

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
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: October 28, 2021

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices

Vendor	Contract No.	Reference No.	Certified Amount
CH2M Hill, Inc.	SC-HRT-1400027	00139	\$ 19,577.35
CH2M Hill, Inc.	SC-HRT-1400027	00202	5,786.37
CH2M Hill, Inc.	SC-HRT-1400027	00203	352,557.03
CH2M Hill, Inc.	SC-HRT-1400027	00205	311,001.25
CH2M Hill, Inc.	SC-HRT-1400027	00207	421,576.17
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 3-05	65,306.60
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 3-06	65,483.21
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 3-07	69,096.98
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 3-08	31,902.88
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 3-09	49,702.84
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 3-17	97,127.28
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 4-04	76,945.81
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 4-05	85,508.22
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 4-08	17,587.26
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 4-10	100,775.95
CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 5-04	86,329.56
City & County of Honolulu-Division of Treas	ICP-HRT-18000851	GOB 2017H Feb 2018	362,561.63
City & County of Honolulu-Division of Treas	ICP-HRT-18001042	GOB 2017H Apr 2018	560,698.64
City & County of Honolulu-Division of Treas	ICP-HRT-18001060	TECP B-1 5/5/2018	74,323.29
City & County of Honolulu-Division of Treas	ICP-HRT-18001217	TECP B-1 6/25/2018	151,676.70
City & County of Honolulu-Division of Treas	ICP-HRT-19000088	TECP B-1 7/25/2018	85,369.87
City & County of Honolulu-Division of Treas	ICP-HRT-19000234	GOB 2017H Aug 2018	581,164.44
City & County of Honolulu-Division of Treas	ICP-HRT-19000364	TECP B-1 \$15 mil	4,573.97
City & County of Honolulu-Division of Treas	ICP-HRT-19000397	TECP B-1 10/25/2018	19,561.64
City & County of Honolulu-Division of Treas	ICP-HRT-19000399	TECP B-1 12/25/2018	284,493.15
City & County of Honolulu-Division of Treas	ICP-HRT-19000493	GOB 2017H Oct 2018	556,054.90
City & County of Honolulu-Division of Treas	ICP-HRT-19000523	TECP B-1 11/05/2018	4,804.11
City & County of Honolulu-Division of Treas	ICP-HRT-19000598	GOB 2017H Nov 2018	602,493.14
City & County of Honolulu-Division of Treas	ICP-HRT-19000697	GOB 2017H Dec 2018	570,602.70
City & County of Honolulu-Division of Treas	ICP-HRT-19000728	TECP B-1 01/31/2019	43,764.38
		Carried forward	\$ 5,758,407.32

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

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices (Continued)

Vendor	Contract No.	Reference No.	Certified Amount
		Carried over	\$ 5,758,407.32
City & County of Honolulu-Division of Treas	ICP-HRT-19000982	GOB 2017H Mar 2019	573,506.87
City & County of Honolulu-Division of Treas	ICP-HRT-19001089	GOB 2017H Apr 2019	605,123.31
City & County of Honolulu-Division of Treas	ICP-HRT-19001218	GOB 2017H May 2019	603,767.17
City & County of Honolulu-Division of Treas	ICP-HRT-20000004	GOB 2017H Jun 2019	534,013.62
City & County of Honolulu-Division of Treas	ICP-HRT-20000123	GOB 2019A Feb-Jun 2019	4,394,786.70
City & County of Honolulu-Division of Treas	ICP-HRT-20000123	GOB 2019A Jul 2019	878,957.34
City & County of Honolulu-Division of Treas	ICP-HRT-20000283	GOB 2017H Aug 2019	528,205.53
City & County of Honolulu-Division of Treas	ICP-HRT-20000358	TECP A-1 BOA	75,124.93
City & County of Honolulu-Division of Treas	ICP-HRT-20000358	TECP B Sumitomo Mitsui	292,152.51
City & County of Honolulu-Division of Treas	ICP-HRT-20000708	TECP A-1 BOA	75,941.51
City & County of Honolulu-Division of Treas	ICP-HRT-20000708	TECP B Sumitomo Mitsui	292,152.51
City & County of Honolulu-Division of Treas	ICP-HRT-20000925	GOB 2017H Mar 2020	41,967.21
City & County of Honolulu-Division of Treas	ICP-HRT-20001167	GOB 2019A May 2020	874,791.67
City & County of Honolulu-Division of Treas	ICP-HRT-20001167	GOB 2019E May 2020	731,437.50
City & County of Honolulu-Division of Treas	ICP-HRT-20001167	GOB 2020 May 2020	1,114,096.30
City & County of Honolulu-Division of Treas	ICP-HRT-20001261	GOB 2019A Jun 2020	874,791.67
City & County of Honolulu-Division of Treas	ICP-HRT-20001261	GOB 2019E Jun 2020	731,437.50
City & County of Honolulu-Division of Treas	ICP-HRT-20001261	GOB 2020 Jun 2020	1,114,096.30
City & County of Honolulu-Division of Treas	ICP-HRT-20001266	BOA A Apr-Jun 2020	74,308.36
City & County of Honolulu-Division of Treas	ICP-HRT-20001281	Commitment Fee B Sumitomo Mitsui	288,976.94
City & County of Honolulu-Division of Treas	ICP-HRT-20001281	Rating Fee B Moody's	2,000.00
City & County of Honolulu-Division of Treas	ICP-HRT-21000359	GOB 2019A Sep 2020	874,791.67
City & County of Honolulu-Division of Treas	ICP-HRT-21000359	GOB 2019E Sep 2020	731,437.50
City & County of Honolulu-Division of Treas	ICP-HRT-21000359	GOB 2020B Sep 2020	1,139,416.67
City & County of Honolulu-Division of Treas	ICP-HRT-21000481	GOB 2019A Oct 2020	874,791.67
City & County of Honolulu-Division of Treas	ICP-HRT-21000481	GOB 2019E Oct 2020	731,437.50
City & County of Honolulu-Division of Treas	ICP-HRT-21000481	GOB 2020B Oct 2020	1,139,416.67
City & County of Honolulu-Division of Treas	ICP-HRT-21000784	GOB 2019A Jan 2021	874,791.66
		Carried forward	\$ 26,826,126.11

