

REPORT TO THE TWENTY FIFTH LEGISLATURE

OF

THE STATE OF HAWAII

REGULAR SESSION OF 2010

ON

ACT 100

SECTION 7

SESSION LAWS OF HAWAII 1999

SUBJECT: RELATING TO GOVERNMENT OPERATIONS

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
DECEMBER 2009

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 eleven (11) commercial service airports, four (4) general aviation airports, ten (10) commercial harbors, and two thousand four hundred and seventy-eight (2,478) 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 eleven airports serving commercial airlines and four general aviation airports. 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 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 facilities 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 (both international arrivals and domestic departures), cargo, mail, 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 2009, 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. Last fiscal year, all of our managers participated and completed a two-day "Executive Steering Group (ESG) Team Building" training seminar conducted by a consultant.

We continue to have internal workshops and training to include managers, project managers and consultants, to reinforce the Team Building concepts.

- b. We continue to encourage personnel to attend DHRD's Leadership Development Program courses and any out-service Leadership/Management Training courses.
- c. We continue to have managers participate in a workshop on "Drafting Bills for Legislation" which covers the following topics: format required for the Hawaii Revised Statutes, application of the Ramseyer format in drafting bills and procedures to ensure bills are drafted correctly.

- d. We continue to hold weekly ESG meetings with managers to discuss current issues and how to effectively resolve them.
- e. Divisional 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.
- 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 and a 50-Bed Portable Hospital complete with training package for Honolulu International Airport.
- c. We continue to test our Statewide Inoperable Communication Plan that included purchasing and upgrading an 800 MHz 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 and active participant in the State Civil Defense emergency preparedness plan to include 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 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 bureau, military and local, State and federal government.

- c. We continue to participate in DOT's weekly radio show (KAOI) for Maui listeners, where the public is invited to call in with any questions they may have concerning the Airports Division.
- d. 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.
- e. We continue to attend meetings with a concessionaires committee at Honolulu International Airport on the fourth 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.
- f. 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.
- g. 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.
- h. We attended 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.

- i. We continue to attend the quarterly meetings of the Hawaii Emergency Preparedness Executive Council chaired by Adjutant General Robert Lee of State Civil Defense. The meeting is an all-encompassing meeting of federal, state and local representatives from law enforcement, security, emergency management, regulatory, disaster relief and hotel associations and private industry to discuss emergency preparedness.
- j. 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, treat all airlines fairly, 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.

4. Maximize revenues

- a. We continue to monitor the new schedule of rental rates and charges based on current property appraisals.
- b. The new retail concession agreement which includes provisions for wired and wireless internet access at Kahului Airport has been issued and we continue to monitor its progress.
- c. The concession agreement for an additional rental car concession at Honolulu International Airport has been issued and we continue to monitor its progress.

- d. The new statewide In-Bond (Duty Free) concession agreement has been issued and we continue to monitor its progress.
- e. The new retail concession agreement at HNL has been issued and we will monitor its progress.
- f. New concession agreements for rental car concession fees for Hilo International Airport, Kona International Airport at Keahole, Kahului Airport, Molokai Airport, and Lihue Airport, which increase the percentage fee from 7.5% to 10% have been issued and we will monitor their progress.
- g. A new concession agreement for food and beverage operations at Hilo and Kona International Airports has been issued and we continue to monitor its progress.
- h. A new concession agreement for an on-demand shuttle bus service at Kahului Airport has been issued and we continue to monitor its progress.
- i. The new International Parking Structure at Honolulu International Airport (HNL) connecting the current Inter-Island and Overseas Parking Structures has been completed, adding approximately 1,800 parking stalls to the parking inventory at HNL.
- j. 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.
- k. 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, like it's 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. The Airports Division has established a "Tiger Team" on Cost Saving Measures. Its focus will be reducing costs and seeking avenues to increase revenues.
- b. We will continue to seek partnerships with other Federal agencies like TSA, to apply for funds in order to improve our facilities, such as the recently awarded EDS system for HNL and OGG.
- c. 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.

