

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 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).

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Keith A. Regan
Comptroller

Dated: February 24, 2025

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	88387	\$ 298,429.20
Alexander & Baldwin, Inc.	CT-HRT-19H0081	90057	298,429.20
Alexander & Baldwin, Inc.	CT-HRT-19H0081	91687	298,429.20
Alexander & Baldwin, Inc.	CT-HRT-19H0081	93431	298,429.20
City & County of Honolulu-Division of Treasury	ICP-HRT-25000586	GOB 2019A, Oct 2024	687,729.17
City & County of Honolulu-Division of Treasury	ICP-HRT-25000586	GOB 2020B, Oct 2024	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-25000586	GOB 2021E, Oct 2024	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-25000586	GOB 2023D, Oct 2024	591,520.83
City & County of Honolulu-Division of Treasury	ICP-HRT-25000737	GOB 2019A, Nov 2024	687,729.17
City & County of Honolulu-Division of Treasury	ICP-HRT-25000737	GOB 2020B, Nov 2024	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-25000737	GOB 2021E, Nov 2024	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-25000737	GOB 2023D, Nov 2024	591,520.83
City & County of Honolulu-Division of Treasury	ICP-HRT-25000900	GOB 2019A, Dec 2024	687,729.17
City & County of Honolulu-Division of Treasury	ICP-HRT-25000900	GOB 2020B, Dec 2024	1,139,416.67
City & County of Honolulu-Division of Treasury	ICP-HRT-25000900	GOB 2021E, Dec 2024	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-25000900	GOB 2023D, Dec 2024	591,520.83
City & County of Honolulu-Division of Treasury	ICP-HRT-25001021	GOB 2019A, Jan 2025	687,729.16
City & County of Honolulu-Division of Treasury	ICP-HRT-25001021	GOB 2020B, Jan 2025	1,139,416.66
City & County of Honolulu-Division of Treasury	ICP-HRT-25001021	GOB 2021E, Jan 2025	1,374,104.16
City & County of Honolulu-Division of Treasury	ICP-HRT-25001021	GOB 2023D, Jan 2025	591,520.84
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00025	1,555,918.54
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00026	1,887,256.26
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00027	3,969,743.57
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00028	3,835,488.65
		Carried forward	<u>\$ 27,613,207.16</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	\$ 27,613,207.16
Hitachi Rail Honolulu JV	CT-HRT-1200106	00149	320,787.00
Hitachi Rail Honolulu JV	CT-HRT-1200106	00153	1,982,648.29
HMS Construction, Inc.	CT-HRT-2400156	00003	5,528,521.45
HMS Construction, Inc.	CT-HRT-2400156	00006	4,241,903.32
INIT Innovations in Transportation, Inc.	DO-HRT-1602362	00021	5,030.84
Lea+Elliot, Inc.	SC-HRT-1400049	00117	778,447.86
Lea+Elliot, Inc.	SC-HRT-1400049	00119	655,296.16
Lea+Elliot, Inc.	SC-HRT-2300042	00011	2,960.65
Lea+Elliot, Inc.	SC-HRT-2300042	00015	415,157.82
Lea+Elliot, Inc.	SC-HRT-2300042	00017	551,528.69
Lea+Elliot, Inc.	SC-HRT-2300042	00018	438,563.20
Lea+Elliot, Inc.	SC-HRT-2300042	00019	526,346.32
Nan, Inc. CCUR	CT-HRT-1800230	TO 1-12	1,523,257.69
Nan, Inc. CCUR	CT-HRT-1800230	TO 12-14	322,642.46
Nan, Inc. CCUR	CT-HRT-1800230	TO 12-16	638,954.11
Nan, Inc. CCUR	CT-HRT-1800230	TO 12-17	258,180.77
Nan, Inc. CCUR	CT-HRT-1800230	TO 12-22	228,999.27
Nan, Inc. CCUR	CT-HRT-1800230	TO 15-2	114,988.47
Nan, Inc. CCUR	CT-HRT-1800230	TO 15-4	338,611.24
Nan, Inc. CCUR	CT-HRT-1800230	TO 15-5	379,514.87
Nan, Inc. CCUR	CT-HRT-1800230	TO 15-7	341,882.63
Nan, Inc. CCUR	CT-HRT-1800230	TO 15-11	267,870.66
		Carried forward	\$ 47,475,300.93

