

The Honorable K. Jane Williams
Acting Administrator
Federal Transit Administration
U.S. Department of Transportation
1200 New Jersey Avenue SE
Room E-56 205
Washington, D.C. 20590

Dear Acting Administrator Williams:

First, I hope that this letter finds you, your family and your staff well as we collectively confront the challenges that the coronavirus has placed before all of us. I sincerely wish good health and Aloha to you and yours and your FTA team.

I write to you not only as the grantee under Honolulu Rail Transit Project's (H RTP) Full Funding Grant Agreement (FFGA), joined by the City Council Budget Committee Chair and the HART Board Chair, but more importantly as our partner in our efforts to profoundly change the quality of life for Honolulu workers and those who depend on public transit services by completing the H RTP consistent with the provisions of the FFGA. *Our specific request today is to seek a further one year extension of the period of availability of the FY 2015 \$250 million Capital Investment Grant (CIG) allocation to the H RTP until December 31, 2021.*

It goes without saying that this project has been confronted by significant and at times seemingly insurmountable challenges, yet the people of Honolulu and of the State of Hawaii have persevered by leaning into these past challenges and pushing forward. Today, we are confronted with yet new challenges, one of them— COVID-19 – completely unpredictable and, for the moment, uncontrollable that challenges CIG projects and all transit operators across the country. The others were local construction challenges that became larger than ever expected by any experts, and, admittedly, by past management missteps and assumptions that have turned out differently than the assurances that were provided to the FTA, Hawaii's Congressional delegation, the Mayor and the Council of the City and County of Honolulu, the Governor and State Legislature and to our City and State residents.

Before turning to the specifics of our request to extend the period of availability of the potentially lapsing \$250 million at the end of this calendar year for an additional year and the factors that we ask you to consider in our request, some history might be helpful to set the context.

Background

You may know that the signing of the Honolulu FFGA was very meaningful. It was signed in the U.S. Senate Appropriations Committee room in the U.S. Capitol on December 19, 2012, just two days after the death of Hawaii Senator Dan Inouye, who, until his death was the Chairman of the Senate Appropriations Committee and a decades-long champion of building intercity rail in Honolulu. It included the presence of the Senator's widow, Irene, who urged that the previously scheduled signing ceremony go forward as planned because of its significance to the State of Hawaii and the residents of Oahu. The ceremony included then Transportation Secretary Ray LaHood and, of course, then FTA Administrator Peter Rogoff. That ceremony was, for the people of Honolulu and the state, a historic moment that committed a 70% local share (one of the highest overmatches in the CIG program for New Starts and is still growing) to the single largest public works project in the history of the State of Hawaii.

Unfortunately, soon after construction began, challenges mounted.

- Legal action in a state lawsuit (raising an issue that had never been litigated before) and a concurrent federal lawsuit on the adequacy of the federal EIS brought construction on the project to a halt for 13 months. The lawsuit resulted in more than \$100 million in delay costs, legal costs, standby mobilization costs and project inflation costs, but they also pushed the project into a period of hyper-escalation of construction costs. As additional contracts were issued for bid, Honolulu had become the city with the highest construction costs in America (according to Ryder Levett Bucknall) beginning in 2012 through the 4th quarter of 2016, a time when major project contracts were issued.
- In July 2014 the FTA's Project Management Oversight Contractor (PMOC) identified significant cost shortfalls which were compounded by a contract for the first nine stations exceeding engineering estimates by more than \$100 million. Consequently, that procurement was terminated.
- In the face of these project delay costs and the dramatic increase in construction costs, the City and its agent, the Honolulu Authority for Rapid Transportation (HART), sought an additional \$1.2 billion in local funds from the Hawaii state legislature through a 5-year extension of the 0.5% surcharge on General Excise Tax (GET) on Oahu that provided the local share of the project's funds. The Hawaii Legislature approved the 5-year extension of the GET surcharge for the HART in June 2015 and the Honolulu City Council adopted the necessary ordinance to extend the GET surcharge in January 2016.

After subsequent reviews of the project cost and schedule, it became apparent that even further extensions of the local funding were needed to address additional cost escalations. Thus, in June 2016, the FTA directed HART to submit a Recovery Plan. As a part of the Recovery Plan, the City and HART returned to the state legislature a second time to seek yet additional local funds for the project.

