

REPORT TO THE TWENTY SIXTH LEGISLATURE

OF

THE STATE OF HAWAII

REGULAR SESSION OF 2011

ON

ACT 100

SECTION 7

SESSION LAWS OF HAWAII 1999

SUBJECT: RELATING TO GOVERNMENT OPERATIONS

STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
DECEMBER 2010

**A. DEPARTMENT OF TRANSPORTATION**

**Statement of Short and Long Term Goals**

The overall goal of the Department of Transportation is to facilitate the rapid, safe, and economical movement of people, goods, and mail into, within, and out of the State by providing and operating transportation facilities and supporting services.

**Objectives and Policies**

In order to achieve its overall goal, the Department of Transportation currently has three Divisions, Airports, Harbors and Highways that provide, operate, and maintain ten (10) commercial service airports, five (5) general aviation airports, ten (10) commercial harbors, and two thousand four hundred and seventy-nine (2,479) lane miles of highway.

**Action Plan and Timetable to Implement Objectives and Policies in One, Two and Five Years**

The Department of Transportation is responsible for the planning, designing, constructing, operating, and maintaining of the state facilities in all modes of transportation including air, water, and land. Coordination with other state, county, and federal programs is maintained in order to achieve the overall objective.

Responsible planning and budgeting for air, water and land transportation systems is essential to meeting our objectives. Each capital improvement or special maintenance project is related to either improving our existing system, managing demand, or expanding the present system.

**Process to Measure the Performance of Programs and Services in Meeting the Stated Goals, Objectives and Policies**

The Multi-Year Program and Financial Plan (PFP) measures the Department's effectiveness by reporting on a number of effectiveness measures for each of the divisions. Performance is determined by comparing actual results with established goals on a fiscal year

basis. While these measures may be used to measure our performance, our customers, the traveling public, grade us by their personal experiences.

## **B. AIRPORTS DIVISION**

### **Statement of Goals**

The Airports Division's goal is to develop, manage and promote a high quality cost-effective regional and global air transportation enterprise with the spirit of aloha for all.

### **Objectives and Policies**

The statewide airports system consists of ten (10) airports serving commercial airlines and five (5) general aviation airports located on six (6) islands. The Airports Division's policy is to build for the future and promote Hawaii's airports as gateways of aloha by planning, designing, constructing, managing, and maintaining efficient cost-effective and secure airport facilities and equipment based on evolving technology.

The Airports Division strives to provide an efficient and safe airport system by working in partnership with the airlines, concessionaires, governmental and regulatory agencies, lessees, businesses, employees, members of the public and other stakeholders.

The statewide airports system is extremely important because it provides the aviation-related infrastructure needed to safely and efficiently accommodate the flow of passengers, cargo, and mail between the islands, as well as, to and from the Pacific Basin and the continental U.S.

One of the principal gauges used by the State to measure its ability to serve the public at its airports is the forecast of passenger volumes, processing times for passengers and their articles (for inter-island, international arrivals and domestic departures), cargo, mail, compliance with security and aeronautical regulations and airport operations. The forecast is used as a basis for planning future

airport facilities and assessing the economic impact on the economy of the State. The forecast of passengers considers historic activity, visitor projections, and population growth factors.

In order to achieve its goals, the Airports Division has established the following objectives:

1. Provide effective leadership.
2. Improve safety and security.
3. Meet the requirements of our stakeholders.
4. Maximize airport revenues.
5. Protect the environment.
6. Employ innovation and technology.
7. Implement cost savings measures.

**Action Plan and Timetable to Implement Objectives and Policies in One, Two and Five Years**

During fiscal year 2010, the following actions were taken to implement the Airports Division's objectives and policies.

1. Provide effective leadership

The following actions were undertaken to improve leadership skills through additional training and improved communication:

- a. We continue to encourage personnel to attend DHRD's Leadership Development Program courses and any out-service Leadership/Management Training courses.
- b. We continue to have managers participate in a workshop on "Drafting Bills for Legislation" which covers formatting and procedures to ensure bills are drafted correctly.

- c. We continue to hold weekly ESG meetings with managers to discuss current issues and how to effectively resolve them.
- d. Division staff have traveled to the neighbor island airports to provide hands-on training on administrative matters (i.e., budget preparation, inventory reconciliation, and personnel related issues.)

2. Improve safety and security

The following actions were undertaken to improve the safety and security of Hawaii's airports:

- a. The Airports Division implemented Hawaii's largest Public Access Defibrillation Program in FY 2007 by installing one hundred (100) Automated External Defibrillators (AED) at 10 airports on six islands. We continue to maintain the equipment and operate this program, with continuous training of airport employees as well as tenants at the airport. The Division also executed a 2010 extended maintenance contract which included the addition of 25 more AEDs to supplement the current inventory.
- b. We continue to monitor and exercise our Mass Casualty Plan. We purchased Emergency Medical Trailers for Kalaeloa and Honolulu International airports in the event of a disaster leading to mass casualties. We also purchased a 50-Bed Portable Hospital complete with training package for Honolulu International Airport.
- c. We continue to test our Statewide Interoperable Radio Communication Plan which includes purchasing and upgrading our 800 MHz land mobile radio system, establishing channels and talk groups, and drafting an operational readiness strategy plan.
- d. We continue to monitor and exercise the statewide incident command system "Quick Attack" plan which facilitates the

transition from a small emergency to major disasters.

- e. The Honolulu International Airport has been designated as the first port of entry for the State of Hawaii Repatriation Emergency Plan. Although, this plan is an on-going project, we have identified areas at the airport to provide for the safe and expeditious return of repatriates to the United States.
- f. We co-sponsored with FAA, a FAR Part 139 Certification workshop to train managers, project managers, and consultants, to ensure compliance of the airports with FAA regulations.
- g. We are a primary component of and active participant in the State Civil Defense emergency preparedness plan which includes natural and man-made disasters.
- h. We have forged a closer working relationship with the U.S. Department of Homeland Security agencies (Transportation Security Administration, Customs and Border Protection, Immigration and Customs Enforcement, and Secret Service), U.S. Department of Agriculture, Center for Disease Control and Prevention, Federal Aviation Administration-Flights Standards and Honolulu Control Tower, Drug Enforcement Administration, Federal Bureau of Prisons-Federal Detention Center, U.S. Postal Service, as well as the Hawaii Department of Agriculture, Hawaii Department of Public Safety and the Honolulu Police Department.

3. Meet the requirements of our stakeholders

The following actions were undertaken during fiscal year 2010 to improve stakeholder satisfaction through stakeholder involvement and communication:

- a. We continue to hold meetings on Facility Analysis Concept Design (FACD) with the stakeholders of projects before the design phase. The FACD identifies critical functional areas that allow stakeholders and the State design team to make informed decisions prior to the start of the actual design effort.
- b. We continue to hold meetings with stakeholders to solicit their input during the various phases of the master planning process. The stakeholders include representatives from concessionaires, airlines, general aviation council, hotel association, county visitors bureaus, military and local, State and federal government.
- c. We continue to prepare, publish and distribute our weekly "Wikiwiki Construction Newsletter". The purpose of this newsletter is to keep tenants informed about on-going construction activities at Honolulu International Airport.
- d. We continue to attend meetings with a concessionaires committee at Honolulu International Airport on the third Tuesday of every month. The purpose of these meetings is to keep concessionaires informed of state actions that may impact them and to provide a forum for them to ask questions and bring issues or concerns to our attention.
- e. We continue to attend meetings (Airport Operators Committee) with air-carrier representatives, federal, state and local regulatory and law enforcement agencies at the Honolulu International Airport on the second Tuesday of every month. The purpose of these meetings is to enhance communication and coordination on safety and security related issues.

- f. We continue to attend meetings (Port Quality Improvement Committee) with international air-carrier representatives and federal and State regulatory agencies on the second Tuesday of every month. The meetings promote a good exchange of dialogue on new U.S. Government regulations on the processing of arriving international passengers at the International Affairs Building at the Honolulu International Airport.
- g. We continue to attend the weekly Friday Law Enforcement and Security meeting held at the Honolulu International Airport to discuss security sensitive information and coordination of security measures based on updated threat information.
- h. We continue to attend the quarterly meetings of the Hawaii Emergency Preparedness Executive Council chaired by the Adjutant General of State Civil Defense. The meeting is an all-encompassing meeting of federal, state and local representatives from law enforcement, security, emergency management, regulatory agencies, disaster relief, hotel associations and private industry to discuss emergency preparedness.
- i. On March 24, 2006, Governor Lingle announced the establishment of the Airports Modernization Action Plan and Team.

The goals of the modernization team are, to modernize the Honolulu International Airport Terminal, have construction for the major elements started by 2010, design to budget, and provide an economic stimulus for the citizens of Hawaii by providing an influx of capital in the economy through expedited construction.

The modernization team continues to meet weekly with the Airports Deputy Director to apprise him of their status, to ensure

accountability and timeliness of the projects.

- k. On April 7, 2010, the Airports Division issued \$645 million in Airport System Revenue Bonds of which \$397 million is for Airport Modernization Projects. \$191 million was used to refinance the 2001 series. The remainder related to capitalized interest, reserve requirements and issuance costs.

