

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA ĀINA



KEITH A. REGAN  
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 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: February 2, 2024

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	65248	\$ 287,958.00
Alexander & Baldwin, Inc.	CT-HRT-19H0081	66959	287,958.00
Alexander & Baldwin, Inc.	CT-HRT-19H0081	68620	287,958.00
City & County of Honolulu-Division of Treasury	ICP-HRT-24000516	GOB 2019A Oct 2023	783,604.17
City & County of Honolulu-Division of Treasury	ICP-HRT-24000516	GOB 2020B Oct 2023	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-24000516	GOB 2021E Oct 2023	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-24000516	GOB 2023D Oct 2023	614,524.42
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00008	2,835,561.16
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00010	2,587,442.80
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00011	2,209,239.83
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00013	2,429,414.36
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00014	2,430,488.47
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00015	4,946,291.23
Hitachi Rail Honolulu JV	CT-HRT-1200106	00141	1,001,075.73
Hitachi Rail Honolulu JV	CT-HRT-1200106	00142	1,111,012.00
Lea+Elliott, Inc.	SC-HRT-2300042	00003	511,480.26
Lea+Elliott, Inc.	SC-HRT-2300042	00004	453,903.70
Nan, Inc. CCUR	CT-HRT-1800230	TO 1-14	3,818,655.53
Nan, Inc. CCUR	CT-HRT-1800230	TO 5-8	33,984.49
Nan, Inc. CCUR	CT-HRT-1800230	TO 5-9	60,839.47
Nan, Inc. CCUR	CT-HRT-1800230	TO 5-10	49,573.67
Nan, Inc. CCUR	CT-HRT-1800230	TO 5-12	26,725.34
Nan, Inc. CCUR	CT-HRT-1800230	TO 5-13	25,745.17
Nan, Inc. CCUR	CT-HRT-1800230	TO 5-17	31,932.04
		Carried forward	<u>\$ 29,338,888.68</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	\$ 29,338,888.68
Nan, Inc. CCUR	CT-HRT-1800230	TO 10-2	226,965.08
Nan, Inc. CCUR	CT-HRT-1800230	TO 10-3	164,225.36
Nan, Inc. CCUR	CT-HRT-1800230	TO 10-10	135,292.83
Nan, Inc. CCUR	CT-HRT-1800230	TO 10-12	213,287.68
Nan, Inc. CCUR IV	CT-HRT-2300070	6R1	8,010,279.69
Nan, Inc. CCUR IV	CT-HRT-2300070	7R1	14,334,726.35
Royal Contracting Co., Ltd.	CT-HRT-1600260	TO 33-21	33,932.23
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 3-22	2,739.96
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 24-1	6,203.93
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 24-5	25,653.82
Royal Contracting Co., Ltd.	CT-HRT-1800114	TO 49-1	67,859.47
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00082	903,764.44
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00083	909,426.97
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00084	1,442,978.45
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00087	29,998,787.95
		Subtotal	<u>\$ 85,815,012.89</u>

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
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00021	\$ 655,238.60
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00022	369,179.88
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00023	581,381.15
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00024	407,334.91
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00025	584,154.33
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00026	534,342.64
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00028	770,696.69
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00029	438,949.19
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00030	633,602.98
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00031	445,090.91
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00032	638,965.94
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00033	514,745.14
(A),(B) Stantec Consulting Services, Inc.	SC-HRT-2200050	00034	803,992.85
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00036	396,785.96
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00037	642,722.76
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00038	432,161.58
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00039	637,964.53
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00040	490,827.75
(C) Hitachi Rail Honolulu JV	CT-HRT-1200106	00138	4,776,476.49
		Subtotal	\$ 14,754,614.28
		Total	\$ 100,569,627.17

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 December 31, 2023, the Comptroller identified eighteen invoices that contained amounts totaling \$227,325.50 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 \$248.29 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 one invoice that contained an amount of \$32,124.00 for the purchase of one automobile for Operations and Maintenance (O&M) personnel which is prohibited by HRS §46-16.8 (e). This invoice was adjusted by the item identified above to reduce the amount reimbursed to HART - see item (C).

As of December 31, 2023, the balance in the Mass Transit Special Fund totaled \$100,569,631.69. As disclosed in the accompanying Schedule of Invoices, the total amount certified by the Comptroller as of February 2, 2024, totaled \$100,569,627.17.

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.