

DAVID Y. IGE
GOVERNOR



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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: April 23, 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-HRT-1400027	00181	\$ 325,766.63
CH2M Hill, Inc.	SC-HRT-1400027	00183	362,975.55
CH2M Hill, Inc.	SC-HRT-1400027	00186	227,769.64
CH2M Hill, Inc.	SC-HRT-1400027	00191	385,022.06
CH2M Hill, Inc.	SC-HRT-1400027	00192	323,427.60
CH2M Hill, Inc.	SC-HRT-1400027	00200	4,289.87
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 5-05	119,883.41
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 5-06	46,959.07
INIT Innovations in Transportation, Inc.	DO-HRT-1602362	00011	63,683.65
Lea + Elliott	SC-HRT-1400049	00135	904,206.07
Lea + Elliott	SC-HRT-1400049	00136	1,062,004.11
Lea + Elliott	SC-HRT-1400049	00139	784,754.30
PGH Wong Engineering, Inc.	SC-HRT-1400050	00219	131,073.09
PGH Wong Engineering, Inc.	SC-HRT-1400050	00241	210,486.54
PGH Wong Engineering, Inc.	SC-HRT-1400050	00246	209,225.99
PGH Wong Engineering, Inc.	SC-HRT-1400050	00247	379,466.38
PGH Wong Engineering, Inc.	SC-HRT-1400050	00250	310,800.70
Road and Highway Builders, LLC	CT-HRT-1900074	00021	4,638.47
Stantec Consulting Services, Inc.	SC-HRT-1600008	00112	1,033,928.66
			<u>\$ 6,890,361.79</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) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00043	\$37,495,916.23
(A) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00044	18,390,075.98
(B) CH2M Hill, Inc.	SC-HRT-1400027	00180	362,807.20
(B) CH2M Hill, Inc.	SC-HRT-1400027	00182	348,893.44
(B) CH2M Hill, Inc.	SC-HRT-1400027	00184	373,805.02
(B) CH2M Hill, Inc.	SC-HRT-1400027	00185	310,783.26
(B) CH2M Hill, Inc.	SC-HRT-1400027	00187	431,339.96
(B) CH2M Hill, Inc.	SC-HRT-1400027	00188	350,406.35
(B) CH2M Hill, Inc.	SC-HRT-1400027	00189	330,786.34
(B) CH2M Hill, Inc.	SC-HRT-1400027	00190	276,510.30
(B) Lea + Elliott	SC-HRT-1400049	00134	44,162.74
(B) PGH Wong Engineering, Inc.	SC-HRT-1400050	00248	388,607.30
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00114	942,030.96
(C) Road and Highway Builders, LLC	CT-HRT-1900074	00004	692,558.70
			<u>\$60,738,683.78</u>
		Total	<u>\$67,629,045.57</u>

- (A) Adjustments were made for a change order which has 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) Adjustment was made for amounts that will be reimbursed by State of Hawaii Department of Transportation. 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 March 31, 2021, the Comptroller identified two invoices that contained amounts totaling \$1,683,146.35 for a change order which has been deemed not allowable per HRS §46-16.8 (e). These invoices were adjusted by the amounts billed for this change order 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 seven invoices that contained amounts totaling \$305,638.91 for items related to certain stipulations found in HART's Programmatic Agreement with the U.S. Department of Transportation Federal Transit Administration, The Hawaii State Historic Preservation Officer, The United States Navy and the Advisory Council on Historic Preservation which have been deemed as not allowable per HRS §46-16.8 (e). and five invoices totaling \$4,454.49 for administrative costs that are not allowed per HRS §46-16.8 (e). These unallowable charges are being reversed to reduce the amounts reimbursed to HART - see items (B).

In addition, the Comptroller identified one invoice that contained an amount of \$24,574.98 for road work requested by the State of Hawaii Department of Transportation (HDOT) for which HDOT will reimburse HART. This cost is not allowed per HRS §46-16.8 (e). and is being reversed to reduce the amounts reimbursed to HART - see item (C).

As of March 31, 2021, the balance in the Mass Transit Special Fund totaled \$67,629,047.75. As disclosed in the accompanying Schedule of Invoices, the total amount certified by the Comptroller as of April 23, 2021, totaled \$67,629,045.57.

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.