

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA ĀINA



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: August 3, 2023

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

**Schedule of Invoices**

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Certified Amount</u>
City & County of Honolulu-Division of Treasury	ICP-HRT-23001048	GOB 2019A, Mar 2023	\$ 874,791.67
City & County of Honolulu-Division of Treasury	ICP-HRT-23001048	GOB 2020B, Mar 2023	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-23001048	GOB 2021E, Mar 2023	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-23001049	GOB 2019E, Mar 2023	731,437.50
City & County of Honolulu-Division of Treasury	ICP-HRT-23001055	TECP A, Commit Fees	158,778.54
City & County of Honolulu-Division of Treasury	ICP-HRT-23001055	TECP B, Commit Fees	334,493.45
City & County of Honolulu-Division of Treasury	ICP-HRT-23001160	GOB 2019A, Apr 2023	874,791.67
City & County of Honolulu-Division of Treasury	ICP-HRT-23001160	GOB 2020B, Apr 2023	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-23001160	GOB 2021E, Apr 2023	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-23001161	GOB 2019E, Apr 2023	731,437.50
City & County of Honolulu-Division of Treasury	ICP-HRT-23001304	GOB 2019A, May 2023	874,791.67
City & County of Honolulu-Division of Treasury	ICP-HRT-23001304	GOB 2020B, May 2023	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-23001304	GOB 2021E, May 2023	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-23001305	GOB 2019E, May 2023	731,437.50
City & County of Honolulu-Division of Treasury	ICP-HRT-23001353	TECP B, Commit Fees	385,302.59
Frank Coluccio Construction Co.	CT-HRT-2200128	1	1,080,586.05
Frank Coluccio Construction Co.	CT-HRT-2200128	9	5,886,604.70
Hitachi Rail Honolulu JV	CT-HRT-1200106	00128	474,481.20
Hitachi Rail Honolulu JV	CT-HRT-1200106	00129	1,932,717.05
Hitachi Rail Honolulu JV	CT-HRT-1200106	00131 Ret Rel	8,742,013.02
Hitachi Rail Honolulu JV	CT-HRT-1200106	132	2,225,128.00
Hitachi Rail Honolulu JV	CT-HRT-1200106	133	849,702.98
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00002	119,864.16
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00004	275,151.29
		Carried forward	<u>\$ 34,824,073.06</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	\$ 34,824,073.06
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00008	330,611.06
Kiewit Infrastructure West Co.	CT-HRT-10H0137	00116	9,430,159.60
Lea+Elliott, Inc.	SC-HRT-1400049	00183	439,620.41
Lea+Elliott, Inc.	SC-HRT-1400049	00185	473,072.40
Lea+Elliott, Inc.	SC-HRT-1400049	00187	457,979.56
Nan, Inc. CCUR IV	CT-HRT-2300070	00001	2,771,513.88
Nan, Inc. CCUR IV	CT-HRT-2300070	00002	11,753,352.98
PGH Wong Engineering, Inc.	SC-HRT-1400050	00255	47,087.28
PGH Wong Engineering, Inc.	SC-HRT-1400050	00258	60,668.35
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-16	222,410.88
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-21	84,366.34
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 19-11	326,633.07
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 24-3	59,108.27
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 24-6	107,161.32
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 24-9	33,706.44
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 25-4	3,711.29
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 25-10	239,457.77
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 50-1	342,940.93
		Subtotal	<u>\$ 62,007,634.89</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-2200050	00013	\$ 524,541.28
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00014	781,914.17
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00015	401,030.64
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00016	538,565.87
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00017	348,017.31
(B) Hitachi Rail Honolulu JV	CT-HRT-1200106	00127	1,661,269.06
(B) Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 24-4	20,191.13
(B) Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 24-7	467,335.31
(C) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00076	1,642,398.79
(C) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00077	1,582,258.06
(C) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00078	1,652,523.41
(C) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00079	1,256,311.16
		<b>Subtotal</b>	<u>\$ 10,876,356.19</u>
<b>Total</b>			<u><u>\$ 72,883,991.08</u></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 June 30, 2023, the Comptroller identified five invoices that contained amounts totaling \$52,349.78 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 three invoices that contained amounts totaling \$148.39 for errors on invoices which resulted in overpayments by HART. The invoices were adjusted for these items to reduce the amount reimbursed to HART - see items (B).

The Comptroller identified (a) one invoice that contained an amount of \$483,747.50 for a change order related to the increase of the contaminated material allowance for which HART is researching the opportunity to recoup costs from the State of Hawaii Department of Transportation (HDOT), (b) three invoices that contained amounts totaling \$84,481.31 for a change order for the construction of a permanent road which is prohibited by HRS §46-16.8 (e), (c) two invoices that contained amounts totaling \$164,969.08 for a change order for which HART is negotiating with the Department of Transportation Services (DTS) to potentially share costs, and (d) one invoice that contained an amount of \$112,050.00 for a change order related to work performed on property obtained from International Express (IEX) for which HART may eventually sell back to IEX or any other interested party. These invoices were adjusted by the amounts billed for the change orders to reduce the amount reimbursed to HART - see items (C).

As of June 30, 2023, the balance in the Mass Transit Special Fund totaled \$102,326,890.66. As disclosed in the accompanying Schedule of Invoices, the total amount certified by the Comptroller as of August 3, 2023, totaled \$72,883,991.08.

#### 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.