4. Maximize revenues

- a. We continue to monitor the new schedule of rental rates and charges based on current property appraisals.

We continue to assess and adjust (semi-annually) the signatory airline rates and charges accordingly, based on projections of other sources of revenue and operational expenditures including debt service, in order to comply with bond certificate requirements. As a result, we have improved our financial position and have met bond certificate requirements.

- b. We continue to monitor the progress of 108 concession agreements at Hilo International Airport, Kona International Airport at Keahole, Honolulu International Airport, Kahului Airport, Lihue Airport, Kapalua Airport, and Molokai Airport, including retail concessions, food and beverage concessions, car rental concessions, newsstands, parking concessions, shuttle bus concessions, florist concessions, lei stands, ATM machines, and a traveler services concession.
- c. The statewide In-Bond (Duty Free) concession agreement has been amended and we continue to monitor its progress.
- d. Public parking rates were increased in August, 2009 to \$13/day at HNL and \$9/day at

neighbor island airports. This is the first increase in public parking rates in over 15 years.

- e. We have implemented joint-use charges for Terminal 3 at Honolulu International Airport and we are monitoring its progress.

5. Protect the environment

- a. We participated in the Energy Management Advisory Committee composed of the four largest energy-using agencies in the State. This committee will advise the Governor and DBEDT on energy policy and implementation strategies.
- b. We conducted annual environmental compliance training for airport workers.
- c. We participated in the State's "Leadership by Example" task force on energy and environment sustainability efforts again this year.
- d. We continued the paper-recycling program in the Airports Division administration offices.

6. Employ Innovation and Technology

- a. The Engineering Branch continues to seek ways to develop sustainable energy projects to reduce its costs and dependence on electricity, such as its recently developed sustainable photovoltaic, solar energy generation system at the Kona International Airport. This system makes use of our excellent year-round weather and is designed to collect the sun's energy and convert it to electricity for use at our airports. These solar systems have also been installed at Hilo International Airport, Kahului Airport and Lihue Airport.

7. Cost Saving Measures

- a. We will continue to seek partnerships with other Federal agencies like TSA, to apply for federal funds in order to improve our facilities, such as the recently awarded Explosive Detection System (EDS) for Honolulu International Airport (HNL) and Kahului Airport (OGG).
- b. We continue to capitalize on reimbursable agreements with TSA for law enforcement services at our checkpoints, and the Explosive Detection Canine Team Program as well as TSA ARRA funds for Explosive Detection Systems, and Closed Circuit Television Systems.
- c. We have reduced the presence of Sheriffs Deputies under the Memorandum of Agreement with the Department of Public Safety commensurate with the reduction of passenger activities at HNL.

The Airports Division will undertake the following actions over the next one, two and five years to implement its policies and objectives:

1. Provide effective leadership

- a. We will adopt an aggressive stance in protecting the financial assets of the districts. We will ensure that all managers are accountable for maintaining controls and proper financial management practices, as well as closely monitoring financial processes. With the support of the divisional audit team and management coaching, we will equip our managers with training and hold them accountable for the highest standards of fiscal stewardship.
- b. We will be diligent in holding our managers accountable for higher levels of performance, while proactively providing support to our managers who require assistance with employee morale, relationships, productivity, performance and conduct before situations escalate to

unacceptable levels. We will do this through closer monitoring of specified critical success factors.

- c. In accordance with the Interim Director's Management Action Plan:
  - 1) The Airports Division will provide sufficient training and equipment for personnel to be successful;
  - 2) The Airports Division will reaffirm existing policies and implement new policies that demonstrate commitment to transparency, ethics, and strict compliance with regulations, policies and procedures.
  - 3) The Airports Division will establish systems that promote efficient and effective operations.
  - 4) The Airports Division will emphasize personal accountability on and off the job.
- d. The Airports Division will continue to motivate managers to develop and cultivate leadership qualities such as vision, drive, good judgment, initiative and maturity.
- e. The Airports Division will continue to ensure that managers are trained and equipped to meet the demands of changing circumstances.
- f. The Airports Division will continue to improve the efficiency and effectiveness of airport management, operations and maintenance.
- g. The Airports Division will continue to establish effective and timely communication between management and the rank-and-file, ensure employees are kept informed of developments that affect them, and continue to make efforts to improve employee morale.

- h. The Airports Division will continue to require managers to take a more active role in the legislative process by proposing, researching and developing legislative initiatives if they are needed.
- i. The Airports Division will maintain continuous dialogue with the Airport District Managers and key executive management personnel on the Employee Management Compensation Plan (EMCP) to ensure adherence to leadership and recognize positive and negative behaviors.

2. Improve safety and security

The following capital improvements are being undertaken over the next one, two and five years to improve public safety and security:

- a. *Installation of Access Control (ACS) & Closed Circuit Television (CCTV) Systems at Honolulu International Airport, Hilo International Airport, Kona International Airport at Keahole, Lihue Airport, and Kahului Airport*

This project will upgrade the antiquated ACS and CCTV systems and provide a state-of-the-art integrated security system. The project will replace the existing magnetic stripe technology with a proximity smart card system capable of incorporating future security requirements such as biometric access control. The Video Monitoring System (VMS) will also be changed from the obsolete analog video recording system to a digital video recording system.

- b. *Aircraft Rescue and Fire Fighting (ARFF) Station Improvements, at Hilo International Airport, Kona International Airport, Molokai Airport, and Lanai Airport*

These projects will bring the existing ARFF stations into full compliance with FAA Part 139 specifications and requirements. The renovated ARFF stations will be able to

accommodate the new larger size ARFF vehicles, provide improved and adequate training facilities, and resolve all the current non-compliance issues.

- c. *Kona Airport Aircraft Rescue and Fire Fighting (ARFF) Training Facility*  
This project will construct a regional ARFF training facility which will be used by the ARFF personnel statewide to consolidate training into one facility for cost savings and efficiency. The facility will also be made available for other agencies throughout Hawaii and the Pacific on a fee basis.
- d. *Kahului Airport Runway 2-20 & Taxiway Strengthening*  
This project will provide for the design and construction of taxiways and runways at Kahului Airport (OGG). Based on the current condition of the pavement as reported in the Statewide Pavement Management System (PMS) Update completed in April 2007, various portions of the airfield need to be designed and reconstructed. The first phase of work recommended includes Runway 2-20, the apron near the terminal building, and Taxiway A.
- e. *Kahului Airport Replace Fire Sprinkler System*  
This project will replace outdated fire sprinkler lines and risers throughout the airport.
- f. *Part 139 Culvert Improvements at Molokai Airport*  
This project will correct the runway safety area deficiencies at Molokai Airport (MKK) to comply with the Federal Aviation Administration (FAA) Title 14 Code of Federal Regulations (CFR), Part 139, Airport Certification requirements. The certification requires the open drainage culvert at the approach of Runway 5-23 to be covered.

- g. *Security System Access Control for Molokai and Lanai Airports with Link to Kahului Airport*  
This project will install state-of-the-art communication and security access control systems. Both the communications and security access control systems are to be linked to the Maui District Office at Kahului Airport.
- h. *EDS Integration Improvements Phase 2 for Honolulu International Airport*  
This project includes the construction of an in-line Explosive Detection System (EDS) for Ticket Lobbies 4, 5, 7 and 8, and a stand alone EDS screening system at Ticket Lobby 6 of the Overseas Terminal at Honolulu International Airport. This project received ARRA funding from the TSA.
- i. *Runway and Taxiway Pavement and Lighting Improvements at Honolulu International Airport* These projects will provide for the design and construction of taxiways and runways at Honolulu International Airport (HNL). Based on the current condition of the pavement as reported in the Statewide Pavement Management System (PMS) Update completed in April 2007, various portions of the airfield need to be designed and reconstructed. These projects will also correct the runway safety area deficiencies at HNL to comply with the Federal Aviation Administration (FAA) Title 14 Code of Federal Regulations (CFR), Part 139, Airport Certification requirements for airfield lighting.

*Runway 22 Culvert Improvements at Honolulu International Airport*

This project will correct the runway safety area deficiency at HNL to comply with the Federal Aviation Administration Title 14 Code of Federal Regulations, Part 139, Airport Certification requirements. This project involves covering an open culvert in the event an aircraft overshoots the runway.

*Runway and Taxiway Pavement, Airfield Signage and Lighting Improvements at Hilo International Airport*

These projects will correct the runway safety area deficiencies at Hilo International Airport to comply with the Federal Aviation Administration Title 14 Code of Federal Regulations, Part 139, Airport Certification requirements.

*Runway Pavement, Airfield Signage and Marking Improvements at Lihue Airport*

These projects will correct the runway safety area deficiencies at Hilo International Airport to comply with the Federal Aviation Administration Title 14 Code of Federal Regulations, Part 139, Airport Certification requirements.

*Runway Safety Area Improvements at Lanai Airport*

This project will correct the runway safety area deficiency at Lanai Airport to comply with the Federal Aviation Administration (FAA) Title 14 Code of Federal Regulations (CFR), Part 139, Airport Certification requirements. This project involves filling a large depression in the runway safety area in the event an aircraft overshoots the runway.