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
		Carried over	\$ 47,475,300.93
Nan, Inc. CCUR	CT-HRT-1800230	TO 21-5	287,084.50
Nan, Inc. CCUR	CT-HRT-1800230	TO 21-7	319,463.55
Nan, Inc. CCUR	CT-HRT-1800230	TO 21-9	294,160.63
Nan, Inc. CCUR	CT-HRT-1800230	TO 21-10	392,597.72
Nan, Inc. CCUR	CT-HRT-1800230	TO 21-12	320,336.95
Nan, Inc. CCUR	CT-HRT-1800230	TO 21-14	450,127.82
Nan, Inc. CCUR	CT-HRT-1800230	TO 21-15	378,017.99
Nan, Inc. CCUR	CT-HRT-1800230	TO 21-24	881,266.35
Nan, Inc. CCUR	CT-HRT-1800230	TO 21-25	869,398.69
Nan, Inc. CCUR	CT-HRT-1800230	TO 21-26	678,002.29
Nan, Inc. CCUR	CT-HRT-1800230	TO 21-27	723,896.12
Nan, Inc. CCUR	CT-HRT-1800230	TO 21-28	638,812.25
Nan, Inc. CCUR	CT-HRT-1800230	TO 21-31	250,374.54
Nan, Inc. CCUR IV	CT-HRT-2300070	00018	11,767,708.87
Nan, Inc. CCUR IV	CT-HRT-2300070	00019	9,999,835.46
Road and Highway Builders, LLC	CT-HRT-1900074	00037	564,340.05
Shimmick/Traylor Granite JV	CT-HRT-1600385	00093	407,110.54
Shimmick/Traylor Granite JV	CT-HRT-1600385	00094	195,693.14
Shimmick/Traylor Granite JV	CT-HRT-1600385	00095	267,959.06
Shimmick/Traylor Granite JV	CT-HRT-1600385	00096	210,225.21
Shimmick/Traylor Granite JV	CT-HRT-1600385	00098	300,044.40
Shimmick/Traylor Granite JV	CT-HRT-1600385	00099	154,353.25
		Carried forward	\$ 77,826,110.31

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	\$ 77,826,110.31
Shimmick/Traylor-Granite JV	CT-HRT-1600385	00100	5,927,705.53
Stantec Consulting Services, Inc.	SC-HRT-1600008	00153	825,881.40
Title Guaranty Escrow Services, Inc.	TMK 2-3-039-013.494		908,527.79
		Subtotal	<u>\$ 85,488,225.03</u>
(A)(B) CH2M Hill, Inc.	SC-HRT-1400027	00245	\$ 246,651.47
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00052	568,729.48
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00053	712,343.94
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00054	449,216.48
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00055	626,099.56
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00056	542,719.92
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00057	780,002.88
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00058	469,294.15
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00059	601,979.65
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00060	421,132.86
(A)(B) Stantec Consulting Services, Inc.	SC-HRT-2200050	00061	565,945.11
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00062	640,504.60
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00063	735,318.14
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00064	482,036.85
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00065	561,206.77
		Carried forward	<u>\$ 8,403,181.86</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	\$ 8,403,181.86
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00066	493,525.83
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00067	569,633.24
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00068	553,663.85
(A)(B) Stantec Consulting Services, Inc.	SC-HRT-2200050	00069	714,170.63
(B) Lea+Elliott, Inc.	SC-HRT-1400049	00116	665,575.01
(B) Nan, Inc. CCUR	CT-HRT-1800230	TO 12-13	254,283.85
(C) Road and Highway Builders, LLC	CT-HRT-1900074	00028	396,899.50
(C) Road and Highway Builders, LLC	CT-HRT-1900074	00029	331,253.50
(C) Road and Highway Builders, LLC	CT-HRT-1900074	00035	362,917.96
(C) Shimmick/Traylor Granite JV	CT-HRT-1600385	00097	2,566,437.09
		Subtotal	<u>\$ 15,311,542.32</u>
		Total	<u><u>\$ 100,799,767.35</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 December 31, 2024, the Comptroller identified invoices which contained amounts totaling \$232,461.92 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 an invoice that contained an amount of \$4,735.88 for disallowed travel expenses, invoices that contained amounts totaling \$7,255.33 for disallowed payroll expenses, and an invoice that contained an amount of \$204.00 for a footing error which resulted in an overpayment by HART. The invoices were adjusted for these items to reduce the amount reimbursed to HART - see items (B).

The Comptroller identified invoices that contained amounts totaling \$1,610,140.11 for costs related to the Advanced Construction for the LTKS (Left Turn into Kuala Street) Temporary Pedestrian Crosswalk for which 47% of these costs (\$756,765.85) will be reimbursed to HART by the Hawaii Department of Transportation (HDOT); invoices that contained amounts totaling \$201,313.70 related to the Pearl Highlands Three Utility Poles in Sidewalk for which HART may seek Errors and Omissions reimbursement from the responsible party; and an invoice related to IEX Changes Construction Only for an amount of \$19,144.56 for which HART may sell the former IEX property and at that time may recoup this cost. The invoices were adjusted for these items to reduce the amount reimbursed to HART - see items (C).

As of December 31, 2024, the balance in the Mass Transit Special Fund totaled \$100,799,789.45. As disclosed in the accompanying Schedule of Invoices, the total amount certified by the Comptroller as of December 31, 2024, totaled \$100,799,767.35.

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

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Notes to Schedule of Invoices (Continued)

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.