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COMPTROLLER
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STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

Comptroller's Certification

Mr. Craig K. Hirai, Director
Department of Budget and Finance
State of Hawaii

We have verified the Honolulu Authority for Rapid Transportation's (HART) compliance with Hawaii Revised Statutes (HRS) §46-16.8 (e) for capital costs in invoices submitted to the Comptroller by HART in the accompanying Schedule of Invoices. The management of HART is responsible for HART's compliance with HRS §46-16.8 (e). Our responsibility is to verify that the invoices for capital costs comply with HRS §46-16.8 (e).

As more fully described in Note 2 to the accompanying Schedule of Invoices, our verification procedures involved procedures to obtain evidence about whether the invoices submitted by HART for the capital costs of a locally preferred alternative for a mass transit project comply with HRS §46-16.8 (e). We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

As more fully described in Note 3 to the accompanying Schedule of Invoices, adjustments may be made to reduce the amount of future reimbursements to HART for prior invoices certified by the Comptroller that are found to be in error due to fraud, illegal activities or other violations of laws and regulations.

Our verification procedures do not provide a legal determination of HART's compliance with HRS §46-16.8 (e). Further, as the objective of our procedures were limited to verifying that the costs in invoices submitted by HART complied with a specific law, our procedures have not been designed to detect fraud or other illegal activities.

Based on the results of our verification procedures performed, the invoices for capital costs in the accompanying Schedule of Invoices comply with HRS §46-16.8 (e).

/S/

Curt T. Otaguro
Comptroller

Dated: January 28, 2021

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Amount</u>
CH2M Hill, Inc.	SC-1400027	00175	\$ 326,076.54
CH2M Hill, Inc.	SC-1400027	00193	326,384.13
Lea + Elliott	SC-1400049	00123	695,466.03
Lea + Elliott	SC-1400049	00128	659,616.51
Lea + Elliott	SC-1400049	00132	1,144,218.20
Lea + Elliott	SC-1400049	00138	824,575.00
Nan, Inc. - KHSG	SC-1600152	00042	3,172,816.01
Nan, Inc. - KHSG	SC-1600152	044R1	2,579,519.00
Nan, Inc. - KHSG	SC-1600152	00045	1,405,800.00
PGH Wong Engineering, Inc.	SC-1400050	00216	153,434.00
PGH Wong Engineering, Inc.	SC-1400050	00223	129,941.71
PGH Wong Engineering, Inc.	SC-1400050	00224	236,158.57
PGH Wong Engineering, Inc.	SC-1400050	00226	372,735.10
PGH Wong Engineering, Inc.	SC-1400050	00231	379,008.35
PGH Wong Engineering, Inc.	SC-1400050	00234	408,275.69
PGH Wong Engineering, Inc.	SC-1400050	00235	329,730.19
PGH Wong Engineering, Inc.	SC-1400050	00236	497,036.19
PGH Wong Engineering, Inc.	SC-1400050	00237	300,389.08
PGH Wong Engineering, Inc.	SC-1400050	00238	220,831.94
PGH Wong Engineering, Inc.	SC-1400050	00239	387,965.92
PGH Wong Engineering, Inc.	SC-1400050	00240	389,762.90
PGH Wong Engineering, Inc.	SC-1400050	00243	213,167.26
Stantec Consulting Services, Inc.	SC-1600008	00096	658,841.58
Stantec Consulting Services, Inc.	SC-1600008	00106	1,164,407.73
Stantec Consulting Services, Inc.	SC-1600008	00108	954,087.99
			<u>\$17,930,245.62</u>

The accompanying notes are an integral part of the Schedule of Invoices.

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices (Continued)

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Amount</u>
(A) Hawaiian Dredging Co.	CT-1500236	00046	\$ 705,405.33
(A) Hawaiian Dredging Co.	CT-1500236	00047	319,741.63
(A) Hawaiian Dredging Co.	CT-1500236	00048	685,898.69
(A) Nan, Inc. - KHSG	CT-1600152	00046	1,731,747.94
(A) Nan, Inc. - WOSG	CT-1500503	00044	575,141.71
(A) Nan, Inc. - WOSG	CT-1500503	00048	409,439.11
(A) Nan, Inc. - WOSG	CT-1500503	00049	448,457.80
(A) Road and Highway Builders, LLC	CT-1900074	00001	1,431,608.02
(A) Road and Highway Builders, LLC	CT-1900074	00002	3,194,382.63
(A) Road and Highway Builders, LLC	CT-1900074	00003	782,837.24
(A) Shimmick/ Traylor/ Granite JV	CT-1600385	00041	9,365,664.81
(A) Shimmick/ Traylor/ Granite JV	CT-1600385	00042	13,562,097.28
(B) PGH Wong Engineering, Inc.	CT-1400050	00217	615,436.01
(B) PGH Wong Engineering, Inc.	CT-1400050	00222	604,862.29
(B) PGH Wong Engineering, Inc.	CT-1400050	00229	592,209.92
(B) PGH Wong Engineering, Inc.	CT-1400050	00230	581,345.85
(B) PGH Wong Engineering, Inc.	CT-1400050	00232	624,575.31
(B) PGH Wong Engineering, Inc.	CT-1400050	00233	431,489.81
(B) Stantec Consulting Services, Inc.	SC-1600008	00105	960,013.48
(B) Stantec Consulting Services, Inc.	SC-1600008	00110	1,246,479.43
(C) Nan, Inc.- WOSG	CT-1500503	Multiple	(93,923.70)
			<u>\$ 38,774,910.59</u>
	TOTAL		<u><u>\$ 56,705,156.21</u></u>