- d. We have reduced the presence of Sheriffs Deputies under the MOA 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. Continue to motivate managers to develop and cultivate leadership qualities such as vision, drive, good judgment, initiative and maturity, and continue to hold weekly meetings.
- b. Continue to encourage managers to improve their leadership skills by taking advantage of training sessions offered by the State.
- c. Continue to ensure that managers are trained and equipped to meet the demands of changing circumstances.
- d. Continue to improve the efficiency and effectiveness of airport management, operations and maintenance.
- e. 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.
- f. 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.
- g. 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*
This project 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. *Holdroom Shelters and Additional Security Lane at Kona International Airport*
The project scope consists of roof-type structures and associated modifications of adjacent areas to provide weather protection over existing walkways in and around the security queue, courtyard, and hold-room areas of the North and South Terminals. Also included are the structure modifications to the existing checkpoint building at the North Terminal for an additional security lane.

- d. *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.

- e. *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.

- f. *Kahului Airport Apron Pavement Structural Improvements*
This project will reconstruct the hardstands and apron area between the hardstands and Taxiway A at Kahului Airport. This project was approved for ARRA funding.

- g. *Kahului Airport EDS Integration Improvements*
This project will move the Explosive Detection System equipment from the ticket lobby to the "back of house" area behind the ticket counters. The equipment will be installed "in-line" which means it will be integrated into the outgoing conveyor system. This project received ARRA funding from the TSA.

- h. *Kahului Airport Replace Fire Sprinkler System*
This project will replace outdated fire sprinkler lines and risers throughout the airport.

- i. *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 three specific areas at Molokai Airport to be addressed: (1) the open drainage culvert at the approach of Runway 5-23 needs to be covered; (2) the north end of Runway 5-23 safety area has an open drainage channel that will need to be covered; and (3) the drainage swale along the south side of Runway 5-23 must be realigned.

- j. *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.
- k. *Honolulu International Airport (HNL) 3rd Level Ewa Concourse Sterile Corridor*
The third level sterile corridor will reduce the State's reliance on buses for international arriving passengers at the Ewa Concourse, where approximately 80% of the international passengers arrive.
- l. *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.
- m. *ARFF Facility Improvements at Honolulu International Airport*
The scope of work involves the construction of additional facilities at both ARFF stations at Honolulu International Airport (HNL). The new storage and facilities will allow for proper storage of vehicles, equipment and supplies for safe and long-term use.

3. Meet the requirements of our stakeholders

- a. We continue to interface on a regular basis with the Hawaii Airports Liaison Office, which is funded by the air-carriers. Its representatives are invited to many of our meetings in order to obtain information and provide timely input on Airport projects.
- b. We continue to meet with the concessionaires committee at Honolulu International Airport every month.
- c. We continue to publish and distribute the "Wiki-Wiki Construction Newsletter" to tenants at Honolulu International Airport.
- d. 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.
- e. We continue to discuss developing, printing and disseminating a "How to do Business with Us" brochures.
- f. We continue to conduct customer satisfaction training for employees under a grant from the State.

4. Maximize revenues

- a. We continue to collect 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. Efforts to increase the surcharge to \$4.50 per day to pay for construction of identified facilities are continuing. 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.

- b. 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.
- c. The issuance of a concession agreement for advertising at the State airports is still in progress.
- d. Consideration is being given to issue a new concession agreement for food and beverage operations at Lihue Airport.
- e. We are considering developing concession agreements for wired and wireless internet access for the smaller airports.
- 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. The Modernization Team, as they implement capital improvement projects, will ensure that technology is part of their projects.
- c. 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. The Tiger Team will continue to monitor the current cost-saving measures submitted by the Districts and, if necessary, implement additional cost saving measures.
- b. 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. Efficient management, operations and maintenance of airports.
- b. Achievement of stated objectives.

- c. Effective and timely communication.
 - d. Creation of an atmosphere of good motivation and high morale.
 - e. Increased productivity among employees.
 - f. Average time from plane touchdown to passenger departure.
 - g. Average time from passengers entering the plane-to-plane takeoff.
 - h. Through-put cost per passenger.
 - i. Total operating cost per square foot.
 - j. Average number of times the airport facility restrooms are cleaned per day.
 - k. Audits on revenues. We will initiate 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 are completed as a result of these audits.
2. Improve safety and security
- a. Number of reported safety or security incidents.
 - b. Adequate staffing of safety and security personnel.
 - c. Frequency of security breaches.
 - d. Establishment of tightened safety and security controls.
 - e. Number of accidents per 100,000 square feet and per 100,000 passengers.

