

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 (f) 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 (f). Our responsibility is to verify that the invoices for capital costs comply with HRS §46-16.8 (f).

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 (f). 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 (f). 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 (f).

/S/

Keith A. Regan
Comptroller

Dated: May 1, 2025

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-25001170	GOB 2019A, Feb 2025	\$ 687,729.16
City & County of Honolulu-Division of Treasury	ICP-HRT-25001170	GOB 2020B, Feb 2025	1,139,416.66
City & County of Honolulu-Division of Treasury	ICP-HRT-25001170	GOB 2021E, Feb 2025	1,374,104.16
City & County of Honolulu-Division of Treasury	ICP-HRT-25001170	GOB 2023D, Feb 2025	591,520.84
City & County of Honolulu-Division of Treasury	ICP-HRT-25001292	GOB 2019A, Mar 2025	687,729.17
City & County of Honolulu-Division of Treasury	ICP-HRT-25001292	GOB 2020B, Mar 2025	999,479.17
City & County of Honolulu-Division of Treasury	ICP-HRT-25001292	GOB 2021E, Mar 2025	1,374,104.17
City & County of Honolulu-Division of Treasury	ICP-HRT-25001292	GOB 2023D, Mar 2025	518,895.84
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00029	1,925,464.24
Frank V. Coluccio Construction Co., Inc.	CT-HRT-2200128	00030	3,135,786.88
Hitachi Rail Honolulu JV	CT-HRT-1200106	00150	237,960.00
Hitachi Rail Honolulu JV	CT-HRT-1200106	00157	5,305,028.54
Hitachi Rail Honolulu JV	CT-HRT-1200106	00158	2,184,274.00
HMS Construction, Inc.	CT-HRT-2400156	00001	279,165.10
HMS Construction, Inc.	CT-HRT-2400156	00002	357,630.35
HMS Construction, Inc.	CT-HRT-2400156	00004	752,295.71
HMS Construction, Inc.	CT-HRT-2400156	00005	924,507.93
HMS Construction, Inc.	CT-HRT-2400156	00007	4,291,835.09
HMS Construction, Inc.	CT-HRT-2400156	00008	980,563.85
HMS Construction, Inc.	CT-HRT-2400156	00009	4,831,812.76
INIT Innovations in Transportation, Inc.	DO-HRT-1602362	00028	23,266.22
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00056	209,039.65
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00059	198,111.14
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00061	219,316.46
		Carried forward	<u>\$ 33,229,037.09</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	\$ 33,229,037.09
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00063	206,893.33
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00067	169,581.08
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00072	223,212.65
Jacobs Engineering Group, Inc.	SC-HRT-2200048	00075	541,757.22
Lea+Elliott, Inc.	SC-HRT-2300042	00014	483,422.55
Lea+Elliott, Inc.	SC-HRT-2300042	00016	419,020.74
Lea+Elliott, Inc.	SC-HRT-2300042	00020	475,544.79
Lea+Elliott, Inc.	SC-HRT-2300042	00021	356,626.18
Nan, Inc. CCUR	CT-HRT-1800230	TO 7-3	15,164.21
Nan, Inc. CCUR	CT-HRT-1800230	TO 11-3	244,052.79
Nan, Inc. CCUR	CT-HRT-1800230	TO 12-18	164,735.61
Nan, Inc. CCUR	CT-HRT-1800230	TO 12-21	336,952.58
Nan, Inc. CCUR	CT-HRT-1800230	TO 15-3	204,628.44
Nan, Inc. CCUR	CT-HRT-1800230	TO 15-12	240,952.72
Nan, Inc. CCUR	CT-HRT-1800230	TO 18-10	541,923.81
Nan, Inc. CCUR	CT-HRT-1800230	TO 18-11	432,657.92
Nan, Inc. CCUR	CT-HRT-1800230	TO 18-12	843,128.00
Nan, Inc. CCUR	CT-HRT-1800230	TO 18-13	420,342.01
Nan, Inc. CCUR	CT-HRT-1800230	TO 18-14	440,584.98
Nan, Inc. CCUR	CT-HRT-1800230	TO 18-16	365,856.63
Nan, Inc. CCUR	CT-HRT-1800230	TO 18-17	197,125.55
Nan, Inc. CCUR	CT-HRT-1800230	TO 18-18	247,155.06
		Carried forward	\$ 40,800,355.94