- (A) Adjustments were made for change orders and field change notices which have been deemed not allowable per HRS §46-16.8 (e) to reduce the amount reimbursed to HART. See Note 2. Hawaii Revised Statutes §46-16.8 (e) and §40-81.5.
- (B) Adjustments were made to reverse amounts deemed not allowable per HRS §46-16.8 (e) to reduce the amount reimbursed to HART. See Note 2. Hawaii Revised Statutes §46-16.8 (e) and §40-81.5.
- (C) Adjustments were made to reverse amounts deemed not allowable per HRS §46-16.8 (e) from invoices certified in previous quarters. See Note 2. Hawaii Revised Statutes §46-16.8 (e) and §40-81.5.

The accompanying notes are an integral part of the Schedule of Invoices.

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Notes to Schedule of Invoices

1. Organization

The Honolulu Authority for Rapid Transportation (HART) is a semi-autonomous government unit of the City and County of Honolulu (City) which came into being pursuant to the Revised Charter of the City and County of Honolulu (RCH). HART is authorized under the RCH to develop, operate, maintain, and expand the City guideway system.

2. Hawaii Revised Statutes §46-16.8 (e) and §40-81.5

Hawaii Revised Statutes (HRS) §46-16.8 (e) provides for the use of surcharge revenues received from the State of Hawaii (State) for capital costs of a locally preferred alternative for a mass transit project provided revenues derived from the county surcharge of State tax shall not be used:

- 1) To build or repair public roads or highways, bicycle paths, or support public transportation systems already in existence prior to July 12, 2005;
- 2) For operating or maintenance costs of a mass transit project or any purpose not consistent with this subsection; or
- 3) For administrative or operating, marketing, or maintenance costs, including personnel costs, of a rapid transportation authority (Authority) charged with the responsibility for constructing, operating or maintaining the mass transit project.

HRS §40-81.5 requires the Comptroller, upon request for payment by the rapid transportation authority, to verify that the Authority's invoices for capital costs of a locally preferred alternative for a mass transit project comply with HRS §46-16.8 (e). After submission of invoices by the Authority for capital costs of a locally preferred alternative for a mass transit project are verified by the Comptroller as an acceptable use of funds pursuant to a surcharge on State tax authorized pursuant to HRS §46-16.8 (e), the Comptroller shall submit a certification statement, including any appropriate supporting documents, to the State Department of Budget and Finance for allocation of funds from the Mass Transit Special Fund, if available. The certification statement shall include, at a minimum, the total amount contained in the invoices for capital costs that are verified as an appropriate use of funds pursuant to HRS §46-16.8 (e).

During the quarter ending December 31, 2020, the Comptroller identified twelve invoices that contained amounts totaling \$3,876,464.84 for change orders and field change notices which have been deemed not allowable per HRS §46-16.8 (e). These invoices were adjusted by the amounts billed for these change orders and field change notices to reduce the amount reimbursed to HART - see items (A).

HONOLULU AUTHORITY FOR RAPID TRANSIT

Notes to Schedule of Invoices (Continued)

The Comptroller also identified eight invoices that contained amounts totaling \$109,485.69 for administrative costs that are not allowed per HRS §46-16.8 (e). for Consultant's and Subconsultant's Public Outreach personnel costs and purchase of laptop computers. These unallowable charges are being reversed to reduce the amounts reimbursed to HART - see items (B).

In addition, the Comptroller also identified nine invoices that were certified in previous quarters that contained amounts totaling \$93,923.70 for field change notices which have been deemed not allowable per HRS §46-16.8 (e). These unallowable charges are being reversed to reduce the amounts previously reimbursed to HART - see items (C).

As of December 31, 2020, the balance in the Mass Transit Special Fund totaled \$56,705,160.26. As disclosed in the accompanying Schedule of Invoices, the total amount certified by the Comptroller as of January 28, 2021, totaled \$56,705,156.21.

3. Fraud, Illegal Activities and/or Violations of Laws and Regulations

During February 2019, HART was served with three separate subpoenas by the United States Attorney for the District of Hawaii. As a result of such actions by Federal authorities, DAGS has determined that adjustments to reduce the amount of future reimbursements to HART will be made should prior invoices certified by the Comptroller be determined to be in error due to fraud, illegal activities or other violations of laws and regulations as a result of investigations, audits and/or judicial proceedings by any governmental body. The scope of this policy includes the findings and conclusions of investigators, auditors or other third parties contracted by such governmental bodies for the purpose of examining HART for possible fraudulent and illegal activities or other violations of laws and regulations.