- In a Special Session of the Hawaii Legislature devoted exclusively to the rail project, the Hawaii Legislature extended the GET surcharge a second time for an additional 3 years through December 31, 2030 and added a new funding source from a 1% increase in the state's Transient Accommodations Tax (TAT) for 13 years, also until December 31, 2030.

We provide this detailed background to acknowledge the multiple challenges that the project has confronted, but also to demonstrate the unflinching commitment to the project of the Honolulu's City leadership, the City Council, Hawaii's state leaders and its Congressional Delegation, but most importantly to demonstrate the commitment of the taxpayers of the City and the state to see this project to completion despite very significant setbacks. Honolulu residents know how important this project will be to their quality of life and have remained steadfast in wanting to see the project completed all the way to the end of the 20-mile guideway to its terminus at Ala Moana Shopping Center, the site of Oahu's major transit hub. This support has remained consistent even in the face of several daunting challenges.

The Impact of the Pandemic on the H RTP Local Funding Structure

As you know, on February 3, 2020 U.S. Secretary of Health & Human Services Alex Azar declared a public health emergency due to the coronavirus outbreak in the United States. The spread of the virus came to Hawaii a bit more slowly than it arrived on the mainland, but on March 21 Hawaii Governor David Ige mandated a 14-day quarantine for all visitors and residents returning to Hawaii. On March 22, Mayor Caldwell announced a stay at home order for Oahu bringing nearly all of Honolulu's economic sectors to a halt.

These painful, but necessary actions (replicated by communities across America) resulted in a catastrophic economic contraction as visitors from around the world ceased all discretionary travel to Hawaii. With the collapse of Hawaii's tourism industry for the last 7 months, which significantly contributes to GET and TAT revenues that provide the project's local share, and with a very slow return of visitors that just began on October 15 under a prearrival COVID testing regime, the impact on the dedicated funding streams for our local share of the project is clearly significant, but not yet quantifiable in terms of being able to accurately predict a potential dollar impact and thus develop a plan to close this funding gap.

Recent Additional Increases in Project Costs

We expect that you have been formally informed by the FTA PMOC about more recent increases in the project's Estimate at Completion (EAC). The EAC, according to HART staff's recent notification to the HART Board, has increased by a total of \$832 million with the increases largely attributable to costs for the Dillingham utility relocation and anticipated guideway construction costs. Even without the significant impact that the pandemic has had on the dedicated revenues for the project's local share, these cost escalations alone require revisiting the project's Financial Plan, and the City and HART Board propose to do so.

Terminating the P-3 Procurement

Collaterally, as you are aware, the City & HART received proposals in July 2020 from the priority listed offerors (PLOs) in response to its P-3 solicitation to complete the project to Ala Moana Center and construct the Pearl Highlands parking garage. Following a detailed review of the proposals, the City officially withdrew from the P-3 procurement on September 25, the same day that we notified the FTA of the City's action. As we explained in our communications with you and your staff, the state procurement code prohibits the City from providing you or the public any justification for our actions while the procurement remains active by the HART chief procurement officer, despite 78% of his Board of Directors directing him to terminate the P-3.

With respect to the City's withdrawal from the P-3, I can say as someone who supported the P-3 approach as originally outlined to me, and as outlined to the City Council and the HART Board, withdrawing from the P-3 was not a decision easily or lightly made. Nonetheless, notwithstanding a decision by 78% of the HART Board to terminate the P-3, the HART chief procurement officer continues to pursue the P-3 procurement, thus limiting our explanatory statements to you as to the reasons for the City's withdrawal from the procurement. We are pleased however that the HART Board of Directors Chair joins us as a signatory to this letter, as well as the Chair of the Budget Committee of the Honolulu City Council.

A Plan for Your Consideration

The City and a majority of the HART Board recognize that we need to look for alternatives to the P-3 procurement to fulfill our shared goal with the FTA to fully construct the project as described in the FFGA. The challenge that we confront today is that we do not yet know, with a level of precision that we can rely upon, just what the total impact of the pandemic will be on the dedicated revenues that provide our local share of the project funding. Additionally, we do not yet know if there might be some federal financial assistance available to the project, outside of the FFGA. As you know there have been a couple of bills that have passed the House of Representatives that might provide some assistance to CIG projects like Honolulu's, though none of those measures are certain. But these two uncertainties alone need greater clarity before we can provide a plan that is realistically related to an achievable budget.

