

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE DEPARTMENT OF BUDGET AND FISCAL SERVICES AND
THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION
REGARDING THE TRANSITION OF SUPPORT SERVICES**

This MEMORANDUM OF UNDERSTANDING ("MOU") is entered into and effective as of July 1, 2011, by and between the DEPARTMENT OF BUDGET AND FISCAL SERVICES ("BFS"), City and County of Honolulu, whose mailing address is 530 South King Street, Room 208, Honolulu, Hawaii 96813, and the HONOLULU AUTHORITY FOR RAPID TRANSPORTATION ("HART"), City and County of Honolulu, whose mailing address is 1099 Alakea Street, Suite 1700, Honolulu, Hawaii 96813. BFS and HART are collectively referred to as the "Parties."

WHEREAS, the City and County of Honolulu (the "City") is commencing work on the Honolulu High-Capacity Transit Corridor Project, a 20-mile grade-separated fixed guideway rail system from East Kapolei to Ala Moana Center (the "Rail Project");

WHEREAS, on December 16, 2009, the Honolulu City Council (the "Council") adopted Resolution 09-252, CD1, to initiate amendments to the Revised Charter of the City and County of Honolulu 1973, as amended ("Charter"), to create HART, a public transit authority responsible for the planning, construction, operation, maintenance and expansion of the City's Rail Project;

WHEREAS, at the 2010 general election, the voters approved revising the Charter as proposed by the Council to create HART;

WHEREAS, the Charter amendments established HART effective July 1, 2011;

WHEREAS, on and before June 30, 2011, BFS provided certain services to the Rapid Transit Division ("RTD") of Department of Transportation Services, including, but not limited to, those services set forth in Exhibit "A," attached hereto and incorporated herein (collectively, the "Services"); and

WHEREAS, to ensure the smooth transition from RTD to HART on July 1, 2011, the Parties have agreed that BFS will continue providing services to HART on and after July 1, 2011;

NOW, THEREFORE, the Parties hereto agree as follows:

1. Services to HART. As of July 1, 2011, the Services, including, but not limited to, those Services listed in Exhibit "A," attached hereto and incorporated herein, shall be provided by BFS to HART

2. Cooperation. The Parties enter into this MOU with the common goal of ensuring the smooth transition from RTD to HART on July 1, 2011, and ensuring HART's ability to concentrate its efforts on the Rail Project. In furtherance of this goal, the Parties agree to make every reasonable effort to cooperate with, and assist, each another.

3. Modification; Duration; Termination. This MOU is to take effect on July 1, 2011, and shall terminate on June 30, 2016, unless extended by the Parties. During the term of the MOU, this MOU and Exhibit "A" may be amended by mutual written agreement of the Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Memorandum of Understanding on the date first above written.

APPROVED:

DEPARTMENT OF BUDGET AND FISCAL SERVICES

By 
MICHAEL R. HANSEN
Director

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

By 
KENNETH TORU HAMAYASU
Interim Executive Director

EXHIBIT "A"

LIST OF SERVICES PROVIDED BY THE DEPARTMENT OF BUDGET AND FISCAL SERVICES TO HONOLULU AUTHORITY FOR RAPID TRANSPORTATION AS OF JULY 1, 2011

GENERAL

- Provide assistance with regard to budgetary and financial issues, and bond issuances, and attend city council hearings.
- Provide the BFS financial systems and processes now used to manage cash receipts, investing, payroll, accounts payable and receivable, and general accounting, etc and provide assistance/support to generate reports from the BFS financial systems for use by HART.
- Provide fiscal oversight for all City agencies that utilize transit funds through contracts not assigned to HART.
- BFS will continue to provide guidance and direction with respect to all City policy and procedures, interpretation of the HAR and HRS and any changes thereto as was provided to RTD.

RISK MANAGEMENT

- Provide assistance and risk management advisory services with regard to construction contracts, right of way and other land transactions, providing required proof of insurance or self-insurance as appropriate and the design and implementation of the Owner Controlled Insurance Program (OCIP).
- Provide HART with master insurance coverage presently provided to the Rapid Transit Division employees and their organizational structure including automobile insurance, 3D coverage for the HART Board and Professional liability insurance. HART will pay for the cost of insurance attributable to HART.

FISCAL/ACCOUNTING

- Review, recommend and process M-4 documents for allocation of funds and identification of funding sources, and Bid Referrals for certification of funds (to be completed by BFS Fiscal).
- The City will continue to be the Grant recipient for funds awarded by the Federal Transit Administration (FTA) and BFS will continue to process drawdown requests to the FTA and deposit the funds received in the appropriate Transit Fund subsidiary account and prepare Federal Financial Reports for grants involving the Rail Project.

- Process payments for HART-funded contracts and vendor invoices upon receipt of the HART certified invoice and pay request.
- Provide assistance with administering cash flow for HART including arranging for temporary inter-fund transfers.
- BFS will review audited financial statements for inclusion in the City's CAFR and assist HART in the annual financial audit.
- Provide assistance with interface requirements with HART accounting systems and the City's Advantage financial management system and collaborate with DIT in the preparation of electronic reports required for the importing and exporting of data between BFS and HART.
- Continue providing payroll services for HART employees.
- Continue capital asset accounting.

TREASURY

- Provide assistance in obtaining financing for HART projects.
- Administer debt service and post issuance compliance for rail financings.
- Manage cash and investments for HART related deposits and disbursements.
- Receipt and deposit quarterly GET surcharge.
- Administer payments made by check/electronic payment for HART.
- Administer employee pay stubs and paychecks for HART employees.
- Administer and arrange for temporary inter-fund transfers and required reporting to the City Council.

BUDGET

- Assist HART in using the City's Advantage Budgeting System for HART's operating budget.

PURCHASING

- Post all formal solicitations and awards for goods, services and construction prepared by HART and provided to BFS Purchasing on the City's website.
- Provide technical expertise relating to acquisition of properties and relocation services related to transit.

- Provide technical expertise relating to procurement.
- Provide the use of City-wide master agreements.
- Perform post audits of HART solicitations and awards.