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>Certified Amount</u>
		Carried over	\$ 26,826,126.11
City & County of Honolulu-Division of Treas	ICP-HRT-21000784	GOB 2019E Jan 2021	731,437.50
City & County of Honolulu-Division of Treas	ICP-HRT-21000784	GOB 2020B Jan 2021	1,139,416.66
City & County of Honolulu-Division of Treas	ICP-HRT-21000993	GOB 2019A Mar 2021	874,791.67
City & County of Honolulu-Division of Treas	ICP-HRT-21000993	GOB 2019E Mar 2021	731,437.50
City & County of Honolulu-Division of Treas	ICP-HRT-21000993	GOB 2020B Mar 2021	1,139,416.67
City & County of Honolulu-Division of Treas	ICP-HRT-21001086	GOB 2019A Apr 2021	874,791.67
City & County of Honolulu-Division of Treas	ICP-HRT-21001086	GOB 2019E Apr 2021	731,437.50
City & County of Honolulu-Division of Treas	ICP-HRT-21001086	GOB 2019B Apr 2021	1,139,416.67
City & County of Honolulu-Division of Treas	ICP-HRT-21001191	GOB 2019A May 2021	874,791.67
City & County of Honolulu-Division of Treas	ICP-HRT-21001191	GOB 2019E May 2021	731,437.50
City & County of Honolulu-Division of Treas	ICP-HRT-21001191	GOB 2019B May 2021	1,139,416.67
City & County of Honolulu-Division of Treas	ICP-HRT-21001303	GOB 2019A Jun 2021	874,791.67
City & County of Honolulu-Division of Treas	ICP-HRT-21001303	GOB 2019E Jun 2021	731,437.50
City & County of Honolulu-Division of Treas	ICP-HRT-21001303	GOB 2019B Jun 2021	1,139,416.67
City & County of Honolulu-Division of Treas	ICP-HRT-21001368	Unutilized/CommitFee- TECP B-1 4/20-6/21 BOA	145,864.55
City & County of Honolulu-Division of Treas	ICP-HRT-21001368	CommitFee TECP B 4/20- 6/21 BOA	288,976.94
City & County of Honolulu-Division of Treas	ICP-HRT-21001368	RemrkgFee TECP B-1 3/21- 6/21 BOA	24,931.51
City & County of Honolulu-Division of Treas	ICP-HRT-21001368	RemrkgFee TECP B-2 3/21- 6/21 BOA	3,519.18
HECO - Airport Design Services Agreement	SC-HRT-1400029	AIR-71	170,698.10
Lea + Elliott	SC-HRT-1400049	00086	11,473.36
Lea + Elliott	SC-HRT-1400049	00091	8,317.45
Lea + Elliott	SC-HRT-1400049	00093	4,102.10
Lea + Elliott	SC-HRT-1400049	00095	11,500.87
Lea + Elliott	SC-HRT-1400049	00110	12,035.24
Lea + Elliott	SC-HRT-1400049	00143	691.83
		Carried forward	\$ 40,361,674.76