3. Meet the requirements of our stakeholders

- a. We will increase our sensitivity to the needs of our stakeholders by asking them to rate us on our performance in certain areas. We will create improvement goals and programs and communicate our progress in improving upon our responsiveness to their requirements.

We will interface on a regular basis with stakeholder groups such as the Hawaii Airports Liaison Office, and concessionaire committees to provide information, and seek feedback.

- b. We continue to publish and distribute the "Wiki-Wiki Construction Newsletter" to minimize the impact of ongoing projects to the tenants at Honolulu International Airport.
- c. We started newsletters that cover construction activities at Kahului Airport and are considering expanding them to other Neighbor Island airports and distributing them to tenants at those airports.
- d. We continue to discuss developing, printing and disseminating a "How to do Business with Us" brochures.
- e. We continue to conduct customer satisfaction training for employees under a grant from the State.

4. Maximize revenues

- a. Effective January 1, 2010, the FAA approved the Airports Division's Passenger Facility Charge (PFC) Application No. 4 to impose a \$4.50 PFC at Honolulu International Airport, Kahului Airport, Kona International Airport at Keahole, and Lihue Airport. The application was approved for a collection of \$105,909,130 including interest earned during the collection period from January 1, 2010 through February 1, 2014. The PFC collections will be utilized to fund taxiway and apron pavement improvements, electrical improvements, new hardstands, and PFC administration costs.

On June 24, 2009, House Bill No. 1166 amended Hawaii Revised Statute Section 261-5.5 allowing the Airports Division the flexibility of financing capital projects with the proceeds of bonds that would be completely or partially backed by PFCs. This statute would be implemented dependent on FAA approval through another

application request, which is currently being prepared by the Airports Division.

Since the inception of this program through June 30, 2010, the total PFC revenues, (including interest earned) and expenditures were \$137.3 million and \$54.4 million, respectively.

- b. We previously collected a \$1 per day surcharge on all on-airport car rentals to pay for consolidated rental car facilities as provided under Act 226, Session Laws of Hawaii, 2008. Effective September 1, 2010 the surcharge was increased to \$4.50 per day to pay for construction of identified facilities per Act 204. The consolidated rental car facilities will provide a single location for travelers to rent a car of their choice and eliminate the need for multiple pick-up and delivery vans from individual rental car companies.

Since September 1, 2008 through June 30, 2010, the total CFC revenues (including interest earned) and expenditures were \$19.4 million and \$2.1 million, respectively.

- c. The change in the fee structure of off-airport rent-a-car operations from a per-vehicle fee to one based on 8% of gross receipts is proceeding.
- d. The issuance of a concession agreement for advertising at the State airports is still in progress.
- e. Issuance of a new concession agreement for food and beverage operations at Lihue Airport is in progress.
- f. We continue to increase the level of non-aeronautical income by leasing space, increasing parking rates, and issuing new concession agreements.

- g. We continue to increase Airport Use Charges, which include landing fees and other charges covered by Chapter 16.1, Hawaii Administrative Rules.
- h. The issuance of a concession agreement for the Waikiki Shuttle service at Honolulu International Airport is in progress.
- i. The issuance of a concession agreement for a taxi manager and parking management at Honolulu International is in progress.

5. Protect the environment

- a. We continue to participate in the State's "Leadership by Example" task force.
- b. We continue to maintain a recycling program for various materials in the public areas of the Honolulu International Airport.
- c. We continue the environmental compliance tracking system.
- d. We continue the Leadership in Energy and Environment Design (LEED) in new, major facilities and retrofit older facilities to meet LEED standards.

6. Employ Innovation and Technology

- a. The Engineering Branch will continue to research and develop new solar energy systems and other natural technology based on Hawaii's year-round climate.
- b. We will establish an Energy Engineer position whose duties will be to develop cost-efficient projects based on evolving technology and alternate energy sources.

7. Cost Savings Measures

- a. We will track the progress of establishing a position to secure Federal and/or private grants.

**Process to Measure the Performance of Programs and Services in Meeting the Stated Goals, Objectives and Policies**

The following performance standards will be used to measure the effectiveness of our efforts to meet our objectives:

1. Provide effective leadership
  - a. We will enforce strict internal controls and compliance review with regard to:  
operational revenues and expenditures;  
procurement of capital improvement programs  
and operational contracts.
  - b. We will adopt a strategic view of the airports' mission and operations, one that includes continual improvement as a core objective.
  - c. We will state objectives and goals in ways that are measurable.
  - d. We will provide monitoring and feedback designed to maintain progress, quality, and timeliness.
  - e. We will enhance leadership skills by employing success criteria, measurements, coaching, and accountability for higher results.
  - f. We will employ standards of performance in key performance areas, obtained from key stakeholders, to monitor, evaluate, and improve performance across all levels.
  - g. We will initiate revenue audits (announced and unannounced) of programs, processes and contracts to ensure objectives, mission, cost effectiveness, and timely results are being met. We will establish a tracking system with a suspense date for any corrective actions or measures that are initiated as a result of these audits.

2. Improve safety and security

- a. The Airports Division will continue to report the number of safety or security incidents.
- b. The Airports Division will continue adequate staffing of safety and security personnel.
- c. The Airports Division will continue to monitor the frequency of security breaches.
- d. The Airports Division will continue to tighten safety and security controls.
- e. The Airports Division will continue to monitor the number of accidents per 100,000 square feet and per 100,000 passengers.

3. Meet the requirements of our stakeholders

- a. The Airports Division will obtain from stakeholders those needs, and performance criteria which are most critical to them, and by which they would determine our success.
- b. The Airports Division will develop and deploy measurements and other feedback mechanisms by which major stakeholders may grade our performance, and provide feedback.
- c. The Airports Division will monitor, analyze, institute corrective action, and otherwise communicate the degree of success that each function and manager has attained.

4. Maximize revenues

- a. The Airports Division will ensure that revenues due the state are forthcoming through the effective monitoring of contracts, adherence to processes and procedures, and fiscal controls.

- b. The Airports Division will proactively seek to maximize revenues by reviewing existing channels, exploring new sources, and employing team-based collaboration to seek and tap into new sources.
- c. The Airports Division will periodically review and adjust fees in response to rising costs and changing conditions.

5. Protect the environment

- a. The Airports Division will educate all the employees and tenants to ensure full compliance with environmental laws, regulations and requirements.
- b. The Airports Division will ensure that adequate monitoring is programmed and accomplished.
- c. The Airports Division will ensure that airport facilities and infrastructure are environmentally compatible, as well as operationally efficient in design and operation.

6. Employ Innovation and Technology

- a. The Airports Division will use technology in its projects and analyze the effectiveness and efficiency of its use.
- b. The Airports Division will review its CIP submission for the use of innovation and technology, recognizing projects that employ innovation and technology.

7. Cost Saving Measures

- a. The Airports Division will monitor and continually reevaluate the costs of utilities and security to determine if savings can be realized.

## C. HARBORS DIVISION

### Statement of Goals

The Harbors Division's goal is to effectively provide and manage a commercial harbors system that facilitates the efficient, secure, and safe movement of people and goods between ports within the Hawaiian Islands and throughout the world in a manner that enhances and preserves the State's economic prosperity and quality of life. Our objective includes support to commercial fishing and passenger cruise industries, other maritime and non-maritime related services and support activities.

### Objectives and Policies

The statewide harbors system consists of ten (10) commercial harbors divided into four (4) districts. They are: Oahu District - Honolulu and Kalaeloa Barbers Point; Hawaii Island District - Hilo and Kawaihae; Maui District - Kahului and Hana on Maui, Kaunakakai on Molokai, and Kaunapali on Lanai; and Kauai District - Nawiliwili and Port Allen. Effective March 1, 2009, the Hawaii Community Development Authority (HCDA) assumed management and operations of Kewalo Basin.

The objectives of the Harbors Division include:

1. Managing the efficient use of the pier space, allocating, and controlling maritime facilities, including, but not limited to, piers/berths, yards, common areas and cargo storage facilities.
2. Managing vessel traffic into, within, and out of harbor facilities.
3. Planning and collaborating on the future space and facility needs and improvements to the commercial harbor to insure the flow of commerce.

4. Maintaining, repairing and operating commercial harbor facilities.
5. Imposing appropriate rates, rents, fees, tariffs and charges to produce necessary revenues and to manage the harbors system as a self-supporting enterprise.
6. Insuring the secure and safe use of the facilities for the conduct of maritime business with the public.
7. Administering the various safety, environmental, security, and operational programs and activities to meet federal and State standards, regulations and requirements.