The conceptual plan that we attach to this letter is admittedly very high level with few specifics, but is all that we can realistically provide given the circumstances in which we (and we expect other CIG projects) find ourselves. This plan was developed by the City, without the benefit of the technical expertise and the detailed cost information that is available at HART. However, this plan describes what we believe is a reasonable approach to the completion of the project. In the weeks ahead, the City and HART will work assiduously to provide greater refinement of this plan, but at this time we cannot, for the reasons stated above, provide more specifics until we have a better grasp on our local revenue situation and a better grasp on costs associated with utility relocation in the Dillingham corridor. In our attempt to be realistic, both the estimated cost and the expected schedule of this plan exceed those previously discussed with the FTA, as summarized on the attached document. We hope this plan is conservatively estimated, but it emphasizes the critical importance of the continued support and funding of the FTA, hence our request to you for an extension of the funds.

Conclusion

Let us reiterate what we have said in our meetings with you over the last 8 years: we are so very grateful to the FTA's partnership in this project and for your patience with us as we continue to surmount both the challenges of the past and those that we confront today. We are grateful for your steady support.

For all of the reasons described in this letter and based on the initial plan that we have attached, we respectfully ask that you extend the current period of availability of the FY 2015 \$250 million CIG funds for the project that are scheduled to lapse at the end of the year for one additional year until December 31, 2021 to allow the City and HART to develop a more specific plan to address the funding, and the cost and construction challenges before us with more specificity.

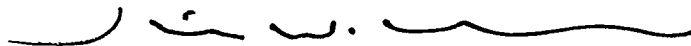
This additional time will provide more certainty as the financial unknowns of today become more apparent in the months ahead and we are, in turn, able to provide a substantive plan that addresses both resources and cost management.

We would like to schedule a meeting with you and others, as you deem appropriate, to discuss the City's plan in more detail.

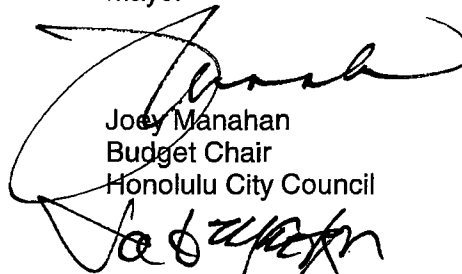
Thank you for your consideration of this request.

Attachment

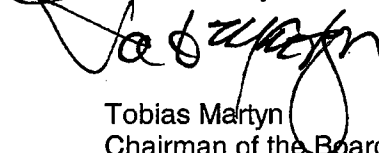
Sincerely,



Kirk Caldwell
Mayor



Joey Manahan
Budget Chair
Honolulu City Council



Tobias Martyn
Chairman of the Board
Honolulu Authority for Rapid Transportation

cc: Hawaii Congressional Delegation
Mr. Ray Tellis, Federal Transit Administration, Region 9
The Honorable Ron Kouchi, Senate President
The Honorable Scott Saiki, Speaker, House of Representatives
Honolulu City Council
HART Board of Directors
Mr. Roy K. Amemiya, Jr., Managing Director
Mr. Rick Blangiardi, Mayor Elect
Mr. Mike Formby, Managing Director Designate
Mr. Andrew S. Robbins, Executive Director and CEO, HART

ATTACHMENT 1

CONCEPTUAL PLAN FOR COMPLETION OF HONOLULU RAIL TRANSIT PROJECT

November 2020

The following outlines steps that may be considered to move the Honolulu Rail Transit Project (the Project) toward completion:

