

JOSH GREEN, M.D.
GOVERNOR
KE KIA ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

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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. 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: October 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>
Alexander & Baldwin, Inc.	CT-HRT-19H0081	55194	\$ 287,958.00
Alexander & Baldwin, Inc.	CT-HRT-19H0081	56934	287,958.00
Alexander & Baldwin, Inc.	CT-HRT-19H0081	58379	287,958.00
Alexander & Baldwin, Inc.	CT-HRT-19H0081	59883	287,958.00
Alexander & Baldwin, Inc.	CT-HRT-19H0081	61584	287,958.00
Alexander & Baldwin, Inc.	CT-HRT-19H0081	61855	259,321.55
Alexander & Baldwin, Inc.	CT-HRT-19H0081	63404	287,958.00
Chief Clerk First Circuit Court	TMK 1-5-007-016	Dep-Eminent Domain	2,331,000.00
City & County of Honolulu-Division of Treasury	ICP-HRT-23001423	GOB 2019A, Jun 2023	874,791.67
City & County of Honolulu-Division of Treasury	ICP-HRT-23001423	GOB 2020B, Jun 2023	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-23001423	GOB 2021E, Jun 2023	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-23001425	GOB 2019E, Jun 2023	731,437.50
City & County of Honolulu-Division of Treasury	ICP-HRT-24000067	GOB 2019A, Jul 2023	874,791.66
City & County of Honolulu-Division of Treasury	ICP-HRT-24000067	GOB 2020B, Jul 2023	1,139,416.66
City & County of Honolulu-Division of Treasury	ICP-HRT-24000067	GOB 2021E, Jul 2023	1,374,104.16
City & County of Honolulu-Division of Treasury	ICP-HRT-24000068	GOB 2019E, Jul 2023	731,437.50
City & County of Honolulu-Division of Treasury	ICP-HRT-24000166	GOB 2019E, Aug 2023	560,768.72
City & County of Honolulu-Division of Treasury	ICP-HRT-24000251	GOB 2019A, Aug 2023	874,791.66
City & County of Honolulu-Division of Treasury	ICP-HRT-24000251	GOB 2020B, Aug 2023	1,139,416.66
City & County of Honolulu-Division of Treasury	ICP-HRT-24000251	GOB 2021E, Aug 2023	1,374,104.16
City & County of Honolulu-Division of Treasury	ICP-HRT-24000373	GOB 2019A, Sep 2023	783,604.17
City & County of Honolulu-Division of Treasury	ICP-HRT-24000373	GOB 2020B, Sep 2023	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-24000373	GOB 2021E, Sep 2023	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-24000373	GOB 2023D, Sep 2023	614,524.43
		Carried forward	<u>\$ 20,418,300.18</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>Certified Amount</u>
		Carried over	\$ 20,418,300.18
Frank Coluccio Construction Co.	CT-HRT-2200128	00012	5,931,049.96
Hitachi Rail Honolulu JV	CT-HRT-1200106	00131	248,333.80
Hitachi Rail Honolulu JV	CT-HRT-1200106	00135	3,348,698.30
Hitachi Rail Honolulu JV	CT-HRT-1200106	00136	1,918,154.00
Hitachi Rail Honolulu JV	CT-HRT-1200106	00137	14,377,474.00
Hitachi Rail Honolulu JV	CT-HRT-1200106	Ret Rel	19,319,254.26
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00005	158,528.16
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00006	226,537.95
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00007	235,910.88
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00009	245,463.05
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00010	318,314.20
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00011	228,303.25
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00012	256,741.25
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00013	155,192.42
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00014	287,611.21
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00015	239,819.59
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00016	167,944.21
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00017	172,939.83
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00018	203,394.59
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00019	222,112.19
Kiewit Infrastructure West Co. KHG	CT-HRT-11H0195	00088	1,050,000.00
		Carried forward	<u>\$ 69,730,077.28</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>Certified Amount</u>
		Carried over	\$ 69,730,077.28
Kiewit Infrastructure West Co. WOFH	CT-HRT-10H0137	00117	1,827,012.00
Lea+Elliott, Inc.	SC-HRT-1400049	00182	438,819.37
Lea+Elliott, Inc.	SC-HRT-1400049	00184	459,615.23
Lea+Elliott, Inc.	SC-HRT-1400049	00188	531,235.80
Lea+Elliott, Inc.	SC-HRT-1400049	00189	161,850.81
Lea+Elliott, Inc.	SC-HRT-2300042	00001	276,787.19
Nan, Inc. CCUR	CT-HRT-1800230	TO 5-11	26,791.04
Nan, Inc. CCUR	CT-HRT-1800230	TO 10-1	186,291.42
Nan, Inc. CCUR	CT-HRT-1800230	TO 12-8	488,164.96
Nan, Inc. CCUR	CT-HRT-1800230	TO 12-10	547,973.45
Nan, Inc. CCUR	CT-HRT-1800230	Ret Rel Final	3,422,388.02
Nan, Inc. CCUR IV	CT-HRT-2300070	3R1	9,573,483.29
Nan, Inc. CCUR IV	CT-HRT-2300070	4R2	15,272,981.93
Nan, Inc. CCUR IV	CT-HRT-2300070	5	4,237,558.35
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-2	125,246.63
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-11	237,567.42
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-18	114,895.00
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 6-3	5,968.57
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 7-5	5,898.68
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 12-4	76,145.53
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 19-9	256,562.94
		Carried forward	<u>\$ 108,003,314.91</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>Certified Amount</u>
		Carried over	\$ 108,003,314.91
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 21-4	312,166.06
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 24-2	70,016.15
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 24-8	92,177.90
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00080	1,412,385.81
		Subtotal	<u>\$ 109,890,060.83</u>
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00018	\$ 495,496.80
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00019	412,156.42
(B) Nan, Inc. CCUR	CT-HRT-1800230	TO 12-7	242,349.09
(C) Hitachi Rail Honolulu JV	CT-HRT-1200106	00134	24,784,307.00
(C) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00081	1,852,136.77
		Subtotal	<u>\$ 27,786,446.08</u>
		Total	<u>\$ 137,676,506.91</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, 2023, the Comptroller identified two invoices that contained amounts totaling \$23,493.13 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 one invoice that contained an amount of \$34.10 for an error on the invoice which resulted in an overpayment by HART. The invoice was adjusted for this item to reduce the amount reimbursed to HART - see item (B).

The Comptroller identified (a) one invoice that contained an amount of \$683,498.40 for the purchase of six automobiles, three pickup/utility trucks and one passenger van equipped with a wheelchair lift for Operations and Maintenance (O&M) personnel (supervisory staff, maintenance technicians and Maintenance of Way personnel) which is prohibited by HRS §46-16.8 (e), and (b) one invoice that contained the amount of \$12,450.00 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 items identified above to reduce the amount reimbursed to HART - see items (C).

As of September 30, 2023, the balance in the Mass Transit Special Fund totaled \$137,676,515.10. As disclosed in the accompanying Schedule of Invoices, the total amount certified by the Comptroller as of October 30, 2023, totaled \$137,676,506.91.

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.