

DAVID Y. IGE  
GOVERNOR  
KE KIA'ĀINA



AUDREY HIDANO  
COMPTROLLER  
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN  
DEPUTY COMPTROLLER  
KA HOPE LUNA HO'OMALU HANA LAULĀ

**STATE OF HAWAII | KA MOKU'ĀINA O HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWÉ LAULĀ**  
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 and Note 3 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 4 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/

Audrey E. Hidano  
Comptroller

Dated: October 27, 2022

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

**Schedule of Invoices**

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Certified Amount</u>
CH2M Hill, Inc.	SC-HRT-1400027	00225	\$ 334,503.99
CH2M Hill, Inc.	SC-HRT-1400027	00233	292,953.83
CH2M Hill, Inc.	SC-HRT-1400027	00236	275,327.97
CH2M Hill, Inc.	SC-HRT-1400027	00237	283,838.33
CH2M Hill, Inc.	SC-HRT-1400027	00240	237,457.44
CH2M Hill, Inc.	SC-HRT-1400027	00241	317,292.98
Chief Clerk First Circuit Court	TMK 1-5-020-003		3,625,000.00
City & County of Honolulu Division of Treasury	ICP-HRT-22001044	Int pmt for GOB Series 2019A for Mar due 3/28/22	874,791.67
City & County of Honolulu Division of Treasury	ICP-HRT-22001044	Int pmt for GOB Series 2020B for Mar due 3/28/22	1,139,416.67
City & County of Honolulu Division of Treasury	ICP-HRT-22001044	Int pmt for GOB Series 2021E for Mar due 3/28/22	1,374,104.17
City & County of Honolulu Division of Treasury	ICP-HRT-22001241	Int pmt for GOB Series 2019A for May due 5/25/22	874,791.67
City & County of Honolulu Division of Treasury	ICP-HRT-22001241	Int pmt for GOB Series 2020B for May due 5/25/22	1,139,416.67
City & County of Honolulu Division of Treasury	ICP-HRT-22001241	Int pmt for GOB Series 2021E for May due 5/25/22	1,374,104.17
City & County of Honolulu Division of Treasury	ICP-HRT-22001344	Int pmt for GOB Series 2019A for Jun due 6/25/22	874,791.67
City & County of Honolulu Division of Treasury	ICP-HRT-22001344	Int pmt for GOB Series 2020B for Jun due 6/25/22	1,139,416.67
City & County of Honolulu Division of Treasury	ICP-HRT-22001344	Int pmt for GOB Series 2021E for Jun due 6/25/22	1,374,104.17
		Carried forward	<u>\$ 15,531,312.07</u>

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

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

**Schedule of Invoices**

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Certified Amount</u>
		Carried over	\$ 15,531,312.07
City & County of Honolulu Division of Treasury	ICP-HRT-22001345	Int pmt for GOB Series 2019E for Jun due 6/25/22	731,437.50
City & County of Honolulu Division of Treasury	ICP-HRT-22001346	Commit fee for TECP Issue A, 4/1/22 - 6/30/22, BOA Inv #OEXFDE4KDL	145,864.55
City & County of Honolulu Division of Treasury	ICP-HRT-22001346	Commit fee for TECP Issue B, 4/1/22 - 6/30/22, Sumitomo Mitsui Bnk Corp Inv #3078	288,976.94
City & County of Honolulu Division of Treasury	ICP-HRT-23000063	Int pmt for GOB Series 2019E for Jul due 7/25/22	731,437.50
City & County of Honolulu Division of Treasury	ICP-HRT-23000064	Int pmt for GOB Series 2019A for Jul due 7/25/22	874,791.66
City & County of Honolulu Division of Treasury	ICP-HRT-23000064	Int pmt for GOB Series 2020B for Jul due 7/25/22	1,139,416.66
City & County of Honolulu Division of Treasury	ICP-HRT-23000064	Int pmt for GOB Series 2021E for Jul due 7/25/22	1,374,104.16
City & County of Honolulu Division of Treasury	ICP-HRT-23000188	Fund trnsfr to pay service fee for prep of FY22 Arbitrage Rebate Rpt BLX Grp's inv	8,000.00
City & County of Honolulu Division of Treasury	ICP-HRT-23000237	Int pmt for GOB Series 2019A for Aug due 8/25/22	874,791.66
		Carried forward	<u>\$ 21,700,132.70</u>