1. The utility relocations, particularly along the Dillingham Boulevard, is THE key factor in the overall project schedule and is a big driver in the escalating costs of rail.
 - Complete and acceptable plans must be developed by HART, along with a realistic schedule for their completion. A high level of trust and collaboration between HART and its stakeholders must be established.
 - Guideway construction on Dillingham Boulevard, from the current end-point of rail at Middle Street, cannot start until the utility relocations in that area are completed. A recent timetable from HART for the utility relocations reflects completion dates for that western end of Dillingham Boulevard to be mid-2023 to mid-2024, which has a significant impact on the overall Project schedule.
2. During the time that the utility relocation work is being performed, an updated independent cost estimate should be prepared. This estimate is necessary to evaluate the reasonableness of HART's estimated costs to complete the project, and it would help to identify the funding gap that the project faces.
3. Simultaneously, conduct an evaluation of HART's funding status. As the City begins to recover from the impact of COVID-19, a better assessment can be made of the shortfall that will be experienced from General Excise Taxes (GET) and Transient Accommodations Taxes (TAT).
4. Additional sources of funding will be needed. Funding opportunities should be explored from additional Federal grant opportunities, community development revenue associated with value created around the remaining eight rail stations, and potential adjustments to the GET funding through the State Legislature. Additionally, long-term financing initiatives such as those offered through the Transportation Infrastructure Finance and Innovation Act (TIFIA) should be further considered.
5. As the utility relocations are performed and the funding gap is addressed, plans should be implemented for the continuation of construction. Rather than stopping the Project at Middle Street, a new Design/Build Request for Proposals (RFP) should be issued to extend the system from Middle Street to a station in or near the downtown area. By bringing the system into downtown, rail service would provide the opportunity for many

more rail riders to get to and from their homes and work, and to connect to other modes of transportation.

6. A separate RFP should be issued for the Pearl Highlands Garage and Transit Center, which would provide much needed parking for riders from central Oahu and the North Shore to connect to the rail system.
7. Finally, an RFP would be issued for the remaining construction to Ala Moana. Depending on the timing of available funds, this RFP may be done as an independent procurement or could be combined with the procurement for downtown construction.
8. Cost and Schedule:
 - HART recently presented a revised Estimate at Completion (EAC) to the HART Board of Directors. The revised EAC includes an estimated cost of \$1.78 billion for the City Center portion of the project, plus the Pearl Highlands garage and transit center. This amount compares to the previous estimate by HART of \$1.38 billion.
 - The City's estimate for the above plan would increase HART's estimated cost by a range of \$400 million to \$1.1 billion – at the top end of this range, the estimated cost for City Center and Pearl Highlands would be approximately \$2.85 billion.
 - The City's estimated impact on the Project schedule would move the full revenue service date from the end of 2025, as previously expected by HART, to early 2033. This extended date is largely driven by the delays with the utility relocations.

Appendix B

**Correspondence to FTA Acting Administrator K. Jane Williams
from Honolulu Mayor Kirk Caldwell and HART Executive Director
and CEO Andrew S. Robbins dated November 30, 2020**

**OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU**

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813
PHONE: (808) 768-4141 • FAX: (808) 768-4242 • INTERNET: www.honolulu.gov

KIRK CALDWELL
MAYOR

ROY K. AMEMIYA, JR.
MANAGING DIRECTOR

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR



November 30, 2020

The Honorable K. Jane Williams
Acting Administrator
Federal Transit Administration
U.S. Department of Transportation
1200 New Jersey Avenue SE
Room E-56 205
Washington, D.C. 20590

Mr. Ray Tellis
Regional Administrator
Federal Transit Administration, Region 9
U.S. Department of Transportation
San Francisco Federal Building
90 Seventh Street, Suite 15-300
San Francisco, California 94103

Dear Acting Administrator Williams and Mr. Tellis:

We write to you to provide an update on recent actions regarding the Honolulu Rail Transit Project (the Project).

First, we confirm the procurement of a public private partnership for the completion of the Project to Ala Moana Center and the construction of the Pearl Highlands Parking Garage (P3) has been terminated. Notification of the termination was delivered to the Priority Listed Offerors on November 25, 2020.

Next, we want you to know that personnel from both the City and HART are jointly working on the development of a plan for the Project completion. In a letter dated November 13, 2020, a conceptual plan was provided. However, as noted in that letter, this plan was developed by the City, without the benefit of the technical expertise and the detailed cost information that only HART can provide. Now that we have moved past the P3, the City and HART will work together during the coming weeks to develop greater details of a plan, one that would include the input of the new City Administration, that will take office on January 2, 2021, and the City Council, which will include five new members.