3. Meet the requirements of our stakeholders
 - a. Frequency of meetings with airport tenants, airlines and other airport users to discuss and resolve problems.
 - b. Number of complaints or compliments from stakeholders.
 - c. Establishment of a process of identifying the needs of stakeholders and meeting those needs.
 - d. Percent rating of facilities by airlines and other users.
4. Maximize revenues
 - a. Fees to generate additional revenue.
 - b. Innovative approaches in generating revenues.
5. Protect the environment
 - a. Strive to reduce and minimize the number of fines or citations issued to the Airports Division by state or federal environmental agencies.
 - b. Educate all the employees and tenants to ensure full compliance with environmental laws, regulations and requirements.
 - c. Integrate environmental compatibility with operational efficiency of airport facilities and infrastructures.
6. Employ Innovation and Technology
 - a. Number of projects employing technology. Analyze effectiveness and efficiency of technology projects.
 - b. Review of CIP submission for innovation and technology, recognizing projects that employ innovation and technology.

7. Cost Saving Measures

- a. Monitor costs of utilities and security to determine if savings are being realized.
- b. When staffed, the Performance Appraisal System and employee feedback to measure employee performance.

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 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 objectives also include the support of 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. The division previously managed Kewalo Basin for its landowner, the Hawaii Community Development Authority (HCDA). Effective March 1, 2009, HCDA assumed management and operations of Kewalo Basin.

The objectives of the Harbors Division include:

1. Provide planning and administrative support.
2. Manage vessel traffic into, within, and out of harbor facilities.

3. Provide, allocate, and control maritime facilities, including but not limited to piers/berths, yards, common areas and cargo storage facilities.
4. Maintain, repair and operate commercial harbor facilities.
5. Expand and improve commercial harbor facilities and operations.
6. Impose appropriate rates, rents, fees, tariffs and charges to produce necessary revenues and manage the harbors system as a self-supporting enterprise.
7. Maintain offices and facilities for the conduct of maritime business with the public.
8. Administer various safety, environmental and security 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
- Oahu District
 - Office Services (Honolulu Harbor)
 - Operations
 - Harbor Enforcement/Security
 - Maintenance

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

Activities to implement our program objectives require constant interaction with 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 is also involved in the enforcement of 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 Hawaii Port Infrastructure Expansion Program contract to TEC Inc. authorizing TEC Inc. to program manage with MARAD and DOT Harbors up to \$400 million in harbor infrastructure projects.

- 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 Department of Homeland Security 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 Environmental Protection Agency which is involved with all environmental issues including water quality standards.
- 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 2009, the following key actions were taken to implement the Harbors Division's objectives and policies:

Improve Stakeholders' Satisfaction

1. The Harbors Division continues to build upon its partnership with the Hawaii Harbors User 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, 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 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 tests 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.

2. Throughout Fiscal Year 2009, 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. In March 2009, the Division completed its work on the development of the fuel infrastructure and planning for State harbors in conjunction with the Department of Business, Economic Development and Tourism's alternative fuels and energy efficiency development programs.
5. In December 2008, with the assistance of the Department of Business and Economic Development and Tourism, the Hawaii Tourism Authority, and the Department of Land and Natural Resources, the Harbors Division completed a statewide Hawaii Cruise Industry Study to assess the current and future impacts of the cruise industry on the State of Hawaii.
6. During FY 2009, the Harbors Division initiated the update of the Hawaii Island Commercial Harbors Master Plan to the planning horizon of 2035.
7. Combined with HMP projects underway, the division has thirty (30) capital improvement projects listed on the State's Strike Force project list, valued at nearly \$260 million of construction work. Progress continues to be made on all of the projects for advertising for bids for construction.

Provide 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 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.

