

## Legislative Federal Economic Stimulus Program Oversight Commission

9/6/11

DRAFT

### I. Meeting called to order- 10:05 AM

#### Members present-

Kate Stanley- appointee of the Speaker of the House of Representatives

Ed Kemp- appointee of Senator Slom

Richard Baker- appointee of Representative Ward

Senator Michelle Kidani- Senate member

#### Members not present-

Rod Tanonaka- appointee of Representative Hanabusa

Representative Kyle Yamashita- House of Representatives member

Michael Kitamura- appointee of Senator Akaka

Mark Anderson- appointee of the Governor

Jennifer Sabas- appointee of Senator Inouye

Susan Kodani- appointee of Congresswoman Hirono

John White- appointee of the President of the Senate

**Others present-** Park Kaleiwahea- office of the Senator Kidani; Ted Baker- Legislative Reference Bureau; members of the public

### II. Adoption of Minutes

Adoption of minutes was deferred

### III. General Business

The Chair reported that she has spoken with the House Speaker with regard to the position she will be taking with the Governor's office and the Speaker has asked her to remain on the Commission until it finishes its work in December 2011

### IV. Overview of Federal Stimulus Funds

Presentation of the Department of Transportation (DOT) by Jadine Urasaki, Deputy Director, updating presentations made 12/8/09 and 10/26/10

#### A. Highlights

1. As of 7/29/11, the State and counties have cumulatively expended 44% (\$85.6 million) of \$195 million encumbered by federal contract
2. 54% of projects are complete, 38% are active, and 8% are obligated

3. 20 projects are complete and 17 others fall into various categories of partial completion: 75-99% complete (3); 50-74% complete (3); 25-49% complete (3); 1-24% complete (4); and less than 1% complete (4)
4. DOT reviewed a spread sheet with the Commission that showed the status details on each of the 37 projects (obligated; advertised/opened bids but NTP not issued; under construction; and completed): Highways (14 State, 12 county); Airports (3 State); Harbor (2 State); and Transit (6 county)

B. Discussion

1. Although the total ARRA award to the State for expenditure by DOT or by the counties with reimbursement by DOT was \$201 million, the total amount under federal contract is \$195 million because the bids came in lower than the estimate on which the award was based or contract criteria were changed (e.g., by TSA)
2. With county projects, DOT is a pass-thru; the county expends the funds, submits documentation of its expenditure to DOT for verification of proper payment to the county's contractors, and the State then reimburses the county
3. This payment process accounts for some of Hawaii's lag behind other states in its expenditure of ARRA funds for transportation projects
4. Congress used existing funding paths rather than creating new ones or just issuing block grants to states; the total amount of ARRA transportation funds awarded to Hawaii includes some amount not administered by the State/DOT; any Honolulu rail system expenses that would have been eligible for ARRA mass transit funds would have gone straight from the federal government to the City and County of Honolulu
5. With highway projects, as long as the counties invoice their expenditures before 9/30/15, there is no concern that funds will lapse
6. Some funds will be returned not because they lapse but because by the time it became apparent that a particular project would cost less than expected, it was too late to reprogram the balance to another project; conversely, had bids for the projects exceeded the estimates on which the federal award was based, the State would have had to make up the difference

7. Among the barriers encountered in expending ARRA funds were environmental issues, national historic preservation requirements, procurement protests (especially the Honolulu airport explosives detection system contract), payment processes, and employee furloughs
8. The projects created/retained 154.3 FTE private sector jobs; however, it appears that temporary jobs were under counted/emphasized and that permanent jobs were over counted/emphasized in the federal job counting methodology; if the emphasis had been on long term job creation, DOT might have chosen different projects
9. With regard to the loss of funding and the effect on funding necessary to provide personnel support for buses acquired by the counties, some of the buses were replacements and some were new/additional but plans were made to fund personnel even after ARRA funds were expended
10. A federal audit team report made recommendations and findings on 3 or 4 issues, particularly with respect to the counties' internal processes

**V. Public Comments**

There were no public comments

**VI. Adjournment**

With a reminder that the Charter Schools Administrative Office, the Governor's Office, and the Department of Education will present on 9/20/11, the meeting was adjourned at 10:54 a.m.