

SCR63/ SR27

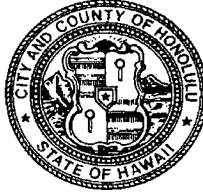
URGING THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION TO
IDENTIFY AND IMPLEMENT COST CUTTING PRACTICES.

DEPARTMENT OF HUMAN RESOURCES

CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL
MAYOR



CAROLEE C. KUBO
DIRECTOR DESIGNATE

NOEL T. ONO
ASSISTANT DIRECTOR

March 31, 2015

The Honorable Clarence K. Nishihara, Chair
and Members of the Committee on Transportation
The Honorable Will Espero, Chair
and Members of the Committee on
Public Safety, Intergovernmental and Military Affairs
The Senate
State Capitol, Room 229
Honolulu, Hawaii 96813

Dear Chairs Nishihara and Espero and Members of the Committees on Transportation and Public Safety, Intergovernmental and Military Affairs:

Subject: Senate Concurrent Resolution 63 and Senate Resolution 27
Urging the Honolulu Authority for Rapid Transportation to Identify and Implement Cost Cutting Practices

The City and County of Honolulu, Department of Human Resources ("DHR") submits comments on the above-referenced resolutions. DHR respectfully cautions this esteemed committee that many Honolulu Authority for Rapid Transportation ("HART") employees are included in a bargaining unit and their compensation structure and pay rates are linked to those in collective bargaining agreements. Even in the event that a resolution is adopted, HART would be bound to abide by the terms of applicable collective bargaining agreements for those employees included in collective bargaining agreements.

Thank you for the opportunity to testify.

Sincerely,

Handwritten signature of Carolee C. Kubo in black ink.

Carolee C. Kubo
Director

cc: Mayor's Office



IN REPLY REFER TO:
CMS-AP00-01176

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

Statement of
DANIEL A. GRABAUSKAS
Executive Director and CEO, Honolulu Authority for Rapid Transportation
before the

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
VICE CHAIR

SENATE COMMITTEE ON TRANSPORTATION
and
**SENATE COMMITTEE ON PUBLIC SAFETY,
INTERGOVERNMENTAL AND MILITARY AFFAIRS**

George I. Atta
Robert Bunda
Michael D. Formby
Ford N. Fuchigami
William "Buzz" Hong
Keslie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

Tuesday, March 31, 2015
2:45 p.m.
State Capitol, Conference Room 229

In consideration of
SCR63
**URGING THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION TO IDENTIFY AND IMPLEMENT
COST CUTTING PRACTICES**
and
SR27
**URGING THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION TO IDENTIFY AND IMPLEMENT
COST CUTTING PRACTICES**

Chair Nishihara, Chair Espero, Vice Chair Harimoto, Vice Chair Baker, and Members of the Senate Committee on Transportation and Senate Committee on Public Safety, Intergovernmental and Military Affairs,

The Honolulu Authority for Rapid Transportation (HART) appreciates the intent of SCR63 and SR27, which urges HART to identify and implement cost cutting practices.

I would like to take this opportunity to share with your committees ongoing cost reduction efforts that have been implemented during my tenure at HART.

Two years ago, HART altered our approach from individualized station designs to a modular design for all interior spaces by requiring the interiors of all stations to be more alike. This modular station design change is estimated to have saved roughly \$100 million off of the original design concept. The exteriors of stations will have cosmetic differences in keeping with the neighborhoods in which they are located.

For the upcoming stations bids, HART further reduced station construction costs by \$25 million through value engineering by eliminating exposed aggregate finishes (\$5 million); simplification of platform canopies (\$3 million); reducing landscaping at stations and medians (\$5 million); reducing decorative paving program at stations (\$2 million); replacing stainless steel balustrades at stations with less expensive materials (\$6.4 million); eliminating *makai* entrance and concourse for the Waipahu station (\$1 million); providing a staging area for contractors (\$1.5 million); and eliminating the *makai* station entrance at the Kapalama station (\$1 million).