Improvements to Safety and Security of the Statewide Harbors System

The following actions were undertaken in FY 2009 to improve the safety and security of Hawaii's commercial harbors:

1. Port readiness exercises were 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.

2. Managers participated in the 2009 Asia Pacific Homeland Security Summit and Exposition. Sponsored by the State in partnership with the Department of Homeland Security's (DHS) Science & Technology Directorate, the summit offers attendees an opportunity to share views on how to best respond to the threat of terrorism and natural disasters in the Asia-Pacific region.
3. On February 12, 2009, the Harbors Division exercised its port readiness with the state-wide implementation of the new employee credentialing Transportation Worker Identification Card required of all harbors users wanting unescorted access to secured areas of the ports.
4. The following capital improvement projects were undertaken 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.
 - b. Phase II Improvements at the Pier 2 Cruise Terminal Project to provide enhanced passenger security and safety improvements was completed.
 - c. Security Barrier Project at Pier 10/11 - This construction project to replace the security barrier fronting Pier 11 on Fort Street and those along Nimitz Highway adjacent to Pier 11 with a more aesthetic barrier system is nearly complete.
 - d. Throughout Honolulu Harbor and Kalaeloa Barbers Point Harbor, construction activities are soon to be initiated to provide and upgrade security fencing and provide related security improvements around the perimeter of the harbors. An award

has been made to a contractor and work is scheduled to start.

- e. Construction of electronic access controls for Harbors Division offices statewide is being finalized. The new system will improve security by controlling individual access to secured areas.
- f. Dredging and a new container yard are soon to be under construction at Hilo Harbor for a new inter-island barge terminal. The new terminal will provide a safe and efficient operation by separating container operations from cruise ship passengers currently in the same area. To complete the barge terminal, pier and access improvements are programmed under HMP.
- g. A new fender system is under design for Pier 2 at Nawiliwili Harbor. The existing tire fenders will be replaced with modern engineered fenders to improve berthing and operational safety.

Management & Administrative Actions

The following key management and administrative actions were undertaken in FY 2009:

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. Another measure to provide the department with the statutory authority to adopt rules to impose upon private persons using State harbors the duty to defend, hold harmless and indemnify the State against all claims that arise from such use did not pass the 2009 Legislature. This duty, imposed in Hawaii Administrative Rules, Section 19-41-7, was ruled invalid by the Hawaii Supreme Court in the absence of explicit statutory authorization. The department intends to seek passage of this needed authority in the 2010 legislative session to reduce the State's

financial exposure in being held as a responsible party for any plaintiff's injuries.

2. The economic recession has presented financial challenges to the State in FY 2009. Weakened consumer confidence and the economic downturn have contributed to the decline in cargo movements and port revenues nation-wide. The division saw an approximate 14% reduction in cargo volumes, a major factor in the 18% drop in revenues from the prior year.

As a self-sufficient enterprise, the Harbors Division 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 have not increased since March 1997, a period of over twelve (12) years.

The costs to operate, maintain and improve the commercial harbors have increased significantly since the last fee increase over twelve (12) years ago. Aging harbor facilities are in need of upgrades. Congestion and limited cargo handling space have highlighted the need to expand and modernize the harbors.

The system-wide HMP includes \$618 million in priority projects with improvements to be financed by the issuance of Harbors' revenue bonds. Debt service costs on the bonds will be paid by the Harbors Division.

Working in partnership with HHUG, the Division has proposed fee increases necessary to provide revenues to cover current operating and maintenance expenses, as well as, the longer-term HMP projects. Proposed amendments to Chapter 19-44, Hawaii Administrative Rules, have been prepared to increase various harbor fees and charges (tariffs) and statewide public hearings will be held in early December, 2009 to receive public testimony and comments. The division anticipates the rules, if approved, to take effect in early 2010. The income derived from the rate adjustments will provide the division with revenues sufficient to meet revenue tests set forth by its

bond certificate, sustain existing services and provide funds over time to underwrite HMP projects.