To meet these objectives, the Harbors Division is currently organized into a Staff Services Office, an Engineering Branch and four (4) Districts under the direction of the Harbors Administrator as follows:

- Staff Services Office
  - Office Services
    - Management Budget & Analysis
    - Management Information Systems
    - Financial Management
    - Personnel Management
    - Property Management
- Engineering Branch
  - Planning
  - Design
  - Construction
  - Maintenance
  - Environmental
- Security and Emergency Disaster Office
- Oahu District
  - Office Services (Honolulu Harbor)
  - Operations
    - Harbor Enforcement/Security
  - Maintenance
  - Kalaeloa Barbers Point Harbor
- Hawaii District
  - Office Services (Hilo Harbor)
  - Operations
    - Maintenance

- Pier Utilization
  - Hawaii Harbor Enforcement/Security
  - Kawaihae Harbor
- Maui District
  - Office Services (Kahului Harbor)
  - Operations
    - Maintenance
    - Pier Utilization
    - Maui Harbor Enforcement/Security
    - Kaunakakai (Molokai) Harbor
    - Kaunapali (Lanai) Harbor
    - Hana (Maui) Harbor
- Kauai District
  - Office Services (Nawiliwili Harbor)
  - Operations
    - Maintenance
    - Pier Utilization
    - Kauai Harbor Enforcement/Security
    - Port Allen Harbor

Activities to implement our program objectives require constant interaction with both public and private sector agencies. Government agencies and their jurisdictions include:

- a. The U.S. Army Corps of Engineers, which administers and participates in the planning, design, construction, and maintenance of harbor navigational improvements.
- b. The U.S. Coast Guard, which oversees maritime security at the commercial harbors, and enforces safety and oil pollution regulations within harbor complexes of the State.
- c. The U.S. Maritime Administration (MARAD), which promotes the development and maintenance of a well-balanced merchant marine, sufficient to carry the nation's domestic waterborne commerce and a substantial portion of its waterborne foreign commerce. Federal legislation provides a mechanism for MARAD to spend surplus federal funds on Hawaii's maritime facilities. On July 31, 2009, MARAD awarded a six-year Hawaii Port Infrastructure Expansion Program contract to TEC Inc. authorizing TEC Inc. to manage the

design and construction program with MARAD and DOT Harbors with up to \$400 million in harbor infrastructure projects. Currently, the Harbors Division issued two task orders to MARAD to improve the ground transportation circulation and interior design of the Pier 2 Passenger Cruise Ship Terminal, Honolulu Harbor, and the separation of passenger and ground transportation traffic from the flow of inter-island cargo vehicles.

- d. The U.S. Treasury Department, which inspects foreign goods to insure a proper assessment of duty. Goods are also inspected by the U.S. Department of Agriculture to safeguard the State against the introduction of biological pests.
- e. The U.S. Customs and Border Protection, which is the unified border agency within the U.S. Department of Homeland Security (DHS) charged with the management, control and protection of our nation's borders at and between the official ports of entry. The U.S. Customs and Border Protection monitors the flow of foreign people and goods entering U.S. ports.
- f. The U.S. Environmental Protection Agency, which is involved with all environmental issues including water quality standards. During FY 2009, the Harbors Division was issued an Administrative Order to improve its Stormwater Management Program. The Harbors Division has met all required deadlines for submitting revisions to plans and increased inspection and enforcement of its program.
- g. State agencies involved in coastal areas, civil defense, land and water use, economic development, environmental regulations, agriculture, public safety and occupational safety regulations.
- h. The counties of the State involved in zoning, the granting of permits and similar activities.

**Action Plan and Timetable to Implement Objectives and Policies in One, Two and Five Years**

During Fiscal Year 2010, the following key actions were taken to implement the Harbors Division's objectives and policies:

Financing Harbor Improvements

Amendments to the tariff rates under Chapter 19-44, Hawaii Administrative Rules (Pertaining to Services and Procedures, Charges, Tolls and Fees), were proposed and the Department undertook the rule-making process. Public comments were solicited and hearings were held Statewide. The amendments became effective on February 1, 2010, and new tariff rates were implemented on March 1, 2010. The principal changes to the Department's tariffs resulting from such amendments include the following:

Container sizes were combined into two categories-- containers 24 feet and under, and containers over 24 feet. New rates were assigned to these two categories. Domestic and foreign cargos are assessed at the same rate, irrespective of the direction of travel. Rates for inter-island cargo will continue to reflect a discount and be charged a lower rate. Containers to/from a foreign port will incur an additional charge to account for costs specific to foreign cargo such as security and customs.

All movements of transshipped cargo will be charged with discounts for certain movements. The rates will be the same for U.S. and foreign cruise passengers starting July 1, 2011. Initial discrete rate increases will take effect dependent upon the type of cargo movement. There will be no fees on empty containers.

Cargo rates will be increased incrementally, as follows:

20% in FY 2011  
15% in FY 2012  
10% in FY 2013  
7% in FY 2014  
5% in FY 2015  
3% or annual percentage increase in the CPI, whichever is greater, from FY 2016

Cruise ship passenger fees will be increased as follows:

\$5.00 in FY 2012  
\$5.50 in FY 2013  
\$6.00 in FY 2014  
\$6.50 in FY 2015  
\$7.00 in FY 2016

\$7.50 in FY 2017

A one-time 10% increase will be applied to all other fees within General Provisions, Dockage, Small Craft and Other Vessel Fees, Rental, Demurrage and Port Entry Fees

Improving Stakeholders' Satisfaction

1. The Harbors Division continues to build upon its partnership with the Hawaii Harbor Users Group (HHUG), which is comprised of major harbor operators. Concerns regarding inadequate harbor infrastructure and the lack of a comprehensive integrated approach to improve harbor facilities resulted in a collaboration between HHUG and a team of administration officials from the Department of Transportation, the Department of Budget and Finance, the Department of Business, Economic Development & Tourism, the State Tourism Liaison, the State Economist and other key State officials. Working together, consensus was reached on a \$618 million Harbors Modernization Plan (HMP) of priority projects to upgrade and improve the commercial harbors system within a six-plus year timeframe.

To implement the HMP projects, Act 200, SLH 2008, was enacted to expand the jurisdiction of the Aloha Tower Development Corporation (ATDC), currently limited to Honolulu Harbor under Act 127, SLH 2007, to a statewide jurisdiction. A Harbors Modernization Group within ATDC was established to oversee ATDC's work in this regard. This landmark legislation also provided that appropriations received by the Department of Transportation for HMP shall be delegated to and administered by ATDC which will partner with DOT Harbors in the implementation of the projects. In its capacity as the development arm for the HMP, ATDC's authority will extend for eight years to 2016 to achieve the goals set forth under the bill.

To implement the HMP projects, ATDC has been working under the Harbors Division's direction to plan, manage and implement projects and contracts. The Harbors Division provided a cash

advancement of nearly \$17.0 million to fund HMP projects while undertaking efforts to increase tariffs, a necessary step to meet revenue requirements for the issuance of Harbors System Revenue Bonds for HMP. Eight (8) contracts valued at about \$2.8 million have been executed and ten (10) contracts with an estimated value of \$4.6 million are pending. Solicitation for bids for the first HMP construction project was advertised in October 2009.

The 2009 Legislature subsequently questioned ATDC's role and effectiveness in its 2009 legislative session and provided operational funding for only FY 2011 in the FY 2010-2011 biennium budget. The 2010 Legislature did not restore operating funds to ATDC for FY 2011, effectively terminating its operations on June 30, 2010. Contracts executed by ATDC for HMP projects were assigned to the Harbors Division. Key ATDC staff were retained in new positions established under the Harbors Division to continue management and oversight for the HMP contracts and to implement the existing and future HMP projects.

During FY 2010, the Harbors Division has achieved a consensus with harbor stakeholders in relocating existing tenants to other areas of Honolulu Harbor to effectuate the University of Hawaii's move from the former Kapalama Military Reservation (KMR) to Pier 35 and the oil responders to another area of the harbor. The Harbors Division is progressing with work to determine the design feasibility of the relocation plans.

2. Throughout FY 2010, Harbors Division personnel conducted numerous meetings with HHUG, various federal and state agencies and harbor users to solicit input on proposed capital improvements, maintenance projects and security issues and resolved day-to-day operational issues and concerns.
3. The continuing development and update of DOT's Commercial Harbors Master Plans ensures that

long-term planning strategies reflected in the CIP are integrated in accomplishing the objectives and mission of the Department.

4. During June 2010, the Harbors Division, having completed its work on the development of the fuel infrastructure and planning for State, initiated plans to begin development plans for a dedicated fuel pier at Kalaeloa Barbers Point Harbor for bio-fuels and petroleum-related products.
5. During FY 2010, the Harbors Division initiated the update of the Hawaii Islands Commercial Harbors Master Plan to the planning horizon of 2035 to include portions of the Harbor Modernization plans not addressed in the Honolulu Harbor 2020 Master Plan, as preparatory work to update the environmental impact requirements.
6. Combined with HMP projects underway, the Harbors Division continued with the design and construction of thirty (30) capital improvement projects listed on the State's Strike Force project list, which are valued at nearly \$260 million of construction work. Progress continues to be made on all of the projects for advertising for bids for construction.

#### Providing Effective Leadership and a Positive Working Environment

The following actions were undertaken to improve leadership skills and to provide a positive working environment:

1. An internal planning process resulted in the identification of core values summarized by the Hawaiian word "Ho'okele", which means "to navigate, to steer, to guide." Ho'okele" is also the Harbors Division's acronym for the following established Division core values:
  - i. Honor and Respect
  - ii. Objective and Fair
  - iii. Open and Accountable
  - iv. Knowledge of the Facts
  - v. Efficient and Effective
  - vi. Leadership with Integrity

vii. Excellence in all we do

The core values of Ho'okele serve as constant reminders to staff in managing daily operations and interpersonal relationships with internal and external customers.

