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GOVERNOR
KE KIA AINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO OMALU HANA LAULĀ

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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 LAWELAWE LAULĀ
P O BOX 119, HONOLULU, HAWAII 96810-0119

Comptroller's Certification

Mr. Luis P. Salaveria, 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/

Keith A. Regan
Comptroller

Dated: January 27, 2023

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	00242	\$ 296,395.03
City & County of Honolulu Division of Treasury	ICP-HRT-22001239	Int pmt for GOB Series 2019E for May due 5/25/22	731,437.50
City & County of Honolulu Division of Treasury	ICP-HRT-23000391	Int pmt for GOB Series 2019A for Sep due 9/25/22	874,791.67
City & County of Honolulu Division of Treasury	ICP-HRT-23000391	Int pmt for GOB Series 2020B for Sep due 9/25/22	1,139,416.67
City & County of Honolulu Division of Treasury	ICP-HRT-23000391	Int pmt for GOB Series 2021E for Sep due 9/25/22	1,374,104.17
City & County of Honolulu Division of Treasury	ICP-HRT-23000392	Int pmt for GOB Series 2019E for Sep due 9/25/22	731,437.50
City & County of Honolulu Division of Treasury	ICP-HRT-23000527	Int pmt for GOB Series 2019A for Oct due 10/25/22	874,791.67
City & County of Honolulu Division of Treasury	ICP-HRT-23000527	Int pmt for GOB Series 2020B for Oct due 10/25/22	1,139,416.67
City & County of Honolulu Division of Treasury	ICP-HRT-23000527	Int pmt for GOB Series 2021E for Oct due 10/25/22	1,374,104.17
City & County of Honolulu Division of Treasury	ICP-HRT-23000528	Int pmt for GOB Series 2019E for Oct due 10/25/22	731,437.50
Hitachi Rail Honolulu JV	CT-HRT-1200106	00117	2,757,081.17
Hitachi Rail Honolulu JV	CT-HRT-1200106	00118	6,234,854.51
		Carried forward	<u>\$ 18,259,268.23</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>
		Carried over	\$ 18,259,268.23
Lea+Elliott, Inc.	SC-HRT-1400049	00173	565,450.16
Lea+Elliott, Inc.	SC-HRT-1400049	00174	493,939.14
Lea+Elliott, Inc.	SC-HRT-1400049	00177	5,175.66
Lea+Elliott, Inc.	SC-HRT-1400049	00178	514,621.43
Nan, Inc. WOSG	CT-HRT-1500503	00066	10,240,200.00
Nan, Inc. CCUR	CT-HRT-1800230	TO 5-2	516,300.27
Nan, Inc. CCUR	CT-HRT-1800230	TO 12-4	540,398.61
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-19	44,963.84
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00061	8,896,796.73
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00072	29,076,673.12
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00073	6,268,719.74
Stantec Consulting Services, Inc.	SC-HRT-1600008	00143	551,439.47
Stantec Consulting Services, Inc.	SC-HRT-1600008	00145	593,989.26
Stantec Consulting Services, Inc.	SC-HRT-1600008	00147	585,299.86
		Subtotal	<u>\$ 77,153,235.52</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) Stantec Consulting Services, Inc.	SC-HRT-1600008	00140	\$ 600,408.69
(A) Stantec Consulting Services, Inc.	SC-HRT-1600008	00142	786,077.94
(A) Stantec Consulting Services, Inc.	SC-HRT-1600008	00144	555,403.36
(A) Stantec Consulting Services, Inc.	SC-HRT-1600008	00146	607,423.78
(A) Stantec Consulting Services, Inc.	SC-HRT-1600008	00148	567,268.46
(A) Stantec Consulting Services, Inc.	SC-HRT-1600008	00150	587,087.19
(A) Stantec Consulting Services, Inc.	SC-HRT-1600008	00152	200,890.25
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00001	408,333.68
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00002	472,948.64
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00003	682,956.77
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00005	508,760.89
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00006	615,674.52
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00009	494,256.90
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00149	665,649.89
(B) Stantec Consulting Services, Inc.	SC-HRT-1600008	00151	191,802.71
(C) Hawaiian Dredging Construction Co., Inc.	CT-HRT-1500236	00050	416,294.58
(C) Nan, Inc. KHSG	CT-HRT-1600152	00061	4,591,884.38
(C) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00066	4,841,983.86
(D) Blow Up, LLC	TMK 1-2-013-023	Pmt 4.1,4.2 & 4.3 Keehi Hwy Interchange Cost-to- Cure Reimb Agreement	2,122,507.59
		Subtotal	<u>\$ 19,917,614.08</u>
		Total	<u>\$ 97,070,849.60</u>

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

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 December 31, 2022, the Comptroller identified thirteen invoices that contained amounts totaling \$171,797.62 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 identified two invoices that contained amounts totaling \$2,106.68 for an error on an invoice which resulted in an overpayment by HART and a late payment charge. The invoices were adjusted by these items to reduce the amount reimbursed to HART - see items (B).

The Comptroller also identified three invoices that contained amounts totaling \$86,046.60 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 (C).

Lastly, the Comptroller identified one invoice that contained an amount for \$100,297.65 for a reimbursement from Blow Up, LLC received by HART after the payment of this invoice. This reimbursement was in accordance with their Relocation and Reimbursement Agreement with HART. The invoice was adjusted by this item to reduce the amount reimbursed to HART - see item (D).

As of December 31, 2022, the balance in the Mass Transit Special Fund totaled \$97,070,859.77. As disclosed in the accompanying Schedule of Invoices, the total amount certified by the Comptroller as of January 27, 2023, totaled \$97,070,849.60.

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.