3. The Division began a comprehensive review of rules, regulations and procedural changes required to address ground transportation issues and related commercial activities at harbor facilities. Upon completion of this review, the findings will provide the basis for proposed new administrative rules. The Division also worked to define and establish responsibilities of harbor tenants and users for environmental rules compliance and upgrade operational agreements with harbor users.
4. The Division has been working closely with Hawaii's congressional delegation and federal agencies to explore avenues for federal funding of improvements to the State's commercial harbors system. 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, or TIGER, grant program. This new grant program, authorized by the American Recovery and Reinvestment Act of 2009 (ARRA), will provide grants on a competitive basis for capital investments, including port infrastructure projects. The division submitted an application for grant funds totaling \$95.0 million to construct commercial harbor improvements at Honolulu, Hilo and Kawaihae Harbors. If successful, the award of federal grants will relieve the need for special funds to finance the respective projects.
5. 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 Division with improvements at no cost to the State.

MARAD has also awarded a contract designed to streamline development efforts to modernize Hawaii's commercial harbor facilities. A seven-year program management contract with a maximum value of \$400 million was awarded to TEC, Inc. through a competitive procurement process. Initial projects under this program include the design and construction of interior passenger terminal improvements and upgrades inside the existing pier shed as well as vehicular and pedestrian traffic circulation improvements at Hilo Harbor, design and construction of a covered walkway for passengers at Nawiliwili Harbor and design and construction of interior and traffic circulation improvements at the Pier 2 passenger terminal at Honolulu Harbor.

6. Hawaii Superferry, Inc. operated until March 19, 2009 a large-capacity roll-on/roll-off high speed daily ferry service for the transport of passengers and vehicles between Honolulu and Kahului Harbors. After service commenced in 2007, the Hawaii Supreme Court ruled that an environmental assessment must be performed with respect to certain improvements at Kahului Harbor intended for use by the Hawaii Superferry (HSF). Act 2, Second Special Session of 2007, allowed large-capacity ferry vessel companies such as HSF to operate under certain conditions while the required environmental reviews were conducted. Act 2 also established a temporary Hawaii inter-island ferry oversight task force to examine the impact, if any, of such ferry operations. The division was responsible for administering the work of the task force and submitting reports to the legislature. A final report was submitted to the 2009 Legislature upon which the work of the task force ceased.

On March 16, 2009, the Hawaii Supreme Court held Act 2 unconstitutional. HSF subsequently halted operations and removed its vessel from Hawaii. On May 30, 2009 HSF and its parent, HSF Holding Inc., filed Chapter 11 bankruptcy petitions in the District of Delaware and announced plans to liquidate. The division is closely following the bankruptcy

proceedings with the assistance of the Attorney General's Office.

7. The Harbors Division has completed several reorganization proposals to restructure certain operational segments for greater efficiency and improve its delivery of services. A new Landside Operations Unit has been established within the Oahu District, Honolulu Harbor, to be responsible for functions including taxi operations, shuttle services and other forms of ground transportation. Proposals to establish an office responsible for the management of the port security program and disaster response coordination, as well as, to establish management support to the sole district managers at Hawaii, Maui and Kauai Districts have also been approved. The Division is working to establish and fill the positions as noted in the proposals.

Harbor Expansion, Development and Improvement Actions

During FY 2009, the following actions were undertaken to expand, develop and improve the commercial harbors system:

1. Oahu. Pier 29 Improvements - Design is its final stages for the reconstruction and hardening of approximately nine acres of pavement for top-pick handlers, and grading and gravelling an additional three acres of container storage at Pier 29. The project also involves upgrading of all necessary utilities to allow for the successful relocation of container operations from other areas of Honolulu Harbor.

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 is anticipated to commence this year.

In addition, private construction/development of a new asphalt terminal is underway adjacent to the existing cement terminal, as well as, planning for two new privately owned alternative fuel facilities adjacent to Storage Yards S-5 and S-6 at Kalaeloa Barbers Point Harbor.

2. Island of Hawaii. At Hilo Harbor, two construction contracts were awarded to allow for the future relocation of Young Brothers from operations at Pier 2 to a future Pier 4. The projects 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.
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 is underway.
4. Maui. At Kahului Harbor, the Division completed its acquisition of approximately four acres of adjacent lands in commercial use from A&B Properties, Inc. for \$9.8 million. The expedited demolition of Pier 2 Sheds has been completed to provide Young Bros. with additional container operations area, as well as, open yard area to ensure continuation of less than container load (LCL) service to Kahului Harbor. The departure of the Hawaii Superferry has enabled Young Bros. to utilize operational areas that were previously occupied for inter-island ferry operations.
5. Statewide Harbors Modernization Plan (HMP). As reported earlier, eight contracts valued at about \$2.8 million have been executed and ten (10) contracts valued at about \$4.6 million are pending. Request for bids for the first HMP construction project was advertised in October, 2009.