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	\$ 40,800,355.94
Nan, Inc. CCUR	CT-HRT-1800230	TO 18-19	170,812.44
Nan, Inc. CCUR	CT-HRT-1800230	TO 21-30	517,901.07
Nan, Inc. CCUR IV	CT-HRT-2300070	00021R1	8,776,979.65
Nan, Inc. CCUR IV	CT-HRT-2300070	00022R1	24,318,492.12
Shimmick/Traylor/Granite JV	CT-HRT-1600385	00102	6,012,837.94
Tutor Perini Corporation	CT-HRT-2500084	00003	11,503,264.24
Tutor Perini Corporation	CT-HRT-2500084	00004	8,169,387.94
W.D. Schock Company, Inc.	SC-HRT-2100005	6469	3,216.00
W.D. Schock Company, Inc.	SC-HRT-2100005	6540	157,744.50
W.D. Schock Company, Inc.	SC-HRT-2100005	6549	158,835.00
W.D. Schock Company, Inc.	SC-HRT-2100005	6603	207,756.39
W.D. Schock Company, Inc.	SC-HRT-2100005	6615	246,686.21
W.D. Schock Company, Inc.	SC-HRT-2100005	6628	233,422.61
W.D. Schock Company, Inc.	SC-HRT-2100005	6641	241,793.40
W.D. Schock Company, Inc.	SC-HRT-2100005	6655	246,717.10
W.D. Schock Company, Inc.	SC-HRT-2100005	6669	258,285.59
W.D. Schock Company, Inc.	SC-HRT-2100005	6674	232,398.70
W.D. Schock Company, Inc.	SC-HRT-2100005	6774	270,569.90
W.D. Schock Company, Inc.	SC-HRT-2100005	6780	209,213.91
W.D. Schock Company, Inc.	SC-HRT-2100005	6784	193,747.27
W.D. Schock Company, Inc.	SC-HRT-2100005	6788	192,090.98
W.D. Schock Company, Inc.	SC-HRT-2100005	6797	194,924.01
		Carried forward	\$ 103,317,432.91

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	\$ 103,317,432.91
W.D. Schock Company, Inc.	SC-HRT-2100005	6806	130,321.92
W.D. Schock Company, Inc.	SC-HRT-2100005	6814	258,532.55
		Subtotal	<u>\$ 103,706,287.38</u>
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00070	\$ 411,747.64
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00071	527,960.23
(A) Stantec Consulting Services, Inc.	SC-HRT-2200050	00072R	528,505.20
(B) Jacobs Engineering Group, Inc.	SC-HRT-2200048	00069	213,069.83
(C) Hitachi Rail Honolulu JV	CT-HRT-1200106	00155	5,286,620.84
(C) INIT Innovations in Transportation, Inc.	DO-HRT-1602362	00029	331,734.42
(C) INIT Innovations in Transportation, Inc.	DO-HRT-1602362	00033	110,578.14
(C) INIT Innovations in Transportation, Inc.	DO-HRT-1602362	00043	290,267.62
		Subtotal	<u>\$ 7,700,483.92</u>
		Total	<u><u>\$ 111,406,771.30</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 (f) and §40-81.5

Hawaii Revised Statutes (HRS) §46-16.8 (f) 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 before 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 (f). 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 (f), 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 (f).

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Notes to Schedule of Invoices (Continued)

3. Adjustments to Reduce Amounts Reimbursed to HART

During the quarter ended March 31, 2025, the Comptroller identified invoices that contained amounts totaling \$24,718.70 which were deemed to be administrative costs of HART. These costs do not comply with HRS §46-16.8 (f) 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 \$5,396.03 for disallowed recycling services for electronic equipment provided by a vendor in Roseville, California. The invoice was adjusted for this item to reduce the amount reimbursed to HART - see item (B).

The Comptroller also identified an invoice that contained amounts totaling \$1,008,128.20 to reimburse the Core System Contractor for costs incurred during its participation in HART's and the City & County of Honolulu's pursuit for a Public-Private-Partnership (P3) procurement which included costs of legal counsel, consultants, and executive involvement, and invoices that contained amounts totaling \$54,258.00 for warranties on Bus and Back Office equipment, ticket vending machines and faregates; rail maintenance and training. These costs were not deemed as capital costs and do not comply with HRS §46-16.8 (f) therefore, these invoices were adjusted to reduce the amount reimbursed to HART - see items (C).

As of March 31, 2025, the balance in the Mass Transit Special Fund totaled \$113,475,212.04, however, the remaining allotment balance available to reimburse HART was \$111,406,777.07. As disclosed in the accompanying Schedule of Invoices, the total amount certified by the Comptroller as of May 1, 2025, totaled \$111,406,771.30.

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.