2. Regularly scheduled meetings with managers and key staff are held with the Harbors Administrator and Deputy Director to discuss and resolve issues and to promote communication and understanding of departmental policies and directions.
3. Staff development is encouraged through various optional and mandatory training courses in key areas such as procurement, emergency preparedness and incident management.
4. Renewed emphasis on performance and staff accountability has been re-initiated to insure fair treatment of tenants, employees, and consistency in the application of Hawaii Administrative Rules, terms of the collective bargaining agreements, procurement, and established policies.

Improvements to Safety and Security of the Statewide Harbors System

The following actions were undertaken in FY 2010 to improve the safety and security of Hawaii's commercial harbors:

1. During FY 2010, the Security and Emergency Disaster Office was created to insure consistency in the implementation of statewide maritime security for harbor facilities and infrastructure and emergency disaster preparedness, response and recovery.
2. The Harbors Division participated in port readiness exercises conducted with various federal, state, local and private agencies working together on complex maritime scenarios. These exercises provided an excellent opportunity to work in close proximity with critical players and provided in-depth knowledge of their capacities.

3. The Harbors Division continues to pursue financing its port security program through the Port Security Grant Program under DHS to assist in the financing of various security-related infrastructure improvements at the Harbors Division's ports. Federal grant funds were utilized to upgrade security barriers at various access points into Honolulu Harbor, improve passenger screening, increase terminal surveillance capabilities, provide for electronic access systems to harbor offices and enhance communications devices.

During federal fiscal years 2005 through 2007, the Department competed for grant funds as a Group 3 Port and received grant awards to expand surveillance of water-side threats and passive passenger screening for potential threats at Honolulu and Kahului Harbors. The Department's security status was subsequently elevated in 2008 to Group 2, thus, generating numerous submittals to the DHS in order to satisfy the requirement arising out of the Harbors Division elevation to Group 2. During FY 2010, the Harbors Division's submittals to plan for and mitigate security risks received DHS' approval and the award of port security grants as follows:

Fiscal Year	Amount
2008	\$4.73 million
2009	\$5.05 million
2010	\$3.11 million

4. The following capital improvement projects were undertaken during FY 2010 to improve safety, security and operational efficiency:
  - a. The Pier 29 Container Yard Improvements project is in its final stages of design and preparation to advertise for bids. Completion of this project will allow Aloha Cargo Transport to relocate from congested Pier 1, enabling safer and more efficient operations at both Piers 1 and 29.

In May 2009, the U.S. Department of Transportation announced the availability of \$1.5 billion in grant funds under the Transportation Investment Generating Economic Recovery (TIGER) grant program. This program, authorized by the American Recovery and Reinvestment Act of 2009 (ARRA), provides grants on a competitive basis for capital projects, including port infrastructure projects. During FY 2010, the Department was awarded a grant of up to \$24.5 million for the reconstruction of Pier 29 at Honolulu Harbor, which had suffered structural failures in 2008 that displaced cargo activity. Construction commenced in August 2010 and is scheduled for completion in September 2012.

- b. During FY 2010, the Harbors Division imitated work through the MARAD/TECNIC contract to improve passenger wayfinding, enhance the interior design, and ground circulation at Pier 2, Honolulu Harbor. Improvements at the Pier 2 Passenger Cruise Terminal to enhance the passenger experience, security, and safety improvements, was completed.

The Harbors Division also initiated work through the MARAD/TECNIC contract to improve passenger safety at Hilo Harbor by separating passenger ground transportation vehicles from the inter-island container truck operations by modifying the entrances to the harbor and inter-island terminal.

- c. The 2006 Port Security Grant awards for the Honolulu Harbor and Kalaeloa Barbers Point Harbor surveillance systems were used construction to provide significant security improvements around the perimeter of the harbors.
- d. Construction of electronic access controls for Harbors Division offices statewide were completed. The new system improved security

by controlling individual access to secured areas.

- e. Construction on dredging and a new container yard to provide a safe and efficient operation by separating container operations from cruise ship passengers currently in the same area was delayed due to federal requirements to mitigate the impact on 84 square feet of coral.
- f. The new fender system for Pier 2 at Nawiliwili Harbor progressed from design to construction. The existing tire fenders will be replaced with modern engineered fenders to improve berthing and operational safety.

#### Management and Administrative Actions

The following key management and administrative actions were undertaken in FY 2010:

1. Legislative initiatives to improve safety and address harbor security concerns were introduced in the 2009 Legislature. Act 16, SLH 2009, was enacted to authorize the Department to adopt rules relating to safety measures, security requirements and shipping activities for the purpose of protecting and ensuring the general public interest and safety of persons and vessels in the commercial harbors controlled by the State. The Harbors Division is developing administrative rules to administer and enforce security requirements at the harbors.
2. The Harbors Division's revenues have improved from the approximate 18% drop from the prior year to 1.7% in 2010.

As a self-sufficient enterprise, the Harbors Division realizes that it must generate revenues through user fees and charges to support its operations and capital development program. Fees and charges (tariffs) for commercial harbors'

services and facilities in Hawaii, which were not increased since March 1997, a period of over twelve (12) years, were increased effective March 1, 2010.

The system-wide tariff increases are to support the issuance of approximately \$150 million in revenue bonds to fund the first phase of the HMP \$618 million in priority projects. Improvements will be financed by the issuance of harbors revenue bonds. Debt service costs on the bonds will be paid by the Harbors Division.

3. As the lead federal agency for the Hawaii Port Infrastructure Expansion Program, MARAD has established a partnership with the State to assist in the modernization of Hawaii's commercial harbors system. MARAD will provide federal oversight and coordination of projects and act as a central procurement organization to leverage federal and non-federal funding resources. The first project under this program has been the Pier 2A Demolition and Yard Improvements Project at Kawaihae Harbor. Facilities at Kawaihae Harbor's inter-island barge terminal were improved through the use of surplus Federal Transit Administration (FTA) funds. The \$3.0 million project was completed in October 2009 and provided the Harbors Division with improvements at no cost to the State.

MARAD has also awarded two additional contracts designed to streamline development efforts to modernize Hawaii's commercial harbor facilities as discussed previously in subsection b above.

4. The Harbors Division's objectives to align certain operational segments for greater efficiency and improve its delivery of services, such as the new Landside Operations Unit within the Oahu District to be responsible for functions including taxi operations, shuttle services and other forms of ground transportation, has not been implemented due to the elimination of the staff position. The Harbors Division has established the office responsible for the management of the port security program and

disaster response coordination. The office has been successful in ensuring that the Harbors Division made significant progress with having its staff comply with the NIMS training requirements in order to receive federal funds. The office also has continued to seek federal grants to support the design and construction for security improvements in the various harbors.

#### Harbor Expansion, Development and Improvement Actions

During FY 2010, the following actions were undertaken to expand, develop and improve the commercial harbors system:

1. Oahu. Pier 29 Improvements - Design for the reconstruction and hardening of approximately nine acres of pavement for top-pick handlers, and the grading and gravelling of an additional three acres of container storage at Pier 29 were completed. The construction bid for the project was issued and an award was made to a contractor. After the contractor completes work in obtaining the environmental permits for the project, notice to proceed with the project will be issued in FY 2011.

At Kalaeloa Barbers Point Harbor, design was completed and bids opened for electrical improvements and a new road to the future Pier P-8 in the new basin area. A contract was awarded and construction was completed.

2. Island of Hawaii. At Hilo Harbor, two construction contracts were awarded to allow for the future relocation of Young Brothers' operations from Pier 2 to a future Pier 4. The projects that include dredging of a new basin/berthing area to facilitate berthing at the future Pier 4, and the construction of additional yard area including related utilities to provide Young Brothers with expanded operational areas have been delayed until an additional environmental mitigation plan has been prepared and accepted by the U.S. Army Corps of Engineers.
3. Kauai. Design for the reconstruction of the existing concrete pier face and replacement of

the timber fender system along the entire Pier 2 cruise ship berth was completed and the bids for the construction of the fender system was published with work to be performed in FY 2011.

#### Actions to Protect the Environment

1. Annual environmental compliance training was conducted for Harbors Division employees.
2. The Harbors Division completed its part of the departmental effort to formulate an Environmental Management System (EMS) manual for each of its three divisions. The Harbors Division's EMS plan was completed and submitted to the EPA for approval.
3. The EMS plan addressed several areas for improvement, including:
  - a. Inspections of tenants and the Division's construction projects.
  - b. Including permanent Best Management Practices (BMPs) inspections in our projects.
  - c. Documentation of inspections.
  - d. Providing sufficient resources to ensure that adequate Storm Water Management Plan (SWMP) can be implemented and maintained.
4. The Harbors Division continues its participation in a working group under the direction of the Department of Health, with assistance from the U.S. Environmental Protection Agency, to address the subsurface petroleum contamination problem in the Iwilei district of Honolulu Harbor.