Actions to Protect the Environment

1. Annual environmental compliance training was conducted for Harbors employees.
2. The Harbors Division participated in a departmental effort to formulate an Environmental Management System (EMS) manual for each of its three divisions. A major component of the EMS was the development of

quarterly environmental compliance checklists for use at all Harbors maintenance facilities.

3. The EPA conducted an environmental audit of the Harbors Division in December, 2008. The audit report discussed 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 insure that adequate Storm Water Management Plan (SWMP) can be implemented and maintained.
4. The division continued its participation in a working group under the direction of the Department of Health, with assistance from the Environmental Protection Agency, to address the subsurface petroleum contamination problem in the Iwilei district of Honolulu Harbor.

Over the next one, two, and five years, the Harbors Division will pursue the following actions in order to continue to meet its objectives.

1. Stakeholder's Satisfaction
 - a. Direct and monitor ATDC's performance to ensure that projects are implemented in conformance with HMP and DOT requirements and preferences.
 - b. Ensure stakeholders are satisfied with the services and facilities provided.
 - c. Proactively address the needs of stakeholders.

2. Provide Effective Leadership and a Positive Working Environment
 - a. Create and maintain a positive work environment for harbor employees.
 - b. Encourage staff development through attendance of optional and mandatory training courses to improve knowledge and skills.
 - c. Reinforce the guiding principles set forth in the Division's Ho'okele core values.
 - d. Require managers to take an even stronger active role in the legislative process by proposing, researching, and developing legislative initiatives as required.
3. Improve Safety and Security
 - a. Continue to participate in the Asia Pacific Security Summit.
 - b. Continue to plan and implement statewide security capital improvement projects to further enhance Harbors security.
 - c. Continue to pursue alternative means of financing security improvements through the Department of Homeland Security's Port Security Grant Program.
4. Management & Administration
 - a. Optimize the use of Harbor resources through sound financial and organizational practices.
 - b. Anticipate and accommodate the commercial water transportation needs of the State.
 - c. Improve inter- and intra-division communication and collaboration.
 - d. Continue to assess operational practices and procedures to maximize efficiency.

- e. Aggressively pursue available federal funds to support harbor development efforts.

5. Harbor Expansion, Development and Improvement

- a. Implement interim improvement plans and congestion relief projects.
- b. Continue accelerated development of major harbor expansion, construction, and improvement projects.
- c. Develop the new container terminal at the former Kapalama Military Reservation (KMR). 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.
- d. Develop and initiate expansion and improvement projects at all State harbors under the HMP.

6. Protecting the Environment

- a. Continue annual environmental compliance training for Harbors workers.
- b. Conduct annual environmental compliance training for harbor tenants and users.
- c. Fully implement all components of the Environmental Management System.
- d. Continue to implement the requirements of the Storm Water Management Plans included in the MS4 permits issued for all Oahu Commercial Harbors.
- e. Continue 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.

- f. Increase 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 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 harbor 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 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 harbor 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 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 pier, yard, 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 highways 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 Highway Special 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 planned, larger 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 FY 09 were \$15.1 million or 7.14% less than anticipated, and the FY 10 revenues are estimated to be \$14.1 million or 7.10% less than initially projected. 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 Divisions' 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 services leads to lower funds available for the rest of the program.

In addition to possible increased debt services, the lack of adequate funding for maintenance and authority 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 degradation, and higher bid item costs may be experienced due to global competition for construction materials.

Highways Modernization Plan

In fiscal year 2009, the Highways Division developed a \$4 billion comprehensive six-year work plan and financial plan to advance implementation of critical programs and projects. This work program sought to make major improvements in the realms of safety (saving lives), congestion (saving travel time), and cost (reducing maintenance costs). Financing of such a plan would be dependent on economic recovery as a trigger to implement various means to provide the revenues required. This measure is currently being held in committee. We hope to communicate the worth of this bill, and convince the legislators that it should be passed this coming session.

