

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 LAULA

**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 were not 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/

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Keith A. Regan  
Comptroller

Dated: July 31, 2024

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-24001104	GOB 2019A, Mar 2024	\$ 783,604.17
City & County of Honolulu-Division of Treasury	ICP-HRT-24001104	GOB 2020B, Mar 2024	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-24001104	GOB 2021E, Mar 2024	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-24001104	GOB 2023D, Mar 2024	591,520.83
City & County of Honolulu-Division of Treasury	ICP-HRT-24001234	GOB 2019A, Apr 2024	783,604.17
City & County of Honolulu-Division of Treasury	ICP-HRT-24001234	GOB 2020B, Apr 2024	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-24001234	GOB 2021E, Apr 2024	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-24001234	GOB 2023D, Apr 2024	591,520.83
City & County of Honolulu-Division of Treasury	ICP-HRT-24001343	GOB 2019A, May 2024	783,604.17
City & County of Honolulu-Division of Treasury	ICP-HRT-24001343	GOB 2020B, May 2024	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-24001343	GOB 2021E, May 2024	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-24001343	GOB 2023D, May 2024	591,520.83
City & County of Honolulu-Division of Treasury	ICP-HRT-24001474	GOB 2019A, Jun 2024	783,604.17
City & County of Honolulu-Division of Treasury	ICP-HRT-24001474	GOB 2020B, Jun 2024	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-24001474	GOB 2021E, Jun 2024	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-24001474	GOB 2023D, Jun 2024	591,520.83
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00016	3,505,946.88
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00017	6,691,741.53
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00018	4,679,433.27
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00019	4,456,214.48
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00020	5,119,587.29
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00022	3,043,587.94
Hitachi Rail Honolulu JV	CT-HRT-1200106	00147	520,571.10
Hitachi Rail Honolulu JV	CT-HRT-1200106	00148	2,855,828.00
		Carried forward	<u>\$ 46,427,493.85</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	\$ 46,427,493.85
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00034	317,547.48
Lea+Elliott, Inc.	SC-HRT-2300042	00002	406,444.86
Lea+Elliott, Inc.	SC-HRT-2300042	00007	341,261.89
Lea+Elliott, Inc.	SC-HRT-2300042	00008	408,430.65
Lea+Elliott, Inc.	SC-HRT-2300042	00009	397,157.87
Lea+Elliott, Inc.	SC-HRT-2300042	00010	447,089.94
Lea+Elliott, Inc.	SC-HRT-2300042	00012	513,585.07
Lea+Elliott, Inc.	SC-HRT-2300042	00013	417,914.65
Nan, Inc. CCUR	CT-HRT-1800230	TO 1-1	640,769.30
Nan, Inc. CCUR	CT-HRT-1800230	TO 1-2	327,484.22
Nan, Inc. CCUR	CT-HRT-1800230	TO 1-3	453,244.62
Nan, Inc. CCUR	CT-HRT-1800230	TO 1-5	1,398,060.76
Nan, Inc. CCUR	CT-HRT-1800230	TO 1-6	1,217,152.00
Nan, Inc. CCUR	CT-HRT-1800230	TO 1-7	1,929,753.71
Nan, Inc. CCUR	CT-HRT-1800230	TO 1-8	2,542,892.90
Nan, Inc. CCUR	CT-HRT-1800230	TO 1-9	1,878,286.37
Nan, Inc. CCUR	CT-HRT-1800230	TO 1-10	1,050,754.51
Nan, Inc. CCUR	CT-HRT-1800230	TO 1-13	1,606,758.10
Nan, Inc. CCUR	CT-HRT-1800230	TO 3-2	217,242.51
Nan, Inc. CCUR	CT-HRT-1800230	TO 5-23	38,177.15
Nan, Inc. CCUR	CT-HRT-1800230	TO 7-4	22,014.30
Nan, Inc. CCUR	CT-HRT-1800230	TO 8-1	293,448.87
		Carried forward	\$ 63,292,965.58

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	\$ 63,292,965.58
Nan, Inc. CCUR	CT-HRT-1800230	TO 8-2	71,252.27
Nan, Inc. CCUR	CT-HRT-1800230	TO 8-3	57,110.25
Nan, Inc. CCUR	CT-HRT-1800230	TO 10-21	169,313.98
Nan, Inc. CCUR IV	CT-HRT-2300070	00008	8,121,743.90
Nan, Inc. CCUR IV	CT-HRT-2300070	00013	7,746,329.73
Nan, Inc. CCUR IV	CT-HRT-2300070	00014	7,082,687.12
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00090	192,919.96
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00092	540,369.64
		Subtotal	<u>\$ 87,274,692.43</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>
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00049	\$ 555,261.04
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00050	461,599.39
(B) Jacobs Engineering Group, Inc.	SC-HRT-2200048	00041	213,198.12
(B) Jacobs Engineering Group, Inc.	SC-HRT-2200048	00042	58,986.84
(B) Nan, Inc. CCUR	CT-HRT-1800230	TO 1-4	958,662.25
(B) Nan, Inc. CCUR	CT-HRT-1800230	TO 10-13	248,869.11
(C) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00089	452,508.06
(C) Shimmick/Traylor/Granite JV	CT-HRT-1600385	00091	12,550,654.76
		Subtotal	<u>\$ 15,499,739.57</u>
		Total	<u><u>\$ 102,774,432.00</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, 2024, the Comptroller identified two invoices that contained amounts totaling \$24,361.63 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 \$258.27 for errors on invoices which resulted in overpayments by HART and one invoice for a credit of \$871.90 to reverse an adjustment made in a previous quarter. The invoices were adjusted for these items which resulted in a net increase of \$613.63 to the amount reimbursed to HART - see items (B).

The Comptroller identified two invoices that contained amounts totaling \$4,368.99 for costs related to Thermoplastic Raised Profile Markings that will be reimbursed by the Hawaii Department of Transportation (HDOT). These invoices were adjusted by the items identified above to reduce the amount reimbursed to HART - see items (C).

As of June 30, 2024, the balance in the Mass Transit Special Fund totaled \$102,774,440.96. As disclosed in the accompanying Schedule of Invoices, the total amount certified by the Comptroller as of June 30, 2024, totaled \$102,774,432.00.

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, the Department of Accounting and General Services (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.