



## RESOLUTION

REQUESTING THE BOARD OF THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION ("HART") TO CONDUCT AN ECONOMY AND EFFICIENCY AUDIT TO DETERMINE THE CAUSES FOR THE COST OVERRUNS FOR THE HONOLULU HIGH-CAPACITY TRANSIT CORRIDOR PROJECT.

WHEREAS, the cost of the Honolulu High-Capacity Transit Corridor Project ("Rail Project") has increased from \$5,163,000 in June 2012 to a current estimated cost of approximately \$10 billion; and

WHEREAS, on May 6, 2015, the City Council approved Resolution 15-90, which requested that the City Auditor conduct a performance audit of the Rail Project; and

WHEREAS, on April 15, 2016, the City Auditor issued the Audit of the Honolulu Authority for Rapid Transportation ("HART Audit"); and

WHEREAS, the HART Audit made specific findings concerning HART's failure to construct the Rail Project economically, effectively, and efficiently, including:

1. HART's financial plan has not been updated to reflect the Rail Project's current financial condition in spite of significant cost increases;
2. HART has failed to exercise sufficient controls over its financial information to ensure that data is complete and readily available; delay claims are adequately tracked, monitored, and reported; and pending utility agreements, contingency allowance figures, and county general excise and use tax surcharge receipts are complete and accurate;
3. HART's Project Management Plan and Operations and Maintenance Plan are outdated and unreliable as decision making tools;
4. Contract administration controls are needed to assure proper invoice payments and adequate procurement file documentation and to prevent improper payments; and
5. Rail Project cost estimates, details, and cost assumptions are unsubstantiated and project cost managers are not managing actual costs against budgeted costs; and



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WHEREAS, on June 22, 2017, certain HART board members indicated that the HART board would not fund a special audit that would examine the cost overruns for the Rail Project; and

WHEREAS, based on the findings in the HART Audit, there must be a higher level of transparency concerning the reasons for the cost overruns for the Rail Project; and

WHEREAS, economy and efficiency audits are performed to determine: (1) the causes of inefficiencies or uneconomical practices; and (2) whether the entity audited has complied with laws and regulations on matters of economy and efficiency; and

WHEREAS, it is the Council's belief that an economy and efficiency audit must be conducted concerning HART so that the reasons for the Rail Project's cost overruns, specifically the causes of HART's inefficiencies or uneconomical practices, can be determined so that the HART Board can take actions to address these issues and prevent a recurrence of such inefficiencies and practices; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that the Board of the Honolulu Authority for Rapid Transportation is requested to fund an economy and efficiency audit of HART to address the causes of the Rail Project's cost overruns; and



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

No. 17-199

**RESOLUTION**

BE IT FINALLY RESOLVED that copies of this Resolution be sent to the Mayor, the Managing Director, the Executive Director and Chair of the Board of the Honolulu Authority for Rapid Transportation, and the City Auditor.

INTRODUCED BY:

  
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DATE OF INTRODUCTION:

**JUL 20 2017**

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Honolulu, Hawaii

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Councilmembers