Legislative Federal Economic Stimulus Program Oversight Commission
Act 150, SLH 2009

Responses from the State Department of Transportation
December 8, 2009

(1) Organized by group/category of program/project for which ARRA funds have been obtained, please provide the following information:

(a) A brief summary of the program/project, including goals;

The State of Hawaii, Department of Transportation (HDOT), Highways Division, received $125,746,380 in ARRA funds under the Highway Infrastructure Investment Program. Funds were distributed to the States by formula under Title 23. From this amount, a minimum of 3% must be used for Transportation Enhancement purposes; 30% suballocation for areas based on population, and 67% for any area within the State of Hawaii. Priority was given to projects with a projected completion date by February 17, 2012, and for projects that are located in economically distressed areas. These funds are for use by HDOT and the counties for eligible activities under Title 23 USC and identified in our Statewide Transportation Improvement Program (STIP).

The Airports Division received 3 ARRA grants, 1 through the FAA and 2 through the TSA. Although a large number of projects were submitted for ARRA funding, these projects were selected by the administering Federal agency as having the greatest merit based on rating criteria related to their highest priorities which are compliance with 14 CFR Part 139 related to airfields for the FAA and development of in-line explosive detection systems for the TSA. Additionally, these projects met the criteria for expenditure deadlines.

HDOT received 1 ARRA grant for Transit Capital Assistance in nonurbanized areas through the Federal Transit Administration (FTA). Funds were received through 49 U.S.C. Section 5340 totaling $2,933,435. All monies were equally distributed to each of the following nonurban counties: Hawaii, Kauai & Maui. Each of the counties used their funds to purchase buses, with Hawaii County adding bus shelters to their purchase.

(b) Whether funds were appropriated for expenditure by a federal agency, were awarded as a formula/block grant to a State or county agency, or were awarded on a competitive grant basis;

ARRA funds received by HDOT, Highways Division, were distributed by formula in accordance with Title 23. ARRA funds received by the Airports Division were competitive grants based on project merit as assessed by the administering Federal agency. Transit Capital Assistance funding was also distributed by formula.

(c) The amount of funds involved and the state/federal fiscal year within which the funds must be expended (e.g. SFY 2009-2010 or FFY 2009-2010);

The ARRA funds for highways projects need to be obligated by March 3, 2010 and expended by September 30, 2015, at which time any remaining balance will be canceled.

As of October 31, 2009, the status of the airport projects receiving ARRA funds are as follows:

- The FAA project to rehabilitate the aircraft parking ramp at Kahului Airport started construction on June 19, 2009 and is 11% complete. The total project amount is $17,017,280 with a grant amount of $15,000,000.

- The first TSA project is for an inline explosive detection system (EDS) at Kahului Airport. The project started on May 15, 2008 and is 90% complete. The total project amount is $23,813,066 with a grant amount of $7,240,743.

- The second TSA project is for an inline explosive detection system (EDS) at Honolulu International Airport. The project will begin in January 2010. The total project amount is $ 58,222,194 with a grant amount of $24,573,200.

The FAA grant had to obligated by June 17, 2009 and must be expended by February 16, 2011. The TSA grant must be expended by November 30, 2010 for the Kahului EDS and December 31, 2011 for the Honolulu EDS.

The $2,933,435 FTA grant (HI-86-X001) for the purchase of buses and bus shelters was obligated on July 1, 2009. All funds are anticipated to be expended by FFY 2010-2011.

(d) What criteria were used to identify the program/project as a priority and how does the program/project meet them;

For highway projects, as provisions of the ARRA became known such as priority for projects in Economically Distressed Area and a minimum of 3% to be used for transportation enhancements, the HDOT and Counties took this into consideration and adjusted the candidate ARRA project list accordingly. Projects located on the Big Island of Hawaii and on Molokai were selected for an equitable geographical distribution of funds between counties, and providing projects in Economic Distressed Areas.

For Airports, projects were identified according to an already established priority ranking system which correlates closely to the administering Federal agencies. These types of projects fall under the safety, security, compliance and preservation of facilities categories. Consideration was also given for those projects which met the implementation time frame for ARRA funds.