#### Stakeholder's Satisfaction

1. The Harbors Division will continue to ensure that stakeholders are satisfied with the services and facilities provided.

2. The Harbors Division will continue to proactively address the needs of stakeholders.

#### Provide Effective Leadership and a Positive Working Environment

1. The Harbors Division will continue to create and maintain a positive work environment for Harbors Division employees by developing employees to be responsive to peer and tenant requests in a timely manner.
2. The Harbors Division will continue to encourage staff development through attendance of optional and mandatory training courses (e.g., procurement training) to improve knowledge and skills.
3. The Harbors Division will continue to reinforce the guiding principles set forth in the Division's Ho'okele core values.

#### Improve Safety and Security

1. The Harbors Division will continue to actively participate in the Area Maritime Security Executive Sub-Committee meetings to discuss security needs and priorities in developing the priorities for security projects funded by the DHS Port Security Grants Program.
2. The Harbors Division will continue to actively participate in the Hawaii Emergency Preparedness Executive Consortium.
3. The Harbors Division will continue to initiate planning with the U.S. Coast Guard for their proposed development and construction of their proposed interagency center at Sand Island.

#### Management & Administration

1. The Harbors Division will continue to optimize the use of harbor resources through sound financial and organizational practices by implementing monthly performance revenue to expenditures reviews to monitor contributions to

cash reserves and compliance with budget execution policies.

2. The Harbors Division will continue to improve inter- and intra-division communication and collaboration.
4. The Harbors Division will continue to assess operational practices and procedures to improve consistency and operational efficiency.
5. The Harbors Division will continue to aggressively pursue available federal funds to support harbor development efforts.

#### Harbor Expansion, Development and Improvement

1. The Harbors Division will continue to implement interim improvement plans and congestion relief projects.
2. The Harbors Division will continue accelerated development of major harbor expansion, construction, and improvement projects.
3. The Harbors Division will continue to develop the new container terminal at the former Kapalama Military Reservation. Activities include major tenant relocation, design of the new deep-water piers and container yard that will be needed for cargo ships, and future container operations.
4. The Harbors Division will continue to develop and initiate expansion and improvement projects at all State harbors under the HMP.

#### Protecting the Environment

1. The Harbors Division will continue annual environmental compliance training for Harbors Division workers.
2. The Harbors Division will continue to conduct annual environmental compliance training for harbors tenants and users.

3. The Harbors Division will continue to fully implement all components of the Environmental Management System.
4. The Harbors Division will continue to implement the requirements of the Storm Water Management Plans included in the MS4 permits issued for all Oahu Commercial Harbors.
5. The Harbors Division will continue to work with the Department of Health to address the subsurface petroleum contamination problem in the Iwilei district of Honolulu Harbor by participating in the implementation of remedies. Continue to work with the Department of Health as other districts are identified for study.
6. The Harbors Division will continue to increase the capabilities of the Environmental Section to ensure improved inspection, monitoring, compliance and remediation.

**Process to Measure the Performance of Programs and Services in Meeting the Stated Goals, Objectives and Policies**

The use of the respective harbor master plans, including any subsequently adopted updates or enhancements, will be the base used in the measurement of overall effectiveness in attaining the Harbors Division's stated goals and objectives.

Levels of achievement, accomplishments, and development of major improvement projects will be measured against the specific objectives and timetables identified in the harbors master plans.

Additional milestones and dates identified in the development of harbor improvements are also used as internal references to help assess the state of progress in attaining major goals and objectives.

Based on existing policies, we intend to proceed with our programs and activities, and then evaluate and adjust these based on the outcomes of our projects.

Factors considered in the measurement of meeting performance standards are: meeting projected cost factors, design functionality, customer satisfaction, increased revenue (when applicable to the project), and use and/or creation of public policies to meet our objectives.

The baseline, with timetables and outcomes measured against our harbors master plans, can provide indicators of the "on-going status to completion" of our programs and projects. Using this data, we will be able to measure the performance of our programs and services during stages of development in our efforts to meet our goals.

Customer satisfaction is also used to assess whether the Harbors Division is meeting the needs of harbor users and the public in the overall maintenance and management of port administration and operations.

In planning for these improvements, a careful balance must be attained between the need and timing for the desired improvements and the time needed for implementation. This method of planning helps avoid imposing higher tariffs, fees, and charges on users than would otherwise be necessary to assure the progressive development of the State's commercial harbors.

The need for additional piers, yards, and support facilities is met where necessary and existing facilities are upgraded when appropriate, as part of meeting our objectives.

Specific performance goals have been set for each harbor for each fiscal year and the results are measured against the goals at the end of each fiscal year. These performance measures include the following:

1. Program cost per ton of cargo.
2. Total cargo tons processed per acre of container yard.
3. Number of incidences/accidents reported.
4. Number of fines imposed for security violations.

5. Number of cruise ship passengers per cruise ship call.
6. Dollar amount of salary overpayments for the Division.
7. Number of vendor payments for the Division exceeding 30 days.
8. Percentage of CIP projects completed within scheduled timetable.
9. Percentage of special maintenance projects initiated compared to projects identified in the annual Special Maintenance Plan.

#### **D. HIGHWAYS DIVISION**

##### **Statement of Goals**

The Highways Division's goal is to provide a safe, efficient, and accessible highway system through the utilization of available resources in the maintenance, enhancement and support of land transportation facilities and programs.

##### **Objectives and Policies**

The Highways Division continually strives to meet its objective of providing a safe and efficient highway system by responding to the issues and problems faced by the Division.

The objectives of the Highways Division include, but are not limited to, the following:

1. Reducing the number of fatalities, crashes and property damage on our highways;
2. Maximizing the service life of our highway inventory and improving customer satisfaction;
3. Improving project coordination, scheduling and design quality;
4. Promoting alternative modes of transportation;
5. Relieving traffic congestion; and

6. Administering various safety, environmental and security programs and activities to meet federal and State standards and regulations.

To meet its objectives, the Highways Division is currently organized into four (4) Staff Services Offices, six (6) Branches and four (4) Districts under the direction of the Highways Administrator as follows:

Service Offices

- Staff Services Office
- Engineering Services Office
- Motor Vehicle Services Office
- Project Coordination and Technical Services Office

Branches

- Planning Branch
- Design Branch
- Right-of-Way Branch
- Materials Testing and Research Branch
- Construction and Maintenance Branch
- Traffic Branch

Districts

- Oahu District
- Kauai District
- Maui District
- Hawaii District

We have been challenged even more so than in the past, to meet our goals and objectives, due to declining Federal and State Highway Funds, as well as staff reductions and restrictions due to the current State economy.

**Federal Funds**

Congress has yet to pass a new Highway Act, and thus, we have been operating under a continuing resolution, which provides the annual distribution of Federal Highway funds in monthly allocations. This monthly distribution limits our ability to put out larger planned projects at the beginning of the Federal fiscal year, and thus reduces our ability to assist in the State's economic recovery.

**State Highway Funds**

The State Highway Fund revenues are insufficient to support the needs of the State Highway Program. The actual revenues for fiscal year 2010 were \$11.7 million or 6.00% less than anticipated. The operational and project requirements exceed the current and projected revenues deposited into the State Highway Fund.

The Highway revenue bond rating is based on the Division's revenue stream. Decreased revenues negatively impact the Division's bond rating, possibly resulting in increased debt service in future issuances. Debt service is paid by Highway revenues deposited into the Highway Special Fund, which is the same source of funding that is used for the operations and maintenance functions of the Division; thus, higher debt service leads to fewer funds available for the rest of the program.

In addition to possible increased debt service, the lack of adequate authority and funding for maintenance in current and past years has set our Special Maintenance Program back an estimated \$187 million in backlogged projects. This deferred maintenance leads to increased funding needs, as the cost to bring our facilities up to par increases with greater road degradation.

#### **Action Plan and Timetable to Implement Objectives and Policies in One, Two and Five Years**

To meet our program objectives, the Highways Division's major activities are to plan, design, construct and maintain highway facilities on the State Highway System, which consists of 946.340 centerline miles and approximately 2,479.360 lane-miles of highway.

Oahu - Phase-1 of the Interstate Route H-1, Kapolei Interchange is expected improve traffic operations at the Makakilo and Palailai Interchanges and to lessen traffic congestion in the Kapolei area. Construction for this project was started in July, 2009, and is anticipated to be completed by February, 2011.

Preparations are ongoing for the design of a project to widen a two-mile portion of the H-1 freeway from the Middle Street merge to Vineyard Boulevard by 14 to 18 feet. This project will provide an additional through-lane in this area and an additional lane at the Vineyard Off-Ramp. The implementation of these improvements will greatly reduce eastbound traffic congestion by eliminating merges at these two locations. Advertisement of this design-build project is currently scheduled for fiscal year 2012.

Award of the Interstate Route H-1, P.M. (Afternoon) Contraflow, Phase 2 is currently in process. This project will provide an additional westbound lane from the vicinity of the Radford Drive overpass to the Waiawa Interchange area with no reduction in eastbound freeway capacity. This project has been combined with the H-1 Pearl City and Waimalu Viaduct Improvements, Phase 1, project, under a single contract in order to better coordinate traffic control services and minimize disruption to H-1 commuters.