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

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

**Schedule of Invoices**

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Certified Amount</u>
		Carried over	\$ 21,700,132.70
City & County of Honolulu Division of Treasury	ICP-HRT-23000237	Int pmt for GOB Series 2020B for Aug due 8/25/22	1,139,416.66
City & County of Honolulu Division of Treasury	ICP-HRT-23000237	Int pmt for GOB Series 2021E for Aug due 8/25/22	1,374,104.16
City & County of Honolulu Division of Treasury	ICP-HRT-23000238	Int pmt for GOB Series 2019E for Aug due 8/25/22	731,437.50
Hawaiian Dredging Construction Company, Inc.	CT-HRT-1500236	00025	15,500.00
Hitachi Rail Honolulu JV	CT-HRT-1200106	00113	2,212,640.78
Hitachi Rail Honolulu JV	CT-HRT-1200106	00114	3,186,729.40
Hitachi Rail Honolulu JV	CT-HRT-1200106	00119	30,643,975.20
Lea+Elliott, Inc.	SC-HRT-1400049	00165	555,162.32
Lea+Elliott, Inc.	SC-HRT-1400049	00168	613,022.16
Lea+Elliott, Inc.	SC-HRT-1400049	00172	721,427.45
Lea+Elliott, Inc.	SC-HRT-1400049	00175	7,332.39
Nan, Inc. CCUR	CT-HRT-1800230	TO 12-3	518,949.44
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00060	7,560,820.77
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00062	4,934,495.61
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00064	6,195,986.87
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00065	3,999,394.70
Stantec Consulting Services, Inc.	SC-HRT-1600008	00141	805,551.12
		Subtotal	<u>\$ 86,916,079.23</u>

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

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

**Schedule of Invoices**

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Certified Amount</u>
(A) CH2M Hill, Inc.	SC-HRT-1400027	00226	\$ 276,552.31
(A) CH2M Hill, Inc.	SC-HRT-1400027	00232	306,073.61
(A) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00068	3,908,631.16
(A) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00069	3,463,041.46
(B) Hawaiian Dredging Construction Company, Inc.	CT-HRT-1500236	00052	428,199.13
(B) Nan, Inc. KHSG	CT-HRT-1600152	00058	40,703.68
(B) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00063R	4,307,683.45
(B) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00067	4,892,217.58
(C) CH2M Hill, Inc.	SC-HRT-1400027	00227	223,425.11
		Subtotal	<u>\$ 17,846,527.49</u>
		Total	<u>\$ 104,762,606.72</u>

See Note 3. Adjustments to Reduce Amounts Reimbursed to HART for items (A), (B) and (C).

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 that 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).

## HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

### Notes to Schedule of Invoices (Continued)

#### 3. Adjustments to Reduce Amounts Reimbursed to HART

During the quarter ended September 30, 2022, the Comptroller identified two invoices that contained amounts totaling \$234,750.00 for a change order to design and construct a permanent by-pass road designated as Road M, in lieu of a temporary access road for the Airport Guideway and Stations portion of the project and two invoices that contained amounts totaling \$8,637.54 which were deemed to be Administrative costs of HART. These costs do not comply with HRS §46-16.8 (e) and the invoices were adjusted for these items to reduce the amount reimbursed to HART - see items (A).

The Comptroller also identified four invoices that contained amounts totaling \$153,833.17 for two change orders and four field change notices which we determined are not reimbursable until additional information is provided by HART. 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 (B).

Lastly, the Comptroller identified one invoice that contained an amount for \$40.08 for a clerical error that resulted in an overpayment by HART. The invoice was adjusted by this item to reduce the amount reimbursed to HART - see item (C).

As of September 30, 2022, the balance in the Mass Transit Special Fund totaled \$104,762,614.90. As disclosed in the accompanying Schedule of Invoices, the total amount certified by the Comptroller as of October 28, 2022, totaled \$104,762,606.72.

#### 4. 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.