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

To meet the 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 932 centerline miles and approximately 2,477.71 lane-miles of highway.

Oahu - Construction of the 1st increment (Phase 1A) of the North South Road in Ewa between the Kapolei Parkway and Interstate Route H-1 is substantially complete. Construction is ongoing on the next two increments (Phase 1B and 1C). Phase 1B includes constructing four lanes that connect the floating segment from Phase 1A to Farrington Highway and Kapolei Parkway and is scheduled to be completed in early 2010. Phase 1C, which includes constructing a new six-lane roadway that connects Farrington Highway to the

H-1 Freeway, a new diamond interchange, and two bridge structures to allow for an under crossing at the H-1 Freeway, was opened to traffic on October 5, 2009. When North-South Road is completed, it will help ease the existing congestion and provide access to future developments in the area.

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.

To help preserve our highway system, the advanced repairs to the eastbound Pearl City Viaduct was completed in September, 2009. This project repaired to major sections of the viaduct structure across all 5-lanes in the town-bound direction.

Engineering work to prepare a Request for Proposal for the Interstate Route H-1, P.M. (Afternoon) Contraflow is ongoing and is expected to bid before the end of this year. 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 the eastbound freeway capacity.

Exploring strategies to mitigate congestion along our facilities, in 2010 we will begin a study 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 the efficiency and improve safety 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 operations launched in June 2009. The following will be operational or in construction/development in 2010:

1. New CCTV traffic cameras on Moanalua Freeway.
2. Enhancements and upgrades (video wall, communications) to HDOT's Traffic Operations Center.
3. Replacement of existing Dynamic Message Signs at Kaimakani Street and Liliha Street Overpasses with new state of the art signs.
4. Spot Speed sensors for H-1, H-2 and H-201 Freeways.
5. Systems to disseminate traveler information to the public is underway.

Construction is ongoing for the Kalaniana'ole Highway Median Improvements, Vicinity of Olomana Golf Course project. Improvements include the installation of highway lighting and a permanent median barrier, along with some lane widening, which is expected to improve safety at this historically dangerous location. Safety, as well as congestion mitigation will also be provided with the construction of additional turn lanes. Construction is expected to be complete in early 2010.

Hawaii -The first phase of the Queen Kaahumanu Widening from Henry Street to Kealakehe Parkway is under construction with completion anticipated in December 2009. Construction for the second phase of the widening, from Kealakehe Parkway to Kona International Airport Access Road is scheduled to be awarded in 2010. Design for the Keaau-Pahoa Road Shoulder Lane Conversion, Keaau Bypass Road to Shower Drive is ongoing and expected to be completed mid-2010. Planning efforts continue for the Kawaihae Road Bypass project. 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. The study for the widening of Kuakini Highway from the two to four lanes between Henry Street to Kamehameha III Road will

begin with the impending execution of the planning contract.

Design for Hawaii Belt Road Drainage Improvements Vicinity of Hakalau Bridge is nearing completion and is expected to be ready to advertise in early 2010 should Federal Funds become available.

Design is ongoing for Emergency Earthquake Rockfall Repairs at Various Locations on Hawaii and is expected to be completed by late 2009 or early 2010. Design for Umauma Stream Bridge Rehabilitation is expected to begin in late 2009. Design for Akoni Pule Hwy Realignment / Widening at Aamakao Gulch is ongoing and is expected to be completed in late 2010. Design for Volcano Road Intersection and Drainage Improvements Vicinity of Kulani Road is ongoing and is expected to be completed by late 2010. Design for Mamalahoa Highway Drainage Improvements at Kawa is ongoing and is expected to be completed in 2011. Design for Saddle Road Maintenance Baseyard Vicinity of Mauna Kea State Park should begin in 2010 after procurement of a design consultant.

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. Design for the next increment from Lahainaluna Road to Hokiokio Road is underway. Design for the widening of Honoapiilani Highway between Aholo Road to Lahainaluna Road is completed. Construction began on October 26, 2009 and is anticipated to be complete in December 2010. Planning for the Honoapiilani Highway Widening/ Realignment, from Maalaea Harbor to Puamana is ongoing. In Paia, planning studies for the Paia Relief Route is also ongoing.