Exploring strategies to mitigate congestion on our highways, we will begin a study in late 2010 to lessen congestion along Kahekili Highway from Haiku Road to Hui Iwa Street, which includes a contraflow alternative.

Continuing development and deployment of a Freeway Management System (FMS) will maximize efficiency and improve safety on our freeways by using intelligent transportation systems technologies. The FMS includes the deployment of CCTV cameras, vehicle detectors, dynamic message signs, dissemination of traveler information, Freeway Service Patrols (FSP), Traffic Operation Center enhancement and other traffic management strategies. FSP has been in operation for over a year and has had been very well received by the public. The following are already operational or will be operational in 2011:

1. HDOT's new Traveler Information Website, GoAkamai.
2. New CCTV traffic cameras on Moanalua Freeway.

3. Enhancements and upgrades (video wall, communications) to HDOT's Traffic Operations Center.
4. Replacement of existing Dynamic Message Signs at Kaimakani Street and Liliha Street Overpasses with new state of the art signs.
5. Spot Speed sensors for H-1, H-2 and H-201 Freeways.
6. Additional systems to disseminate traveler information to the public.

Design for intersection improvements at Farrington Highway at Nanakuli Avenue and Haleakala Avenue is ongoing and is intended to increase traffic safety and operational efficiency in these areas.

To help address pedestrian and other safety concerns on lower Liliha Street in Honolulu, we have initiated a project to install a traffic signal system at the intersection of Liliha Street and Kukui Street, along with pavement marking improvements on Liliha Street. Construction is expected to begin in the summer/fall of 2011.

Hawaii - The second phase of Queen Kaahumanu Highway Widening, which would widen Queen Kaahumanu Highway from two (2) lanes to a four (4) lane divided highway, from Kealakehe Parkway to Keahole Airport Access Road, is scheduled to begin in the first quarter of 2011, with completion by late 2012.

Design for the Keaau-Pahoa Road Shoulder Lane Conversion, Keaau Bypass Road to Shower Drive, is ongoing and is expected to be advertised in December, 2010. This project will construct an additional lane in the (Hilo-bound) direction and provide a shoulder that pedestrians and bicyclists can utilize. In addition, the (Pahoa-bound) shoulder will be widened to provide a 10-foot wide shoulder lane to be used as a traffic lane during the P.M. peak traffic hours.

Planning efforts continue for the Kawaihae Road Bypass project, which will provide for a two-lane

alternate route from Waimea to Kawaihae, and connect the proposed Waimea Bypass to Queen Kaahumanu Highway.

Design for Akoni Pule Highway Realignment / Widening at Aamakao Gulch is ongoing and is expected to be completed in late 2011.

Emergency Earthquake Rockfall Repairs at Various Locations on Hawaii, is scheduled to be advertised in late 2010. Design is ongoing for the first of the three areas under the Hawaii Belt Road Rockfall Mitigation project, and is anticipated to be advertised in 2011. Design for Umauma Stream Bridge Rehabilitation is expected to be completed by late 2011. Design for Volcano Road Intersection and Drainage Improvements Vicinity of Kulani Road is ongoing and is expected to be advertised in late 2010. Design for Mamalahoa Highway Drainage Improvements at Kawa is ongoing and is expected to be completed in late 2011.

Maui - Construction by the design-build team for Phase-1A of the Honoapiilani Highway Realignment (Lahaina Bypass), from the Future Keawe Street Extension to Lahainaluna Road is ongoing. Subsequent segments of the Lahaina Bypass are as follows: Construction for the increment from Lahainaluna Road to Hokiokio Road was awarded in May, 2010; design for the segment from the future Keawe Street Extension to the vicinity of the Kaanapali Connector was started this fiscal year.

Planning is ongoing for Honoapiilani Highway Widening/ Realignment, from Maalaea Harbor to Puamana. Improvements may involve widening portions of the existing highway and/or constructing a new highway along a different alignment in order to alleviate traffic congestion, protect the area from shoreline erosion, accommodate future travel demand, and improve reliability of access to and from West Maui.

In Paia, planning studies for the Paia Relief Route are also ongoing.

Contracts for Hana Highway Rockfall Mitigation at milepost 12 and Hana Highway Improvements, Phase 2, are being executed. Design will start next year.

Molokai -Kawela Bridge, located along Kamehameha V Highway on Molokai, is being replaced due to hydraulic inadequacies and non-conformance to current standards. This project is scheduled for advertising in late 2010.

Design for drainage improvements to relieve flooding problems along Kamehameha V Highway from the vicinity of Mohala Street to the vicinity of Oki Place, is scheduled to begin in 2010.

Kauai - The "Kapaa Temporary Bypass" and the "Puhi Temporary Bypass" routes, along with the contra flow operations between Hanamaulu and Wailua continue to temporarily relieve traffic congestion in their respective areas. These interim measures are in advance of the permanent Kapaa Bypass and the Kaumualii Highway widening projects that will provide more permanent solutions to Kauai's congestion problems.

Short term improvements in Kapaa including the widening of Kuhio Highway from South Leho Drive to Aleka Loop, and the addition of a southbound lane on the Wailua Cane Haul Bridge, will also provide additional capacity in the interim before the construction of permanent bypasses. Design for an additional southbound lane on Kuhio Highway fronting Coco Palms is anticipated to begin in mid-2011. Construction of the Wailua Cane Haul Bridge Widening began in 2009 and will be completed in June, 2011.

Construction of the first increment of Kaumualii Highway Widening from Lihue Mill Bridge to Anonui Street began in 2010 and is scheduled to be completed in 2012. A request for proposals (RFP) for a design-build contract to widen Kaumualii Highway from Rice Street to the Lihue Mill Bridge will be advertised in December, 2010. The design phases for the remainder of the four-lane widening from Anonui Street to Maluhia Road have

not begun. Completion of this four-lane roadway in a timely manner is considered critical to relieving traffic congestion on the west side of Kauai.

The Kapaa Relief Route Draft Environmental Impact Statement should be completed in late 2010 and it is anticipated that the draft will be ready for public comment in early 2011. The Kapaa Relief Route is a critical link that will relieve traffic congestion thru Kapaa and improve traffic flow from the north side of the island.

The design for safety improvements along Kuhio Highway, from the vicinity of Hanalei Bridge to Waikoko Bridge, is ongoing. Intersection improvements along Kaunualii Highway at Kuli Road and Lauoho Road are scheduled to begin in 2011.

#### Statewide

1. The Department of Transportation has begun the update of the federally required statewide long-range plan. The plan includes the analysis of the State's long term transportation needs with the consideration of limited resources.

2. We have continued our traffic safety countermeasure activities. Through its "Click It or Ticket (CIOT)" campaign, Hawaii has one of the highest seatbelt use rates in the Nation at 96.7%. We attribute the success of the CIOT campaign to the hard work of our many highway safety partners which included the four county police departments, the Department of Health, the Department of Education, the Federal Highway Administration, the Federal Motor Carrier Safety Association, the local fire departments, religious leaders, military bases and others. We also supported the enforcement with a strong media campaign (variable message boards, television, radio and movie theatre).

3. To combat the problem of drunk driving, we, along with the four county police departments, have implemented a 52/12 - "You Drink, You Drive, You Lose" campaign to increase sobriety

checkpoints to a minimum of one checkpoint every week of every month of the year. We also supported the enforcement with a strong media campaign.

4. Walk Wise Hawaii (WWH) is a pedestrian safety program in which DOT partners, with various county agencies and a private company, provide speakers to senior groups, rotary clubs, neighborhood boards, and hotels to remind both drivers and pedestrians about pedestrian safety. In addition to the community presentations, multi-language brochures, movie theatre ads and bus ads were created to reach the rest of the community. Since 2007, the WWH pedestrian education programs have been presented to senior groups and other interested groups by a representative from the Honolulu Police Department.

5. Since January 2007, as a part of the Safe Routes to School (SRTS) program, the DOT had aired television and radio spots reminding people to slow down while driving through school zones and to watch out for pedestrians. On October 2007 the DOT advertised the first round of applications for Infrastructure and Non Infrastructure proposals. DOT has since awarded five Non-Infrastructure grants and is pending the award of the first round of Infrastructure grants. On September 30, 2009 the DOT advertised the second Call for Applications for both Infrastructure and Non Infrastructure applications. The deadline closed on November 30, 2009 and is pending award of the second round applications.

6. In March 2009, the American Recovery and Reinvestment Act (ARRA) of 2009, was signed into Law by President Obama. This Act provided \$125.7 million in Federal Funds to the Highways Division, all of which was obligated by September 2010; \$65.5 million for 14 state projects, and \$60.2 million for 12 county projects.

**Process to Measure the Performance of Programs and Services in Meeting the Stated Goals, Objectives, and Policies**

The effectiveness of the Highways Program is measured by the ability of the highway system to move people, goods and traffic in a safe and efficient manner.

The Highways Division continues to improve the sufficiency rating of our bridges and reduce its backlog of functionally obsolete and structurally deficient bridges. Our National Bridge Inventory data that we submit annually to FHWA reflects this. This data is based on our biennial bridge inspection reports.