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

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices (Continued)

Vendor	Contract No.	Reference No.	Certified Amount
		Carried over	\$ 40,361,674.76
Lea + Elliott	SC-HRT-1400049	00144	1,062,545.77
Lea + Elliott	SC-HRT-1400049	00146	740,227.30
Lea + Elliott	SC-HRT-1400049	00148	808,521.32
Lea + Elliott	SC-HRT-1400049	00150	801,268.97
Lea + Elliott	SC-HRT-1400049	00152	811,861.74
Lea + Elliott	SC-HRT-1400049	00153	773,587.73
Nan, Inc.	CT-HRT-1800230	TO 12-1	1,761,399.90
PGH Wong Engineering, Inc.	SC-HRT-1400050	00252	265,664.32
Road and Highway Builders, LLC	CT-HRT-1900074	00025	427,231.85
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-1	7,523.93
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 11-9	4,155.79
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00047	12,980,573.22
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00048	9,613,078.51
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00049	13,319,520.59
Stantec Consulting Services, Inc.	SC-HRT-1600008	00120	10,000.00
Stantec Consulting Services, Inc.	SC-HRT-1600008	00123	1,212,256.85
		Subtotal	\$ 84,961,092.55
(A) CH2M Hill, Inc.	SC-HRT-1400027	00136	\$ -
(A) Hawaiian Dredging Construction Co.	CT-HRT-1500236	00042	-
(A) Hawaiian Dredging Construction Co.	CT-HRT-1500236	00045	-
(B) CH2M Hill, Inc.	SC-HRT-1400027	00131	7,138.08
(B) CH2M Hill, Inc.	SC-HRT-1400027	00204	341,217.75
(B) CH2M Hill, Inc.	SC-HRT-1400027	00206	312,653.37
(B) CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 4-09	88,724.71
(B) CH2M Hill, Inc.-On-Call Hazmat	SC-HRT-1800060	TO 5-03	127,392.72
		Carried forward	\$ 877,126.63

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

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices (Continued)

Vendor	Contract No.	Reference No.	Certified Amount
		Carried over	\$ 877,126.63
(B) INIT Innovations in Transportation, Ir	DO-HRT-1602362	00007	552,890.56
(B) INIT Innovations in Transportation, Ir	DO-HRT-1602362	00013	552,890.56
(B) Lea + Elliott	SC-HRT-1400049	00099	13,794.34
(B) Lea + Elliott	SC-HRT-1400049	00112	18,532.87
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00116	1,238,584.60
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00117	1,329,141.02
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00124	1,204,010.46
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00127	943,565.96
(C) Stantec Consulting Services, Inc.	SC-HRT-1600008	Multiple	(201,475.22)
		Subtotal	<u>\$ 6,529,061.78</u>
		Total	<u>\$ 91,490,154.33</u>

(A) The entire amounts billed for these invoices were for a change order and purchases which have been deemed not allowable per HRS §46-16.8 (e), thus, the entire invoice amounts were adjusted and the amount reimbursed to HART for these invoices was \$0.00. 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 quarter. 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 TRANSIT

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 September 30, 2021, the Comptroller identified three invoices totaling \$2,404,839.25 for which two invoices were for a change order and the third invoice was for the purchase of a computer, monitor and software licenses that were not deemed allowable per HRS §46-16.8 (e). These invoices were adjusted by the entire amounts billed to reduce the amount reimbursed to HART to \$0.00 - see items (A).

HONOLULU AUTHORITY FOR RAPID TRANSIT

Notes to Schedule of Invoices (Continued)

The Comptroller also identified two invoices that contained amounts totaling \$15,184.13 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 eleven invoices totaling \$271,688.60 for administrative, operating and maintenance 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 also identified thirty-seven invoices that were certified in previous quarters that contained amounts totaling \$201,475.22 for Consultant's and Subconsultants' Public Outreach personnel costs and purchases of laptop computers which have been deemed not allowable per HRS §46-16.8 (e). These unallowable charges are being reversed to reduce the amounts reimbursed to HART - see item (C).

As of September 30, 2021, the balance in the Mass Transit Special Fund totaled \$91,495,024.80. As disclosed in the accompanying Schedule of Invoices, the total amount certified by the Comptroller as of October 28, 2021, totaled \$91,490,154.33.

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.