Molokai - Replacing Kawela Bridge, which is located along Kamehameha V Highway on Molokai, is being proposed due to hydraulic inadequacies and non-conformance to current standards. Design for the proposed bridge is scheduled for completion in 2010, and will consist of two lanes with bikeways and shoulders. Design for Makakupaia Stream Bridge Replacement will 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. Construction of an additional southbound lane on the Wailua Cane Haul Bridge began in 2009 and will be completed in December 2010. Design for an additional southbound lane on Kuhio Highway fronting Coco Palms is complete and construction is anticipated to begin in mid 2010.

The first increment of Kaumualii Highway Widening from Lihue Mill Bridge to Anonui Street has been advertised and a contractor has been selected. Construction will begin in early 2010. The remaining design phases which include the new Lihue Mill Bridge, as well as, the remainder of the four lane widening from Anounui to Maluhia Road have not begun. Completion of this four-lane roadway will relieve traffic congestion on the west side of Kauai. The design and construction of the remaining phases of this project in a timely manner is considered critical to relieving congestion on the west side of Kauai.

The Kapaa Relief Route Draft Environmental Impact Statement should be completed in late 2009 and it is anticipated that the draft will be ready for public comment in early 2010. 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.

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 97.9%. 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 (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 the use of sobriety checkpoints during every week of every month of the year. We also supported the enforcement with a strong television media campaign.

4. Walk Wise Hawaii (WWH) is a pedestrian safety program in which the DOT partners with various county agencies and a private company to 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 are 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 has 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 Infrastructure grants. And on September 30, 2009 the DOT advertised the second round for Call of Applications for both Infrastructure and Non Infrastructure applications. The deadline for the second round is November 30, 2009.

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. One-half of these funds were to be obligated within 120 calendar days from enactment, a goal that was met. The remaining balance is to be obligated by March 2, 2010. Of this \$125.7 million, approximately 50% was used on State Highway projects and the remaining 50% was provided to the four counties. To date, a total of 12 state projects were funded by ARRA, with design activities for the 13th project anticipated to be completed by the end of 2009. For the counties, a total of ten projects are planned for ARRA funding, of which six have been obligated to date.

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 with the use of computers 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 examining the feasibility of 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. In East Hawaii, the alternatives to widen or realign portions of the existing Keaau-Pahoa Road will be studied for this busy area. 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. Construction for the second phase of the widening, from Kealakehe Parkway to Kona International Airport Access Road is scheduled to be awarded in May, 2010.
- 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 completing the design work for the remaining phases of the Kaumualii Highway including the Lihue Mill Bridge and the four lane widening from Anounui Street to Maluhia Road in order to relieve congestion on the west side of Kauai.

- 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. This will improve the quality of our accident data and be more in compliance with the Model Minimum Uniform Crash Criteria (MMUCC) federal guidelines. The MVAR form was completed and statewide implementation started in late 2008.
 - 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.
 - 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.

- O Highways Division is in the process of establishing comprehensive environmental programs for the Division. The programs are to help 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.

HDOT Highways 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 the 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 outer 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 The Division continues to work in partnership with the Federal Highway Administration (FHWA), Hawaii Division, in administering the State's federal-aid program. The Stewardship Agreement with the FHWA allows for decreased oversight by FHWA, providing greater self-management by the Highways Division. The Highways Division and FHWA are working closely in partnership to implement the agreement. The Letter of Agreement and Stewardship Plan is dated January 5, 2007 and HDOT and FHWA have been working to implement the changes in oversight responsibility. There have been meetings/discussions, workshops and other

activities, including risk assessments, involving HDOT and FHWA counterparts regarding the many project activities and project approval actions under the Stewardship Agreement.

- o The Division supports leadership and management development through training. All program managers have completed the Hawaii Leadership Academy certification program. Participation in this program is encouraged and is being extended to other managers in the Division. A workshop on collaborative leadership and facilitation was attended by Program managers and key staff.
- Development and implementation of the new
- accounting system for the Highways Division is currently at the second of four stages. The stages include discover, design, develop, and deploy. Rollout of the new system is scheduled for July, 2010. Contract requirements include delivery of a fully functional system to support 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.