The neighbor island counties were allowed to determine the priority of projects for their transit agencies based on the eligible criteria, and HDOT ensured compliance with the criteria. All three counties utilized the “Public transportation improvement that enhances economic development or incorporates private investment including commercial and residential development” criteria.

(e) Efforts undertaken to coordinate application for funds and administration of the program/project, including expenditure of funds, with other federal, state, and county agencies;

For highway projects, the Highways Division set-up an e-mail address to centralize project information collection for ARRA projects. The contractors of ARRA projects submit their monthly employment data reports and DBE expenditures to this address. Information on the status of County ARRA projects are also collected though this address. Coordination is done through contact personnel identified by the counties and Federal Highway Administration (FHWA). The obligations for all ARRA funded projects are processed through the Highways Division along with the contractor invoices and reimbursement of the ARRA funds from FHWA. Monthly project information is uploaded to a FHWA database (RADS) for ARRA projects. Information from the RADS database is extracted quarterly to accomplish the 1512 report for ARRA projects. Additionally ARRA project information is submitted to the Committee on Transportation and Infrastructure, U.S. House of Representatives. In the state, coordination is done with DBEDT.

The Airport Division worked closely with representatives of its administering Federal agencies for ARRA funds to submit projects with the greatest chance of receiving grants. The Airports Division also worked closely with Senator Inouye's office who acted as a liaison between the airports Federal agencies and the Federal agencies overseeing the distribution of ARRA funds.

HDOT has worked closely with the neighbor island county transit agencies and FTA to ensure the appropriate expenditure and oversight of the funds received. The distribution and purpose of the funds have been posted on the Governors website. Additionally, ARRA project information is submitted to the Committee on Transportation and Infrastructure, U.S. House of Representatives, 1512 and included in FTA's TEAM report. In the state, coordination is done with DBEDT.

(f) The criteria used to select activities for the program/project;

Project selection was based on both informal information that was being disseminated during the development of the Federal Recovery bill, and following later known provisions of ARRA once it was signed into law. The projects initially selected were the ones that could meet the obligation deadlines. Later as other requirements became available such; a minimum of 3% set aside for Transportation Enhancements and selecting projects in Economically Distressed Areas, the HDOT and Counties adjusted the candidate ARRA project list accordingly. In addition to this, attempts were made to include projects that spanned several building trades instead of selecting only fast, repaving or PPM type projects.

For Airports, projects were identified according to an already established priority ranking system which correlates closely to the administering Federal agencies. The higher ranked projects fall under the safety, security, compliance and preservation of facilities categories. Consideration was also given for those projects which met the implementation time frame for ARRA funds.

Working closely with the neighbor island counties, HDOT provided the counties with the funding amount and qualifying criteria for acceptable projects and allowed each of them to propose and prioritize their projects. HDOT then reviewed project proposals to ensure their eligibility before submitting the grant application.

(g) Efforts made to provide public notice and seek public comment/input or, if public comment/input was not sought, why;

HDOT made a separate STIP Revision to add prospective Highways Division and Transit Capital Assistance ARRA projects and identify ARRA backups. Due to the short timeframe to develop a list of candidate ARRA projects, the HDOT and the four counties developed a list that considered project readiness, Economically Distressed Areas, projects that could be obligated by October 2009, and an equitable geographic distribution of funds. After collaboration and agreement between HDOT and all counties was reached in March 2009, the candidate projects were included on the Statewide Transportation Improvement Plan (STIP) via major amendment process.

This STIP major revision process included Oahu MPO's (OMPO) Transportation Improvement Plan (TIP) process of review and comment by:

- Citizens Advisory Committee
- Technical Advisory Committee
- Policy Committee approval

Additionally, OMPO posts TIP revisions on their website and mail out to "interested parties" including other agencies and special interest groups.

The STIP revision process also involves the following public involvement process:

- Post revision information to HDOT STIP website
- Post statewide newspaper ads to publicize the changes
- Send out emails to interested parties, other government agencies, and other interested stakeholders and partners

All communications included contact and website information. Replies to all comments were made before the STIP revision process was completed. The ARRA projects were publicized on the Governor’s Recovery website.

For Airports projects are normally identified though its master plans which follow HRS 343 and NEPA requirements. These planning efforts involve established public input processes. The resulting projects are then ranked for the statewide airports system of 15 airports according to a ranking system that is generally used by most airport systems nationwide and follows FAA guidelines.

