
HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A FINANCIAL AND MANAGEMENT
AUDIT OF THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION.

1 WHEREAS, the Honolulu Rail Transit Project, referred to as
2 the largest public works project in the State's history, is a
3 20-mile elevated rail transit project spanning from East Kapolei
4 to Ala Moana Center and is scheduled to be completed by 2019;
5 and

6
7 WHEREAS, paying for this \$5.2 billion project includes
8 \$1.55 billion that was awarded to the Honolulu Authority for
9 Rapid Transportation (HART) by the Federal Transit
10 Administration, a half-percent general excise tax and use tax
11 surcharge for rail that has been collected since 2007, and funds
12 from other federal and locally-generated sources; and

13
14 WHEREAS, HART, a semi-autonomous public transit authority
15 approved by voters in 2010, is responsible for the planning,
16 construction, operation, and extension of the rail system; and

17
18 WHEREAS, with construction underway, budgetary and funding
19 concerns threaten the continued viability of the rail transit
20 project, with costs to construct the rail transit project
21 outpacing money coming in from federal and state sources, huge
22 shortfalls in the budget, delays in construction, cost overruns,
23 and anticipated construction cost increases; and

24
25 WHEREAS, the reported nearly \$1 billion shortfall, and size
26 and projected growth of the rail transit project necessitates a
27 financial and management audit of HART for internal
28 accountability and public transparency, particularly at a time
29 when public discussion and deliberation centers on the fiscal
30 soundness and continued viability of this project; now,
31 therefore,



1 BE IT RESOLVED by the House of Representatives of the
 2 Twenty-eighth Legislature of the State of Hawaii, Regular
 3 Session of 2015, the Senate concurring, that the Auditor is
 4 requested to conduct a financial and management audit of HART's
 5 governance and operations; and

6

7 BE IT FURTHER RESOLVED that the audit examine, at a
 8 minimum, the following:

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- 10 (1) HART's management and operations with respect to
 11 HART's financial and management policies, practices,
 12 and processes associated with the plans, design,
 13 bidding, and construction of the Honolulu Rail Transit
 14 Project;
- 15
 16 (2) HART's financial plan and related systems of
 17 accounting and internal controls;
- 18
 19 (3) The contracts awarded and expenditures associated with
 20 the rail transit project contracts, including payments
 21 to contractors, subcontractors, and consultants, and
 22 what the expenditures are being used for;
- 23
 24 (4) The factors contributing to cost increases, cost
 25 inflation, and cost escalation of the rail transit
 26 project, including delays in the project; change
 27 orders; requirements affecting the planning, design,
 28 bidding, and construction of the project; work
 29 restrictions; and bidding procedures; and
- 30
 31 (5) Cost containment measures, efficacy of fiscal
 32 operations and decisions, and other actions HART has
 33 taken to mitigate the burgeoning costs and shortfalls
 34 of the rail transit project; and

35

36 BE IT FURTHER RESOLVED that the Auditor is requested to
 37 submit to the Legislature a report of the completed audit,
 38 including its findings and recommendations, no later than twenty
 39 days prior to the convening of the Regular Session of 2016; and



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1 BE IT FURTHER RESOLVED that certified copies of this
 2 Concurrent Resolution be transmitted to the Governor, Mayor of
 3 the City and County of Honolulu, Council Members of the Honolulu
 4 City Council, Acting Auditor, and Executive Director and Chief
 5 Executive Officer of HART.

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OFFERED BY:

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Nicole E. Louie

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