

A former consultant says rail project is costing Kiewit \$100 million

By [Marcel Honoré](#)

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Photo: DENNIS ODA / JULY 6

Kiewit Infrastructure West is building the first 10 miles of elevated pathway for Honolulu's rail project. It did not bid for the next 5.2 miles.

The work to build Honolulu rail's first 10 miles of elevated pathway is costing Kiewit Infrastructure West at least \$100 million, according to a former project consultant with knowledge of the situation.

Mark Swatta, an engineer who served until recently as a rail consultant with project subcontractor PGH Wong, said in a recent interview that Kiewit had hoped to see a profit of about \$70 million on that work.

"They're fed up with HART," Swatta said of Kiewit. He said he was taken off the rail project this summer after about a year of work because he did not see eye to eye with Honolulu Authority for Rapid Transportation management.

"It's just a number of things that have contributed to it," he said of the discord between Kiewit and HART, the semiautonomous agency that oversees construction of the largest public works project in state history.

Omaha, Neb.-based Kiewit did not compete for the contract to build the rail system's next 5.2 miles of elevated path and four connecting stations even though it already had an operation in place to

keep going. The contract went instead to another mainland-based joint venture, Shimmick/Traylor/Granite, earlier this summer for \$875 million.

Kiewit declined to confirm whether Swatta's account was accurate. Instead, it emailed the same brief statement it had issued earlier this month in response to a similar account of HART-Kiewit discord from another former rail consultant.

"Kiewit is committed to working with HART to complete the first 10 miles of guideway for the Honolulu rail transit project," it read.

HART has already approved \$265 million in change orders to Kiewit and joint firm Kiewit/Kobayashi for the first 10 miles of guideway and the operations center in Pearl City, according to HART's monthly reports. Construction delays contributed to much of that cost.

However, HART and Kiewit continue to spar over additional, unresolved change orders whose value HART Deputy Director for Design and Construction Chris Takashige recently put at \$65 million. The parties are at odds over changes to the sequencing and scheduling of construction work along the first 10 miles, and which entity is responsible for the costs.

Kiewit maintains that the delays associated with west-side construction are all HART's responsibility, "but we don't feel that way," HART Westside Construction Manager Kai Nani Kraut told the agency's board during a recent public meeting. Kraut said "there's going to be a battle" ahead over the costs and who should pay.

Oahu's cash-strapped, elevated, driverless mass-transit project — the first of its kind in the U.S. — faces challenges because Hawaii has a relatively small construction labor pool to build it, Swatta said. Kiewit has had to "pull" workers from the mainland "just to get things done," he added.

"You get the B and C players," because Kiewit's top workers are already committed to other projects and it's difficult to attract the top labor to Hawaii for rail, Swatta said.

That trend of drawing from a secondary workforce in a hot market directly affects a contractor's budget — and the price that they ultimately bid for a job, Nordic PCL Construction President Glen Kaneshige explained in July.

"Suddenly all their A players, their B players are on a high-rise or large retail project, so when the next tower comes up they're down to their C, D players," Kaneshige said while discussing firms that specialize in high-rise construction with the Honolulu Star-Advertiser's editorial board.

"There's a labor risk with that" because the contractor anticipates that those workers won't be as productive as the primary ones, Kaneshige added. "If they're going to have C, D players they may price it" more expensively because "that's the quality of the labor."

In his interview last week, Swatta said Kiewit lost a key commercial advantage because the three metal trusses it used to fix rail's elevated guideway on top of its columns could not be used for the next length of construction around the airport. That's because Kiewit determined the space in between the columns would have to be wider than the spaces on the first 10 miles, Swatta said.

The cost to build new trusses that accommodate the new spacing would stretch well into the millions of dollars, he added. Kiewit did not confirm that account.

The airport-area guideway and station construction falls under what's called a "design-build" contract, where the same firm handles construction and most of the design work. HART spokesman Bill Brennan said that so far there are no official plans that show wider spacing between the latest stretch of columns.