(h) Efforts made to ensure that the bidding/award process was transparent and that the funds were awarded based on merit and in a prompt, fair, and reasonable manner;

All ARRA projects bid by the HDOT or the various County agencies were done in accordance with Hawaii Revised Statutes 103D-302 and 23 CFR 635.112 – 635.114. Proper advertisement notices and durations were provided that is available to all bidders in the same manner and project award was given to the lowest responsible bidder.

(i) Measures employed to reduce duplication of efforts by other agencies, to ensure that funds were used for authorized purposes, and to prevent cost overruns, fraud, waste, error, and abuse; and

HDOT is part of a larger committee led by the Department of Accounting and General Services (DAGS) and the Governor's office to coordinate tracking of ARRA funded projects and timely expenditure of funds. This committee responds to information requests from other agencies (State, Federal and Congress) on ARRA projects and is meant to reduce duplicative requests for information.

(j) Current status of the program/project, including percentage of awarded funds that have been obtained, percentage of awarded funds encumbered/expended, and what part(s) of program/project have been completed;

For current status of projects, see the attached report and project listing that HDOT provides to Congress monthly.

(k) Please describe the actual or anticipated economic impact to the State of the program/project, including the number of jobs saved/created and the long-term public benefits of the program/project;

From July 13, 2009 to September 30, 2009 contractors have started work on 7 Highway ARRA projects with construction contracts totaling $25.5 Million. They vary from pavement preventive maintenance to a bridge replacement project. From the 7 Highways projects that started, the contractors have reported employing 249 workers and 7,012 work hours performed. As additional and larger Highways and county projects start the workers employed and work hours will increase.

As of September 30, 2009 there have been 9 construction contracts that have been awarded to contractors totaling $29.5 Million. An additional 9 projects are in the process of advertising and awarding contracts with a total obligation amount of $41.8 Million.

Transit Capital Assistance funds were used for purchases, jobs saved/created are reported upon delivery of purchases with off the shelf purchases not requiring reporting. The additional buses purchased will allow the transit agencies to expand services which are already taxed due to the rapidly increasing demands on public transportation. Bus shelters help to provide a safer environment of commuters.

(2) If ARRA funds were available for a program/project but were not sought or were denied such as competitive grants, please briefly describe why the funds were not sought or why they were denied;

HDOT did seek all transportation related funds through FHWA, TSA, and FAA, as well as submitting the attached application for $1.5 billion competitive discretionary grant funds for highway and port facilities.

(3) Please describe:

(a) Any legal/operational barriers/constraints regarding acquisition/expenditure of funds that were encountered, including procurement, late/delayed federal guidance, and reporting requirements,

The State's budgetary and procurement/contracting processes for the ARRA funds posed some potential timing issues if not streamlined and prioritized.

In addition, Section 112 of Act 162/SLH 2009 restricts and limits the departments' ability to maximize the use of ARRA funds that best benefits the State. Briefly this proviso limits transfer of operating funds between programs and by means of financing (MOF) to not more than ten (10) per cent of the amount appropriated to and from program ID's within an expending agency.

(b) The effect of those barriers/constraints, and

Not applicable.

(c) If and how they were mitigated.

HDOT worked closely with the Department of Budget & Finance (B&F), DAGS, and the Governor's office to streamline and expedite the budgetary and procurement/contracting process of allotment requests, certifications, and approvals to reduce the time to advertise a project. All ARRA projects were tagged and identified as such in order to expedite reviews and processing.

The process from date of obligation of funds to Notice to Proceed (NTP) is explained below. The process initially took 150 days for the first 9 ARRA projects from obligation to NTP. The process has been revised to shorten the timeline from obligation to NTP to 115 days.

<u>Original process used for the first 9 state Highways ARRA projects from obligation date</u>

Advertise and Receive project bids:	40 days
Award project:	30 days
Execute contract:	35 days
Construction Notice to Proceed:	45 days
Total time elapsed:	150 days obligation to NTP

Revised process from obligation date

Advertise and Receive project bids:	40 days
Award project:	30 days
Construction Notice to Proceed:	45 days from award
Total time elapsed:	115 days obligation to NTP)