The Highways Division continues to add incentive or disincentive pavement smoothness to its asphalt concrete resurfacing projects. The program shows a marked improvement in the ride quality of our finish pavement surface. Direct benefits of smoother pavements are long-term pavement performance, safety, improved riding quality and reduction in annual maintenance costs.

#### Actions Taken

- o The Division is streamlining functions by seeking new ways of eliminating unnecessary requirements through constant evaluation of our processes and procedures. The Highways Procedures Manual is being reviewed and updated. We are also reviewing our organizational structure and functional responsibilities, to provide a more efficient organization. We continue to increase automation to replace manual operations and record-keeping.
- o The Highways Division currently has agreements with various counties to maintain our traffic signal systems, for contra-flow coning on Kalaniana'ole Highway, and for the removal of abandoned vehicles. We also have agreements with the counties to implement other State highway programs such as the State Periodic Motor Vehicle Inspection (PMVI), Commercial Driver's License (CDL), Federal Heavy Vehicle Use Tax and Vehicle Weight and Registration Collection programs. These joint agency agreements are designed to reduce the duplication of services.

- o The Highways Division is continuously looking for viable traffic management system improvements to provide relief to our motoring public. Numerous projects are currently being implemented to alleviate congestion along our most heavily traveled routes.
  - H-1/Urban Honolulu - Congestion relief measures along H-1 include future projects in the central area such as adding another westbound lane through the Waiawa Interchange, and implementing a westbound contraflow on the H-1 Freeway from the Vicinity of Radford Drive Overpass to Waiawa Interchange.
  - Leeward Oahu -Design for intersection improvements at Farrington Highway at Nanakuli Avenue and Haleakala Avenue is ongoing and will increase traffic safety and operation efficiency in these areas.
  - West Hawaii - The widening of Queen Kaahumanu Highway from Kealakehe Parkway to Keahole Airport will provide additional traffic capacity to this stretch of highway. Construction of the first phase of the Queen Kaahumanu Widening from Henry Street to Kealakehe Parkway was completed with a grand opening on March 31, 2009. The second phase of the widening, from Kealakehe Parkway to Kona International Airport Access Road is anticipated to be completed by late 2012. In East Hawaii, the alternatives to widen or realign portions of the existing Keaau-Pahoa Road will be studied for this busy area.
  - West Maui - The first phase of the Lahaina Bypass project will divert traffic away from the heavily congested Honoapiilani Highway/Lahainaluna Road intersection by providing an alternate access via Keawe Street extension and the new Lahaina Bypass to the schools along Lahainaluna Road. We have also

embarked on a campaign to encourage employee vanpools and/or subsidized vanpools for large employment centers in West Maui to reduce traffic congestion in this region.

- Kauai - We are preparing to award the design-build contract for Kaunualii Highway widening, Lihue Mill Bridge to Rice Street. The remaining segment of the first phase of the widening. Widening from Anonui Street to Maluhia will be implemented in later years.
- o One of the Division's objectives is to reduce the number and severity of crashes on all public roads. Various continuing safety improvement programs are a top priority for the Division.
  - We have been working with members of the Hawaii Traffic Records Committee to revise the current State of Hawaii Motor Vehicle Accident Report (MVAR) Form. The revised MVAR form was completed and statewide implementation started in late 2008. This will improve the quality of our accident data and be better aligned with the Model Minimum Uniform Crash Criteria (MMUCC) federal guidelines.
  - We have been working with the Hawaii Strategic Highway Safety Plan Core Committee to develop Hawaii's Strategic Highway Safety Plan (SHSP). The purpose of the SHSP is to identify statewide highway safety concerns and to develop strategies to reduce the number of serious and fatal motor vehicle crashes. Having the SHSP in place would also make educational and enforcement programs eligible for Highway Safety Improvement Program (HSIP) Federal funding. The SHSP was completed toward the end of 2007, and the Core Committee is currently monitoring the implementation phase.

- High-level representatives in the areas of enforcement, engineering, prosecution, health, and other highway safety agencies banded together and formed the Statewide Alliance for Roadway Safety (STARS). This committee has committed to assist the implementation of the SHSP. Representatives from these agencies volunteered to champion different safety strategies and others offered their support. The commitment at this level should alleviate most obstacles we may encounter in the future. The members of the STARS have been updated on the status of the SHSP and we anticipate asking for their support in the future Legislative season.
  - Current safety programs include intersection improvements, installing/upgrading traffic signals, guardrails, drainage improvements and bridge seismic retrofits. Safety analysis for each highway project is executed at the earliest stage of project development to ensure consideration of identified areas of concern.
  - Collection and analysis of traffic safety data are continuing to keep stride with national technological advances and new techniques. The Division is committed to working with other agencies and the community to improve the quality and use of traffic data to improve highway safety.
- Highways Division is in the process of establishing comprehensive environmental programs for the Division. The programs will help the Highways Division to comply with federal, State, and local government environmental regulations covering clean air and water and solid and hazardous wastes.

An Environmental Management System (EMS) has been developed for the division, especially for all maintenance activities. The EMS follows EPA's

National Environmental Investigative Center (NEIC) EMS model, which incorporates the ISO 14001 EMS standards. The coverage of the EMS includes Environmental Policy; Organization; Personnel and Oversight of EMS; Accountability and Responsibility; Environmental Requirements, Assessment, Prevention and Control; Environmental Incident and Noncompliance Investigations; Environmental Training, Awareness, and Competence; Environmental Planning and Decision-Making; Maintenance of Records and Documentation; Pollution Prevention and Best Management Practices Program; Continuing Program Evaluation and Improvement; and Public Involvement and Community Outreach.

Along with the EMS, Highways Division developed and implemented the Hazardous Waste Management Program, Solid Waste Management Program, and Safety Program (including Hazard Communication or HazCom Program). Other programs to be developed include the Petroleum, Oil and Lubricants (POL) Management Program, Lead-based Paint Management Program, Asbestos Management program, and Universal Waste Program.

The Highways Division has prepared a Storm Water Pollution Control Plan (SWPCP) for each baseyard with industrial activities on Neighbor Islands and all baseyards on Oahu. For baseyards with industrial activities on Neighbor Islands, the National Pollutant Discharge Elimination System (NPDES) has been applied to ensure that discharges from these facilities meet the requirements stipulated in HAR 11-54 and 11-55. SWPCP's for baseyards on Oahu are being revised currently to reflect changes. Highways Division also developed a Maintenance Facility Best Management Practice (BMP) Manual to ensure better compliance with the Clean Water Act. Independent third party inspections on a quarterly basis of all baseyards on Oahu have been conducted by a trained individual.

The Highways Division continues to take a proactive approach in fulfilling its Federal Clean Water Act (CWA) requirements on the Neighbor Islands. To ensure compliance, commitment of additional funding and personnel are needed. A consultant has been procured and

is tasked to assist the Department of Transportation to comply with CWA requirements.

The Municipal Separate Storm Sewer System (MS4) Ad Hoc Committee, a group of engineers, inspectors and clerical staff, continues to proactively address Clean Water issues. The Oahu Storm Water Management Program has been established to manage storm water discharges to the "State Water". Latest EPA independent audit for the MS4 program shows that the Highways Division has improved greatly in the clean water area. Highways Division is preparing for the upcoming new Clean Water regulatory requirements including Total Maximum Daily Load (TMDL) and Waste Load Allocation (WLA), and proposed new rules on discharges from construction sites.

- o Development and implementation of the new accounting system for the Highways Division is currently in the second half of implementation. The stages include discovery, design, development, and deployment. Contract requirements include delivery of a fully functional system to support the Highways Division's fiscal and accounting requirements. With this implementation, we envision a greater dissemination of funding and fiscal information within the Division and thus, improved management of our overall program.

Specific performance goals have been set for each District, Highways Administration, and Motor Vehicle Safety Office for each fiscal year and the results are measured against the goals at the end of each fiscal year. These performance measures include the following:

1. Number of highway locations where congestion exists during peak traffic.
2. Number of accidents per 100 million of vehicle miles traveled.
3. Number of fatalities per billion vehicle miles traveled.
4. Maintenance cost per ten lane-miles.
5. Percent of bridges with sufficiency rating of 50 or less.

6. Percent of bridges with sufficiency rating 51-80.
7. Percent of roads with pavement condition index rating of greater than 80 on a 0 (worst) to 100 (best) scale.
8. Costs of administration relative to total program costs.
9. Vendor payments exceeding 30 days.
10. Debt service costs to total operating and maintenance expenditures.
11. Number of motor vehicle fatalities per 10,000 motor vehicles.
12. Number of motor vehicle injuries per 10,000 motor vehicles.
13. Number of motor vehicle accidents per 10,000 motor vehicles.
14. Number of motor vehicle property damage accidents per 10,000 motor vehicles.
15. Number of accidents per 10,000 motor carrier vehicles.
16. Percent of Department of Transportation certified inspection stations inspected.
17. Number of Department of Transportation certified inspection stations suspended.
18. Number of vehicles weighed on semi-portable scales.
19. Number of vehicles weighed on semi-portable scales and cited.
20. Number of accidents per 10,000 school bus vehicles.