In addition, HART expects to achieve cost reductions by removing 36 escalators (\$15 million) where elevation rise was less than 19 feet, eliminating one of two power sub-stations in the University of Hawaii West Oahu and Ho'opili Station area (\$1 million), modifying the alignment at Middle Street station, and modifying the alignment at Airport to avoid the guideway over H-1. HART is being as aggressive as it can under the law in response to calls for HART to cut where it can while also maintaining safety and Americans with Disabilities Act compliance.

HART reduced its operating budget this year. HART's operating budget is 1.2% less than the previous year, and has annually kept within the established operating budget.

Since July 1, 2012, to present, HART has authorized and maintained a staffing level of 139 full time equivalent (FTE) positions.

HART is currently restricting all out-of-state travel to required meetings only.

HART is reviewing the elimination of the Art-in-Transit Program for a cost reduction of \$5 million, and is exploring other ways to bring art into the stations.

\$39.5 million has been saved by rebidding the General Engineering Consultant (GEC) contract, and by reducing scope and using existing HART staff instead of consultants in a number of areas as HART staff was hired.

Regarding our GEC contract, HART has eliminated Quality Assurance (QA) from GEC contract, or the equivalent of four (4) QA staff at a savings of \$1.6 million per year or about \$10 million over the six-year period of savings. These duties are being done by existing HART staff.

In 2012, HART made dramatic reductions in its Public Involvement staff and expenditures that totaled \$2.8 million annually, a savings of \$19.6 million over the seven-year period of savings. This included reducing staff size from 23 down to 7.25 FTEs, distributing the project's newsletter electronically and scaling back the 'Olelo program by producing it in-house with existing staff. Items such as coloring books and the purchase of all promotional giveaways have been stopped since 2012.

HART moved directly to a four-car train configuration to reduce costs associated with moving from two-car to four-car configurations over time, and making it better for our customers.

Fully automating the Rail Operations yard will save about \$2.5 million in future operating costs and further reduce costs due to safety considerations by eliminating staff in the rail yard while the trains are moving.

HART spent the past three (3) years in hard negotiations with its contractors seeking delay claims. Change orders due to delays were settled at 70 cents on the dollar from what was originally requested. Contractors requested \$107 million and HART negotiated that down to \$77 million for a savings of about \$30 million.

HART completed the Archaeological Inventory Survey many months ahead of schedule allowed construction to resume earlier than expected, saving \$3+ million dollars per month in delay costs.

As a result of contracting with an outside firm for \$42,000 per year, this action enabled HART to report Davis-Bacon wages (as required by law) electronically and saved the cost of hiring 3-4 full-time staff which had been estimated to be needed to fulfill this function.

HART eliminated the positions of Chief Operating Officer and Chief Administrative Officer to streamline the organization and save costs of senior management.

Following an effort to renegotiate the base rent for HART office space, the result was over \$2 million in savings on rent over the life of the lease as a direct result of re-negotiating the lease. An additional \$1 million in savings has been realized by furnishing some of the HART office space with surplus furniture, which was obtained for the cost of moving it, and by negotiating for furnished office space for the remainder. HART pays at the very low end of equivalent space in Honolulu.

HART saved \$12,000 per year by taking over Project Website hosting and performing web content and management with in-house staff.

Currently, a HART-Department of Transportation Services-Oahu Transit Services, Inc. working group is meeting regularly to find efficiencies in operations such as a single systemwide fare card, a single website and other administrative savings

Aggressively managing costs for Right-of-Way Property acquisitions and with 88 percent of land area acquisition completed, HART is currently \$10.6 million under budget and projecting to complete all acquisitions this year under budget.