We also want to confirm that the plan being discussed will include the entire project scope as stated in the Project's Full Funding Grant Agreement (FFGA). There is no desire to abandon any component of the full Project scope.

Finally, as stated in the November 13, 2020 letter, we reiterate our request for a further one year extension of the period of availability of the FY 2015 \$250 million Capital Investment Grant (CIG) allocation to the HRTTP until December 31, 2021 as the City and HART continue to develop a viable plan satisfactory to both our community and the FTA.

The Honorable K. Jane Williams
Mr. Ray Tellis
November 30, 2020
Page 2

We would welcome the opportunity to discuss any aspect of the Project with you. Thank you for the long-standing and ongoing support that the Federal Transit Administration has provided to this Project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kirk Caldwell', with a long horizontal line extending to the right.

Kirk Caldwell
Mayor

A handwritten signature in black ink, appearing to read 'Andrew S. Robbins', with a long horizontal line extending to the right.

Andrew S. Robbins
Executive Director and CEO
Honolulu Authority for Rapid Transportation

cc: Hawaii Congressional Delegation
Governor David Y. Ige
The Honorable Ron Kouchi, Senate President
The Honorable Scott Saiki, Speaker, House of Representatives
Honolulu City Council
HART Board of Directors
Mr. Roy K. Amemiya, Jr., Managing Director
Mr. Rick Blangiardi, Mayor Elect
Mr. Mike Formby, Managing Director Designate

Appendix C

**Correspondence to FTA Acting Administrator K. Jane Williams
from Hawaii Congressional Delegation (Senator Brian Schatz,
Senator Mazie K. Hirono, Representative Tulsi Gabbard and
Representative Ed Case) dated December 4, 2020**

Congress of the United States
Washington, DC 20510

December 4, 2020

Ms. K. Jane Williams
Acting Administrator
Federal Transit Administration
U.S. Department of Transportation - East Building
1200 New Jersey Avenue, SE, 5th Floor - Suite E-57
Washington, DC 20590

Dear Acting Administrator Williams:

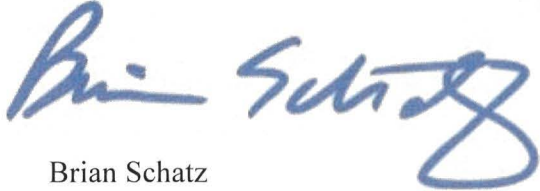
We are writing to express our strong support for the City and County of Honolulu's (the City) and the Honolulu Authority for Rapid Transportation's (HART) joint requests to you to provide an additional one-year extension to December 31, 2021 of the FY 2015 \$250 million Capital Investment Grant (CIG) allocation for the Honolulu Rapid Transit Project (HRTTP). The FTA has previously granted an extension on the allocation of funds in order to accommodate HART's intended award of a P-3 procurement in September 2020. As you have been formally informed by both the City and HART, that process was terminated as the hoped-for benefits of that procurement were not realized.

As a delegation, we have worked to insure that the FTA receives the funding necessary to support not only CIG projects with full funding grant agreements (FFGAs), like Honolulu, but also for Core Capacity Projects and Small Starts projects, as we will continue to do each year. The work of the FTA to bring transit services to communities throughout the country is critical. We recognize that the HRTTP has been a challenging project. While there are substantive issues to be addressed, especially with respect to utility relocations in the City Center segment, the City and HART are working together on a path to revenue service. The one year extension of the lapse date to December 31, 2021 of the FY 2015 \$250 million allocated to Honolulu will allow the City and HART to develop a phased construction plan that ultimately meets the scope of the FFGA – completing the system to Ala Moana Center.

We are thankful for FTA's support, patience, and continued commitment to the project as it has experienced challenges. We appreciate your consideration of the City's and HART's request to

extend for one-year the lapse date of the FY 2015 \$250 million allocated to the project and reiterate our strong support for their request.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brian Schatz".

Brian Schatz
U.S. Senator

A handwritten signature in blue ink, appearing to read "Mazie K. Hirono".

Mazie K. Hirono
U.S. Senator

A handwritten signature in blue ink, appearing to read "Tulsi Gabbard".

Tulsi Gabbard
U.S. Representative

A handwritten signature in blue ink, appearing to read "Ed Case".

Ed Case
U.S. Representative