Thank you for this opportunity to provide written testimony.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Twenty-Eighth Legislature, State of Hawaii
The Senate
Committee on Transportation
Committee on Public Safety, Intergovernmental and Military Affairs

Testimony by
Hawaii Government Employees Association
March 31, 2015

S.C.R. 63/S.R. 27 – URGING THE HONOLULU
AUTHORITY FOR RAPID TRANSPORTATION
TO IDENTIFY AND IMPLEMENT
COST CUTTING PRACTICES

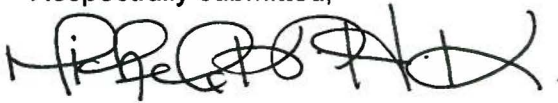
The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of S.C.R. 63 and S.R. 27, which requests the Honolulu Authority for Rapid Transportation (HART) to identify and implement cost cutting practices; however, we strongly oppose the recommendation to freeze salary increases for HART staff as it is unconstitutional.

Clearly, there is an urgent need for greater accountability in the management of the rail project, including its design, bidding and construction, and we are concerned about the increased construction costs that are well above what was originally projected. However, we cannot agree with the recommendation to freeze salary increases for HART staff, as these increases are subject to collective bargaining negotiations between the Employer and the Exclusive Representative. We are currently in the middle of a four-year contract that expires in June 2017 for Unit 13 employees and are in the process of completing negotiations for other bargaining units whose contracts expire in 2015. In a 2002 Hawaii Supreme Court decision, the Court ruled that an act of the Legislature (Act 100, SLH 1999), which prohibited public employers and public employee unions from collectively bargaining over cost items for the 1999-2001 biennium, was unconstitutional (101 Hawaii 46 62 P. 3d. 189).

Consequently, employees' salaries cannot be frozen by the Legislature. We raise no objections to freezing the pay increases or any additional bonuses for HART management. In addition to the cost cutting options outlined in the concurrent resolutions, one of the areas about which we are especially concerned is the payments to consultants. It is our understanding that consultants, who comprise a significant percentage of employees assigned to the rail project, earn high salaries. We believe that many of these consultants should be replaced by public employees who could complete identical tasks and generate substantial salary savings.

Thank you for the opportunity to testify on S.C.R. 63 and S.R. 27.

Respectfully submitted,


for Randy Perreira
Executive Director



Board of Directors

Richard Rowland
Chairman and Founder

Keli'i Akina, Ph.D.
President/CEO

Eddie Kemp
Treasurer

Gilbert Collins

Robin Tijoe

March 31, 2015
2:45 PM
Conference Room 229

To: Senate Committee on Transportation & Committee on Public Safety
Sens. Clarence Nishihara & Will Espero, Chairs
Sens. Breene Harimoto & Rosalyn Baker, Vice Chairs

From: Grassroot Institute of Hawaii
President Keli'i Akina, Ph.D.

RE: SCR 63 -- URGING THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION TO IDENTIFY AND IMPLEMENT COST CUTTING PRACTICES.

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on SCR 63, which asks HART to identify and implement cost cutting practices.

A comprehensive examination of the rail transit project is long overdue and would help inform the associated debate about the progress of the project, its costs, actual and projected, and the need for (and desirability of) the surcharge.

With similar municipal projects around the country running into countless delays and cost overruns, we have a responsibility to ensure that this project does not become a burden for Hawaii's taxpayers. Therefore, in addition to considering the costs, progress, and status of this project, it is also incumbent upon us to consider best practices for raising revenue for Rail and promoting efficiency in the management of the project. Such safeguards can include: examining how the surcharge is collected and distributed, discovering opportunities for cost cutting, and identifying better ways to generate revenue for the building and maintenance of the rail (freeing the state from reliance on a GET surcharge). This is an opportunity to ensure that the rail project remains responsible to the legislature and Hawaii's citizens.

Thank you for the opportunity to submit our comments.

Sincerely,
Keli'i Akina, Ph.D.
President, Grassroot Institute of Hawaii

From: mailinglist@capitol.hawaii.gov
To: [TRA Testimony](#)
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for SCR63 on Mar 31, 2015 14:45PM*
Date: Monday, March 30, 2015 7:42:30 PM

SCR63

Submitted on: 3/30/2015

Testimony for TRA/PSM on Mar 31, 2015 14:45PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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